

CWP Management

Your Professional Property Management Team.
Established in 1967.



September 2018

Welcome!

PTLA Real Estate Group

As you are aware, CWP Property Management recently went through an ownership change and a few changes were made with the company's banking system.

While the transition has been smooth thus far, we are currently experiencing a timing issue with establishing the ACH owner draw process.

To ensure owner draws are still provided in a timely manner, we issued owner draws via check payments on September 13th.

Owner draws via ACH will resume for the month of October. Please contact us if this creates a significant issue for you.

We apologize for any inconvenience that this may have caused our valued owners.

For more information regarding setting up direct deposit for owner draws, please contact Becky in accounting at 510-352-6310 x107

We appreciate your continued support in advance.

Campaign Ads Released To Fight Prop 10

Repeal of Costa-Hawkins

(The First Pair Of TV and Digital Advertisements Have Arrived)

Californians for Responsible Housing released two, 30-second spots opposing Prop 10, the November ballot measure that would repeal the Costa-Hawkins Rental Housing Act and bring extreme forms of rent control back to California.

The ads feature affordable housing experts who say that Prop. 10 "makes a bad problem worse" and does the opposite of what it promises.

Without Costa-Hawkins, California cities and counties could once again adopt extreme forms of rent control, including the imposition of rent caps on new apartments and single-family homes.

Such moves would create a major disincentive for the development of much needed housing.

The ads cite the nonpartisan Legislative Analyst Office, major news articles and newspaper editorials that conclude that repealing Costa-Hawkins would result in a reduction in affordable housing construction, rent increases, and apartments and single-family homes being taken off the rental market.

The first advertisement features California Council for Affordable Housing Executive Director Pat Sabelhaus, who notes that Proposition 10 is "deeply flawed" and "badly written." He adds that Prop 10 has "no provisions to treat homelessness nor build affordable housing."

The second ad features economist David Henderson of Stanford University's Hoover Institution. Henderson explains that Prop 10 "will reduce construction of affordable and middle-class housing when we need it most" and "take rental housing off the market."

The ads will run on both TV and digital platforms across the state beginning this month. They were produced by California-based SCN Strategies.

Q&A

Q: If a rental unit is broken into and there is subsequent damage, who is responsible for the repairs?

A: If the damage is to the rental property as opposed to the tenant's personal items, the tenant could be held responsible if the landlord could prove the tenant was negligent for instance by leaving the doors or windows unlocked. Otherwise, the landlord would likely be responsible to fix the repair but would not be responsible for the tenant's personal items.

Q: We rent our detached in-law quarters in the back yard of our property. Can we specify in the "house rules" that no visitors are allowed on the property? Also, can we specify "no smoking" in or around the unit?

A: You could prohibit smoking, since it is a health and fire hazard. Restricting visitors would most likely violate the tenant's constitutional rights of freedom of association.

Are Homebuyers Starting to Hit the "Pause" Button?

For the last several years, buyer demand has far exceeded the housing supply available for sale. This low supply and high demand have led to home prices appreciating by an average of 6.2% annually since 2012.

With, three of the four major reports used to measure buyer activity have revealed that purchasing demand may be softening. Here are four indices, how they measure demand (methodology), what their latest reports said, and a quick synopsis of the report.

For the last several years, buyer demand has far exceeded the housing supply available.

- **Latest Report** *"Foot Traffic climbed 3.2 points to 55.8 mid-summer in July. Additionally, the diffusion index is higher than last year by 13.5 points. Despite a healthy economy and labor market, supply and new construction remains unable to keep up with buyer demand."* **Synopsis: Buyer demand remains strong.**
- **Latest Report:** *"Showing activity throughout the country increased by 0.3 percent year over year in July, the third consecutive month that the U.S. ShowingTime Showing Index recorded buyer interest deceleration compared to the previous year. The June 2018 figures revealed a 0.0 percent change in showing traffic from 2017, while May showed a 1.2 percent year-over-year increase. The 12-month average year-over-year increase was 4.6 percent."* **Synopsis: Buyer demand is softening**
- **Latest Report:** *"REALTORS reported slower homebuying activity in July 2018...The REALTORS® Buyer Traffic Index registered at 62, down from the same month one year ago (69). This is the fifth straight month (since March 2018) that Realtors reported a decline in buyer activity compared to conditions one year ago."* **Synopsis: Buyer demand is softening**
- **Latest Report:** *"While we continue to expect a resumption of growth in resale transactions on the back of easing inventory in 2019 and 2020, our real-time view into the market through our Real Estate Broker Survey does suggest that buyers have grown more discerning of late and a level of "pause" has taken hold in many large housing markets. Indicative of this, our broker contacts rated buyer demand at 69 on a 0-100 scale, still above average but down from 74 last year and representing the largest year-over-year decline in the two-year history of our survey."* **Synopsis: Buyer demand is softening.**
- **Bottom Line:** Again, Three of the four most reliable measures of buyer activity are reporting that demand is softening. If demands continue to soften and supply begins to grow (as is projected to happen) we will return to a more neutral market which will favor neither buyers or sellers. This "more normal" market will be better for real estate in the long term.