

Monthly Newsletter

October 2012

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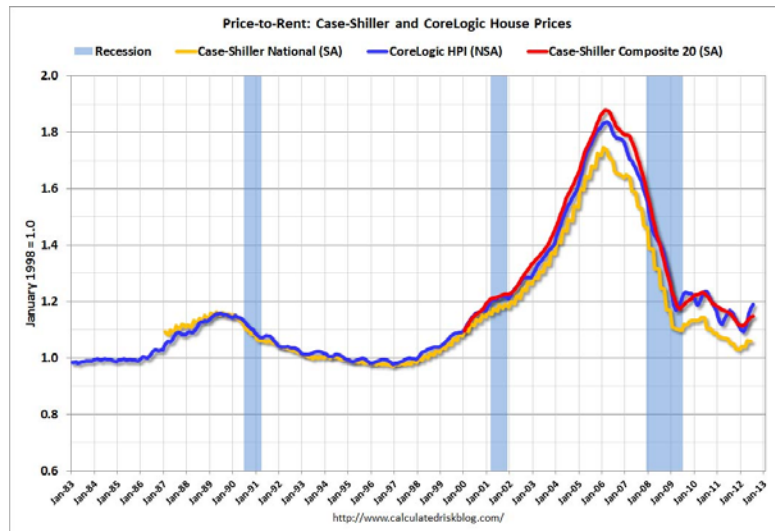
Much of the present strength in the rental market comes from people who previously were homeowners and are now renting.

Price-to-rent ratio is back to 1999-2000 levels.

The price-to-rent ratio measures the relationship between home prices and rental prices. During the period from 2000-2006, there was a very fast growth in the price of homes while rental prices were increasing at a much slower pace.

In hindsight, this was obviously an unsustainable trend.

As the graph below shows, the price-to-rent ratio is now at levels comparable to late 1999 and early 2000, depending on which national index of prices is being used. The shaded areas indicate periods of national recession.



Over the past few months, as the graph shows, there has been a modest increase in the price-to-rent ratio on a national basis. This means that home prices are again increasing faster than rental prices.

Locally, we continue seeing a strong rental market and word from local sales agents is that home sales are improving as well.

While the rental market remains strong, it is important to consider that much of its strength comes from people who previously were homeowners and are now renting. If those people are able to buy homes again, that may put pressure on rental prices.

Property taxes are due on November 1 and become delinquent after December 10.

Property owners should make sure that taxes are paid by no later than December 10, 2012 to avoid penalties. One of the services that California West provides to its owners is to pay such bills from a property owner's management account.

However, to make such payment we need to receive the tax bill with sufficient time to issue payment.

If we do not receive the tax bill then will likely assume that the property owner is taking care to make sure it is being paid.

If you are a California West client and you expect us to be making your tax payment then please make sure it gets paid on your October financial statements and if not then please contact us to find out why it was not paid.

One of the services that California West provides to its owners is to pay property tax bills from the property owner's management account.

Security deposit returns: California laws strictly regulate how and when landlords must return deposits.

Landlords may deduct outstanding charges from a tenant's security deposit so long as this is done within twenty one days of when the tenant vacates the property and the landlord must provide an itemized explanation of charges within that period.

Complying with this twenty one day deadline can be a challenge in circumstances where work must be done to repair a property if that work cannot be done within such a short period. For California West, this is rare but it does occasionally happen.

In such instances, California West must send an estimate of charges to the tenant and at the same time refund whatever money we reasonably believe will be left-over in the deposit.

The penalty for failing to comply with this twenty one day requirement is that the landlord must return the deposit in full and then bill the tenant for any charges that may arise as a result of the tenancy. Obviously, this would make collecting money more difficult than to simply deduct the charges from a deposit.

In sum, the requirement to return a security deposit with an itemized explanation of charges is one of the tasks that California West performs for its clients.

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