



Monthly Newsletter

May 2019

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One of the laws currently under consideration in our state capital would apply to every rental unit in California and would limit annual rent increases to 5% plus the rate of inflation.

Property owners should expect summer turnover expenses in San Luis Obispo.

Summer is the time of year when tenants often move around, especially in San Luis Obispo. The academic schedule at Cal Poly University and Cuesta College means that most leases run from Summer to Summer, with turnover expenses arising for property owners whenever there is a change of tenants.

At California West, we typically turn about 20-30% of our San Luis Obispo inventory every year between the months of June and September. This makes for a very busy time of year for our staff as they must inspect each unit when it becomes vacant and coordinate all necessary repairs to make the unit ready for its next group of tenants. Our maintenance staff also does a tremendous job of turning around units as quickly as possible to minimize vacancy.

The time it takes us to turn around a unit obviously depends on the condition of the unit and what repairs need to be done. Turnover generally takes 5-10 business days from start to finish. For ordinary turns, the biggest expenses in terms of time and money are always flooring and paint. Another expensive part of turnover, and one that is often not always fully appreciated, is vacancy expense. The amount of time that a unit sits vacant without collecting rent can prove very expensive.

Property owners should be ready to pay for all these expenses. Another thing to keep in mind is that when we turnover a unit, we have to return the prior tenant's security deposit within 21 days of receiving possession of the unit. California West holds the security deposits for many of our clients, so this is not an issue for many of our clients.

Generally speaking, if we manage 1-2 units for a property owner then we will likely insist on keeping the deposit so we know we have funds readily available to return to tenants when necessary. Clients with more than 2 units can usually use rent income to return deposits so we are less concerned about keeping cash on hand to refund a deposit. We still urge all our clients to pay attention to their monthly financial statements so they know what is happening with their money.

If you have any questions about whether we are holding your security deposit funds or what to expect in terms of Summer expenses then please contact us so we can all make sure to be prepared.

Late rains mean green hills, tall weeds, and busy landscapers.

The late rains this year have been a welcome sight as we try to avoid slipping back into drought and since it is always nice to see the green hills that result from all the water. Green hills, though, will eventually mean tall weeds. To avoid the dangers and unsightliness that comes with tall weeds, our staff will be doing their best to stay on top of the situation at the properties that we manage.

Generally speaking, tenants can be required to maintain the landscaping around their homes but whether that actually happens is a different matter altogether. We recommend to our property owner clients that if they want to make sure that the landscaping at their homes is consistently well maintained then investing in a landscaping service is essential.

We can do routine drive-by's and nag tenants when they neglect their responsibilities but nothing beats a professional landscaper who comes by on a set schedule to maintain the landscaping. This is the time of year when those landscapers really earn their money!

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The California legislature is close to approving a bill that would require landlords to accept Section 8 tenants.

The California state Senate has approved a bill that would require landlords to consider prospective tenants who use Section 8 housing vouchers. Under current law, landlords may discriminate against tenants based on the tenant's source of income and that includes Section 8 housing vouchers.

If this pending bill becomes law then it will mean that landlords must accept tenants even if their source of income is from Section 8 housing vouchers.

One of the problems with accepting Section 8 housing vouchers is that local housing authorities who administer these programs can be extraordinarily bureaucratic in their administration of funds. You can approve a tenant and then have to wait weeks before the tenant is allowed to move into a unit and then learn, after taking the unit off the market for weeks, that the housing authority believes it is priced above market value and they won't pay whatever amount they believe is above market. So, then you have to start over or accept the lower rent.

Another problem is that when rents increase due to market pressures a landlord must get permission before raising rents. Again, this can lag true market conditions.

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