



Monthly Newsletter

February 2018

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California's political leaders are busy coming up with possible new laws regarding rental housing.

The California Apartment Association reports that the following new laws are currently under consideration by the California legislature in Sacramento:

Statewide just-cause: Under this proposed legislation, rental property owners could only proceed with an eviction after providing the tenant with a written notice outlining the reason for the termination. Current law allows a property owner to terminate a fixed term tenancy at the end of the term and a month-to-month tenancy with a 30- or 60-day notice without listing a cause.

Delayed evictions: Another eviction-related bill would force landlords to wait longer before starting the eviction process. The bill would bring the wait time to 10 days when a tenant has failed to pay the rent, and five days when a tenant has violated the lease. After the process starts, tenants would have an additional 14 days, instead of the current five days, to respond to the eviction lawsuit.

Mandatory landlord training: Landlords and property managers would be required to receive training every two years on the topics of fair housing, evictions and notices, and tenant rights.

In addition to these issues that are pending in the state legislature, the following issue is likely to appear as a ballot measure later this year:

Repeal Costa-Hawkins Rental Housing Act: None of our local cities on the Central Coast have rent control. The cities in California that have rent control are mostly clustered around San Francisco and Los Angeles. If any of our local cities were to consider such a measure then the Costa-Hawkins Rental Housing Act limits the type of housing to which it might apply. Tenants rights groups unsuccessfully lobbied the state legislature to repeal the Act and are now pursuing a ballot measure.

California West is testing whether to accept electronic payments from residents.

Beginning this month, California West is testing whether to accept rent payments electronically. This is a free service to tenants as long as they pay by electronic check and there is also no cost to California West or to our clients.

As of right now, we have enabled the feature but have not told tenants that it exists. Even so, a few tenants did figure out this month that they could pay electronically and sent us money in that manner. This is surprising but speaks to the demand for the service.

There are a couple of challenges that we face in implementing this new feature. First, the system will only accept payment in full for all unpaid charges plus any recurring charges that are set to post within the next two weeks. In other words, the system will not accept partial rent payments. This ensures that the software correctly applies payments to unpaid charges and it also forces tenants to stay current on what they owe if they wish to pay electronically. The disadvantage, though, is that roommates will not be able to pay separately if they wish to pay online. That said, roommates may still pay separately by personal check if they wish to do so.

The second challenge is that electronic payments are automatically and instantly recorded in our accounting software. This is nice for obvious reasons but creates some challenges when preparing monthly financial statements.

One such challenge arises if we publish financial statements at 10am but then receive payment from a tenant at 2pm on the same day. If that happens, we must then re-publish the financial statements to correctly state the amount of money collected through that day. The likelihood of this happening is small but it will no doubt happen.

Another such challenge occurs if we publish financial statements but then one of our property managers finds an error upon reviewing the published statements. Previously, our property managers could preview the financial statements before publishing them to clients. Our property managers will still review financial statements but only after they are published and so if they find errors we will then have to re-publish the statements.

For clients who receive paper financial statements this is a non-issue because we will correct any issues before dropping the statements in the mail. However, for our clients who receive statements electronically, there will be occasions when the issue arises. In that circumstance we will send an e-mail informing our clients that we had to re-publish their financial statements.

At the end of the day, this is 2018 and offering tenants a way to pay electronically is necessary even if it does change the way we do a few things.

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