



Monthly Newsletter

September 2015

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California West must withhold 7% of its owner withdrawals for its nonresident clients who own property in California.

To avoid withholding tax, out-of-state owners should consult a tax professional about potential exemptions.

California West strongly encourages its property owners who do not reside within the state to obtain advice from a tax professional as to how to request and obtain an exemption to California withholding tax.

For nonresident property owners, if payments from California West to the owner for the entire year exceed \$1,500 in a calendar year, then California law requires us to send to the state 7% of the total amount that we disburse to that person as an owner withdrawal.

As a result, since owner withdrawals on a property for an entire year almost certainly exceed \$1,500, California West must withhold 7% of its owner withdrawals for its nonresident clients who own property in California.

In general, we do this on a monthly basis and remit this amount to the state quarterly.

The state of California then credits our nonresident property owners whatever amount we have sent to the state.

At the end of the year, nonresident owners must then file a California tax return to claim the withholding credit.

We provide our clients with a tax statement by January 31 of the following year giving proof of the credit.

Many of our owners are eligible for reduced or waived withholding. In fact, many of our owners have already obtained complete waivers.

For information on how to request either a reduction or waiver, consult a tax professional, refer to ftb.ca.gov, and use the forms FTB 589 and FTB 588.

Construction begins on new Cal Poly dorms.

Cal Poly announced that beginning last week it was starting construction of 1,475 beds in 696 new rooms on the corner of Slack and Grand, at the University's Grand Avenue entrance.

Cal Poly previously announced construction of these new dormitories and we have been expecting this project to begin for at least a couple of years. Construction should be complete by 2018 or 2019.

Once these new beds are available for students, it will most likely have a strong impact on rental demand in San Luis Obispo. The last time a new dormitory was built, the Poly Canyon project, was in 2008. At California West, we felt a considerable softening in rental demand as a result of the Poly Canyon project.

Of course, there was more happening in 2008 than merely more beds being built at Cal Poly. There was also a weakening economy and lower enrollment as a result of state budget cuts. So, it is hard to say exactly how much of an impact should be attributed to the Poly Canyon dorms.

Based on this previous experience, we will be cautious in our recommendations for rental rates once these new dorms are built.

San Luis Obispo is aggressively issuing citations for visible trash containers.

The City of San Luis Obispo has begun aggressively issuing citations for visible trash containers.

These citations are being sent to property owners at the address where they receive their property tax bills. In at least one recent case, the City is issuing citations even for trash containers being visible on the day of trash collection.

We are seeking clarification from the City on how exactly trash is supposed to be collected if trash containers cannot be visible on the day of trash collection.

Property owners should be aware that California West will work to collect reimbursement from tenants for any citations. Presently, the City's collection efforts seem more focused on collecting extra revenue from Cal Poly students than on any legitimate concern over residents who leave trash containers on the curb for unreasonable periods of time. At California West, we will do what we can to work with the City, but tenants will also have to be vigilant about keeping trashing containers out of sight.

California West is seeking clarification from the City of San Luis Obispo on how exactly trash is supposed to be collected if trash containers cannot be visible on the day of trash collection.

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