



# Monthly Newsletter

September 2016

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*Candidates who oppose San Luis Obispo's rental housing inspection ordinance include Brett Strickland, Aaron Gomez, and Heidi Harmon. If at least two of those three are elected then the ordinance will likely be repealed.*

## **San Luis Obispo's rental housing inspection ordinance has become a local campaign issue.**

The recently enacted rental housing inspection ordinance in San Luis Obispo has become a local campaign issue.

Councilman Dan Carpenter, who is campaigning to change jobs and become a County Supervisor, is a vocal opponent of the ordinance ever since it was passed against his vote by a narrow 3-2 majority of the City Council.

Carpenter and others recently filed an intent to repeal the law with the City. If their efforts succeed, then the City will hold a special election for voters to directly decide whether to repeal the ordinance.

In addition, the ordinance may also be repealed even without a special election if voters elect a new City Council in November.

Carpenter and John Ashbaugh, an ordinance supporter, are each vacating their seats on the City Council. Mayor Jan Marx, an ordinance supporter who gets a vote on the Council, is also running for re-election.

Brett Strickland and Aaron Gomez are among the candidates who are campaigning for the two vacant City Council seats and they have each voiced opposition to the ordinance and a desire to see it repealed.

Heidi Harmon is campaigning against Marx for mayor and she states that the impact of the ordinance is to "violate tenant privacy and the cost of the inspections are being passed onto renters."

Marx has responded to this criticism by directing City staff to put an item on the agenda for March 2017 to evaluate whether the rental housing inspection ordinance is having any "unintended negative consequences on residents."

At California West, our experience with the new ordinance so far has been that it is costing our clients money and is requiring us to spend additional time dealing with City staff. Aside from that, the impact has been relatively minimal. City staff have found a few minor issues that were easily corrected but nothing major or too time consuming.

## How California West collects money from tenants.

In a perfect world, everybody would always pay their bills on time and without hassle. This is not a perfect world.

At California West, what we explain to tenants and what is part of our standard lease is that rent must be paid by the first of the month, with no grace period. That said, depending on how the calendar falls, we may wait until around the fifth or sixth of the month to run delinquencies.

Tenants who do not pay on time will receive either a phone call from one of our office staff or we will prepare and post a three day notice to pay or quit. A person in each of our offices is responsible to complete these tasks every month and our office managers also monitor the delinquency report to make sure this is being done.

*We usually avoid having to send accounts to collection by screening tenants properly and being vigilant in our internal collection practices.*

If we learn that something unfortunate has happened, like a loss of a job, then we will explain to the tenant that everybody is better off if they move out, give us keys, and let us find somebody to replace them and minimize their damages. On the other hand, if the tenant is just being flakey then we explain that rent must arrive on time or we may have to find a new tenant.

Sometimes, despite our best efforts, a tenant leaves owing money. When that happens, it usually takes 21 days from final inspection to send out the demand for payment since we must wait for bills and do the security deposit disposition. Then 30 days later, if the demand does not work, our accounting department sends a letter demanding payment within 30 days or we will turn over to a collection agency. Then, if that does not work we advise our clients to assign the account over to a local collection company.

The local collection agency that we currently use is paying 50 cents on the dollar if they collect. We also have a "letter service" agreement with this company where they send a letter on their letterhead to the debtor and if the debtor pays within 30 days then our client gets 100 cents on the dollar.

California West buys a book of these "letter service" coupons in advance for \$5 per coupon and then bills that cost back to clients as we use the coupons. If the debtor does not pay in 30 days from receipt of the collection company's first letter then it goes to a live debt collector and our client gets only 50% of any recovery.

We usually avoid having to send accounts to collection by screening tenants properly and being vigilant in our internal collection practices. However, this is not a perfect world and sometimes we do have to refer accounts to an outside collection company.

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