



Monthly Newsletter

January 2014

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Pre-leasing season in San Luis Obispo starts soon.

Owners of properties in San Luis Obispo should call or e-mail Ellie Malykont before February 15, 2014 if they do not wish for California West to offer existing tenants the option to renew for another 12 month lease. We will be sending offers to renew to our existing tenants shortly after mid-February.

The SLO rental market is driven by Cal Poly's academic year and so, as always, California West will begin pre-leasing units on April 1. We generally require new and existing tenants to sign a 12 month lease beginning sometime from late June to early September.

Existing tenants who are paying their rent on time and not causing problems will receive letters in late February asking whether they wish to renew for another year. If those existing tenants decline to renew or fail to respond, then on April 1 we will begin marketing their units to new tenants.

Ellie Malykont is presently reviewing rents and will be recommending new rates and renewals to our clients as appropriate.

Rent reviews in Five Cities and Santa Maria.

Johnnie Reinhardt's process for reviewing rents in the Five Cities and Santa Maria is to evaluate leases as they approach expiration. Unlike in San Luis Obispo, the Five Cities and Santa Maria markets are more year-round with some seasonal patterns. For example, Christmas is usually not a time when people are moving around.

The rent review and renewal process is therefore much more steady in the Five Cities and Santa Maria than it is in San Luis Obispo, though March is probably busier than some other times of year.

For units that are on month-to-month agreements, Johnnie Reinhardt reviews those rents semi-annually, although she rarely recommends raising rents more than once per year.

Cal Poly accepts a record number of applications.

According to a January 22, 2014 front page article in The Tribune, the total number of applicants hoping to be accepted at Cal Poly for fall 2014 is the most the university has ever received and, over the past decade, Cal Poly has nearly doubled its number of applicants from 27,062 in 2004 to this year's total of nearly 52,000.

The continuing desirability of Cal Poly is a benefit to property owners in the community as it ensures that there will be strong demand for housing.

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The full article from The Tribune is available at <http://www.sanluisobispo.com/2014/01/22/2887396/cal-poly-college-applicants.html>.

New laws for 2014.

Fortunately for property owners, last year was a relatively slow one for the state legislature, as it did not pass any laws that will substantially impact the rental housing market. Some new laws of note are as follows:

Proposition 65 – Proposition 65 requires certain warnings of cancer causing substances. Property owners and business owners now have 14 days to correct a violation and pay a \$500 fine. Previously, the law imposed a \$2,500 fine for each day a violation remained unfixed.

Smoke detectors – The “end-of-life” feature must be included on all newly installed smoke detectors beginning on January 1, 2015. Previously, the deadline for this was January 1, 2014.

Utility billing – An apartment owner who has gas or electric submeters beyond the master meter may now post a website address where tenants can access the utility corporation's rates. Previous law required the property owner to post the actual rates.

Tax forms included with financials.

California West is sending 1099's to our clients which state how much rental income was collected in 2013. We are also forwarding 1098's that we receive from banks indicating how much mortgage interest was paid last year. If those 1098's from the banks arrive after our statements are sent, then we will forward them in a special mailing to our clients.

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