



Monthly Newsletter

October 2021

In this issue

- **The local rental market remains strong going into the traditionally weak holiday season.**
- **Monthly financial statements: new format for Owner Statements.**
- **Property tax bills have arrived and will be paid in November, assuming there are funds available to do so.**

The local rental market remains strong going into the traditionally weak holiday season.

The holiday season of Thanksgiving through the New Year is traditionally a slow time of year in the property management business when it comes to turnover. People usually avoid moving at this time of year for obvious reasons.

The current rental market remains quite strong as we head into our slow season. The top of the market is somewhere between \$3,500 - \$4,000 per month for non-student housing. The bottom of the market is probably around \$1,200 per month and at that price there will be tremendous demand for any housing options. Also, the Housing Authority is paying above market rates right now, so the floor is probably closer to \$1,500 on one bed apartments. It is an interesting dynamic because people with government assistance are now able to pay more than other renters, which is the opposite of what it has been like for the past several years.

An important side-note is that since January 1, 2020 property owners in California are prohibited by law from discriminating against Section 8 tenants. Craigslist used to be littered with ads informing Section 8 tenants to not bother applying but that is no longer the case.

Despite this new law, we are still allowed to run reference checks and credit checks and apply our standard criteria to all applicants, including those who are applying with a Section 8 voucher. We just cannot exclude Section 8 applicants based on source of income.

That said, the fact that Section 8 tenants are no longer at the disadvantage of being able to pay only below market rates is frankly giving them more of a shot at housing than does the new law. If you cannot pay market rate for an apartment, then anti-discrimination laws are beside the point. You cannot afford what you cannot afford. The fact that they can pay above market will now probably have the unintended effect of increasing the market prices.

Monthly financial statements: new format for Owner Statements.

We are adopting a new format for the Owner Statements that we send to clients this month. The old format is still available, so if you wish to switch back then let us know and we can easily make the change. That said, we think you will prefer the new format.

The new format of Owner Statements makes it easier to see at the top of the report exactly how we are calculating distributions each month and what money is being held back, if any, and why it is being held back.

The new format makes it easier to see at the top of the report exactly how we are calculating distributions each month and what money is being held back, if any, and why it is being held back. When calculating distributions, we generally hold back for any unpaid bills, or prepayments from tenants, and for reserves. This new reporting format makes that more clear. There is also a consolidated cover page for clients who own multiple properties.

Financial reporting is an important part of communicating with our clients about everything that is going on at their properties. Our standard monthly packet includes: 1) an Owner Statement that shows all income and expenses for the reporting period; 2) a Cash Flow Statement that summarizes income and expenses by category such as rent or landscaping or plumbing or whatever; and 3) a Savings Account Balance and Deposit Liability report that shows how much money we are holding in savings for you and how much tenant deposit liability you have.

The Owner Statement is most useful as a monthly snapshot of everything that has happened. The Cash Flow Statement is helpful when it comes time to prepare taxes because the year to date column gives a summary of all income and expenses grouped by category. The Savings Account Balance and Deposit Liability report is an important way of communicating to clients the amount of their security deposit liabilities and any funds that we are holding for them (or not) to cover those liabilities.

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There are lots of additional reports that we can supply to owners, such as rent roll statements or general ledgers. So, let us know if you need more or different reports from what we already provide.

Property tax bills have arrived and will be paid in November, assuming there are funds available to do so.

First installment property taxes in California are due on November 1 and late after December 10. For those owners who have either forwarded us their bills or who have the bills sent directly to us, those have been entered into our system and should appear as unpaid bills on your monthly Owner Statement. Please check and confirm if that is the case and let us know if it is not there and you expect us to be paying the bill from your property account.