

CWPM Management

Your Professional Property Management Team.
Established in 1967.



January 2018

Year End Statement

Enclosed Is Your Year End Statement. Please Use This Financial Statement For Your 2017 Tax Preparation

1099-MISC WILL BE MAILED SEPARATELY

Business License

Make Sure You Renew Your Business License for 2018. You May Contact The City/County Office In Which You Own Rental Property For More Information

Accounting Manager

Please call 24 hours in advance to schedule time to meet with the CWP accountant Becky at 510-352-6310 (ext. 107) especially during the 1st thru the 6th of each month when rents are being collected. Thank you in advance for your cooperation.

New Laws Affecting California's Rental Housing Industry in 2018

- **EMPLOYMENT**

Beginnig 2018, property owners, property management firms, and other California emloyers will want to take a close look at the questions they ask of prospective hires. Under a pair of bills signed by Gov. Jerry Brown, some types of questions will be off-limits during certain portions of the hiring process.

- **CRIMINAL HISTORY**

AB 1008: It will be illegal for an employer with five or more employees to include on a employee application any question seeking disclosure of an applicant's criminal history. The bill also will bar employers from asking an applicant about any convictions until the employer makes a conditional job offer.

- **MARIJUANA**

Recreational use: Provisions of Proposition 64 regarding the lawful sale and subsequent taxation of recreational marijuana in California went into effect January 1, 2018. Legalizing the sale of marijuana for recreational use, however, doesn't impede a property to prohibit any of the actions related to marijuana otherwise permitted by the initiative.

- **ADDRESSING THE HOUSING CRISIS**

Holding local governments accountable will add much-needed teeth to California's Housing Accountability Act, financially penalizing local governments that arbitrarily deny housing projects in violation of state law. The Housing Accountability act requires that local governments follow certain legal mandates before denying housing projects that comply with their general plan and zoning rules. Money generated by fines under these bills will be placed in a housing trust fund for the construction of affordable housing.

Q&A

Q: I need to know the depreciation schedule of new carpeting in a home where the tenant lived for one year. The tenant put five cigarette burn holes in the carpet and spilled wax on the corner of this brand new carpet.

A: California's security deposit law found in Civil Code Section 1950.5 states that the resident is responsible for damage above normal wear and tear. If the carpet needs to be replaced after one year and it should have lasted for 5 years, most judges will allow you to charge the resident 4/5 of the total replacement costs.

California Lawmakers Kill Rent Control Bill - The Battle Could Be Headed To The Voters

California lawmakers killed a bill Thursday that likely would have expanded rent control laws in cities and counties, setting the stage for a protracted statewide battle over how to rein in the state's soaring housing costs.

The Costa-Hawkins Rental Housing Act is a California state law that exempts certain kinds of residential rental units from rent control ordinances. If the Costa-Hawkins repeal fails, it may be headed directly to the voters.

California Bay Area Home Price Growth Continues To Outpace U.S. Rate

- Home prices in the San Francisco metropolitan area and California grew by a respective 8.9 percent and 8.0 percent in November on an annual basis.
- California home prices are projected to increase by 8.4 percent year over year by November 2018, compared with a forecast of 4.2 percent appreciation nationwide.
- Affordability is not projected to improve in the coming year barring a significant uptick in new construction

While U.S. home price appreciation is expected to moderate in the coming year, price growth in California should increase slightly, putting it at double the national rate by the end of 2018.

That's according to [Core Logic's latest Home Price Index](#), which says that U.S. home prices increased by 7.0 percent in November on an annual basis, the fourth consecutive month that growth has topped 6 percent. Looking ahead to November 2018, the company projects that home prices will be up by 4.2 percent year over year.

"Growing numbers of first-time buyers find limited for-sale inventory for lower-priced homes, leading to both higher rates of price growth for 'starter' homes and further erosion of affordability," CoreLogic Chief Economist Frank Nothaft said in a statement accompanying the report.

Unfortunately, the nation's housing inventory situation is not expected to improve significantly in 2018. According to [a recent list of real estate predictions by Pacific Union Chief Economist Selma Hepp](#), though single-family home construction is expected to pick up this year, it will be insufficient to meet buyer demand. And the homes that are being built are aimed at move-up buyers, further exacerbating the situation for first-timers. Like Nothaft, Hepp believes that affordability will continue to decline, particularly in areas of the country with thriving job markets and not much new construction.

Our Mission Statement: To provide our clients the highest level of professionalism, experience and unparalleled personal attention all delivered through a foundation built on ethics and integrity.



THE REAL ESTATE PACESETTER

Robert Pace
510-301-5925
Email: robertkpace@gmail.com
Website: Robert@robertkpace.com
BRE# 01787031