



# Monthly Newsletter

November 2018

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## **Rain and wind is coming and that means dealing with leaky roofs and other unexpected water intrusion issues.**

Rains are coming and that is a mixed bag of news for property owners. On the one hand, rain is always good to avoid drought. However, rain and wind also cause leaky roofs and other unexpected water intrusion issues. At California West, we do our best to proactively work with property owners to prepare for the rainy season but there will always be surprises.

Last year at one of the properties that we manage there was a water intrusion issue resulting from work at an adjacent development project. The developer dug out his footings and then stopped doing any work for several months while he secured financing for the next phase of his project. Unfortunately for our client and his tenants, the dug out footings directed a hillside of water to the tenants' backyards and living rooms.

As a temporary solution we hired vendors to suck up the water, dry out the carpets, replace the carpet pads, and reinstall the carpet. Our maintenance staff also installed sandbags to direct the water away from the living rooms of these apartments. Over the next few months we worked with the developer to get reimbursement for these expenses that the property owner incurred and to understand how exactly the problem would be fixed going forward. We met the developer and his contractor at the property to discuss the situation and reasonable solutions. As of right now, we are relatively well satisfied that water intrusion will not happen again this year because the footings have been backfilled and drainage is now installed per engineered plans to direct water away from our property.

Nevertheless, only time will tell if these solutions will be truly effective and these upcoming rains will be important to watch to see if any further drainage work needs to be done to safeguard our client's property.

This property is now on our list of ones to observe this season. However, even if this problem is fixed there will no doubt be other unexpected water intrusion issues to deal with as there is every rainy season.

## **The time period between Thanksgiving and the New Year is the slowest of the year for the rental market.**

People avoid moving during the holiday season whenever possible. As a result, the time period from Thanksgiving until the New Year is typically the slowest of the year with respect to renting units.

It is usually in the best interest of property owners to schedule lease expirations for some time other than around the holidays. Therefore, whenever possible, we try to avoid timing leases to expire during this time of year to avoid problems for everyone.

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The summer season is usually a far better time for a lease expiration because that is when families tend to move so that their kids can complete a full school year at the same school. Also, in San Luis Obispo the Cal Poly University schedule dictates that most moves almost always occur during the Summer months and before the Fall quarter begins.

That said, once the New Year hits we should see a pickup in rental activity as people who have been holding off on a move start to move forward with their plans. Also, there is usually a small amount of turnover at the end of the academic quarter for Cal Poly.

## **End of year tax planning may mean paying upcoming bills, like second installment property taxes, in 2018 rather than in 2019.**

One of the tax planning strategies that we often see our clients utilize is to pay as many upcoming bills as possible before the end of the year. The most common type of bill for which this may apply is second installment of property taxes. The benefit of paying before the end of the year is that it can be claimed a business expense in 2018 rather than waiting to claim such an expense in 2019.

Of course, the decision of whether it is better to claim a business expense now versus later depends on your individual tax needs and is an issue that you should discuss with a tax professional before making any final decision.

We encourage our clients to let us know as soon as possible if they wish to have California West pay property related expenses on their behalf in the 2018 calendar year. We will begin closing our books in late December and need to know as soon as possible whether to pay any final 2018 bills.

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