

## Palo Alto Rental Property Newsletter – May, 2006 ©

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### **Neighborhood Rental Rates**

I counted over **76** single family/condominium properties advertised for rent in April, as compared to 59 in March. Vacancies rise in the spring as renters give notice; but I expect a similar rise in demand given the improving local economy (as seen by increasing office occupancy rates).

I've had quite a few inquiries from readers about comparable rental rates for their properties, and the pattern I see emerging are owners looking to raise rents on existing tenants – quite a difference from 2004 & 2005 when rental rates were dropping.

**See Page 2 for neighborhood Rental rates.**

### **Property Sales**

Springtime is here, and sales activity is in full swing. Prices are remaining firm for the average 3 bedroom, 2 bath, Ranch/Eichler/Mackay style homes in South Palo Alto. Properties of this type, that are priced near or at market value and in updated condition are continuing to get multiple offers, and generally sell for above \$1,100,000.

**If you are considering buying or selling a property, give me a call to set up a free consultation.**

### **Security Deposits – Part IV**

The following is from the California Association of Realtor's (C.A.R.) Website:

**Q 8. *May either the landlord or the tenant take the other to small claims court over a security deposit dispute?***

Yes, as long as the damages claimed—actual, statutory, or both--do not exceed \$5,000 (Cal. Civ. Code § 1950.5(n)).

Both the landlord or the successor (subsequent owner) may sue the tenant for damages in excess of the security deposit. However, the landlord (or successor) has the burden of proof of the reasonableness of the amounts claimed. (Cal. Civ. Code § 1950.5(j)(l).)

Note, however, that an unlawful detainer action—both residential and commercial--must be filed in the superior court of the appropriate county—not small claims court (Cal. Code Civ. Proc. § 116.220(a)).

If the landlord prefers to go to small claims court, he or she may waive any damages over the \$5,000 jurisdictional limit for small claims court (Cal. Code Civ. Proc. § 116.220(d)).

Effective January 1, 2006, SB 422 increases the small claims court jurisdictional amount from the existing \$5,000 to \$7,500. This increase does not effect litigation involving “non natural persons” such as corporations.

### **Using Credit Reports to Screen Tenants**

Credit reports can be a valuable tool in choosing among several rental applicants. Rita Lo, one of the owners of Spinner Mortgage, will be writing a series of articles on using credit reports in your rental screening process. If you have questions about this topic or real estate loans, call her at 650-522-4190 or email [rita@spinnerinc.com](mailto:rita@spinnerinc.com).

**What is a credit report?** A credit report is a consumer's credit history as reported by the three main repositories Equifax, Trans Union, and Experian. The credit report is an objective compilation of a consumer's spending and repayment habits. It consists of the history of all reported activity for a particular consumer as well as a snapshot of current balances and payments. The information is extrapolated in a predictive model of a consumer's future credit risk.

A credit report will consist of information from all creditors reporting to the credit bureaus. All mortgages, installments (car loans, student loans), revolving debt (credit cards), collection accounts through banks, retailers, and any public records such as judgments, tax liens and/or bankruptcies will be included. Credit reports will show the credit limit, current balance, current status (open, closed, active, and delinquent, etc.) for each creditor. Credit reports will also include any recent credit inquiries, which is a company that has requested a copy of a consumer's credit report.

**What's a credit score?** Credit scores are a part of credit reports that are representative of the data provided. A credit score is a quick and consistent method for assessing credit risk. This credit score is a number generated from a complex algorithm that is representative of your credit worthiness, which is derived from your current status as well as your historical payment trends. These statistical models assign points to factors indicative or repayment. Credit scores range for each bureau, anywhere from 300 to 950.

What does all of that mean? It means that your past performance will determine the kind of credit extended to you. The better your past performance, the more likely you will have credit extended to you under favorable terms.

**Why should a landlord request a credit report?** To be continued...

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**Rental Rates by Neighborhood © - Single Family Homes/Condos**

Neighborhood	2 Bedroom	3 Bedroom	4+ Bedroom
Barron Park, Green Acres	Range: \$1495-2450 Average: \$1961	Range: \$1800-5000 Average: \$2775	Range: \$2800-6800 Average: \$3770
College Terrace, Evergreen Park, Southgate	Range: \$1400-3300 Average: \$2059	Range: \$2000-3600 Average: \$2638	Range: \$2900-5400 Average: \$4205
Crescent Park	Range: \$1550-7000 Average: \$2766	Range: \$2000-7500 Average: \$3934	Range: \$4200-8000 Average: \$6100
Downtown North/University South	Range: \$1645-3300 Average: \$2371	Range: \$1695-6500 Average: \$3197	Range: \$2900-6900 Average: \$5083
Duveneck, Triple El, Community Center	Range: \$1600-3200 Average: \$2238	Range: \$2000-5900 Average: \$3042	Range: \$2400-7000 Average: \$4185
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500 Average: \$1500	Range: \$1800-3100 Average: \$2475	Range: \$2250-4500 Average: \$3383
Green Meadow	Range: \$1295-2100 Average: \$1768	Range: \$1899-3500 Average: \$2477	Range: \$1950-3675 Average: 2738
Midtown	Range: \$1350-2750 Average: \$2003	Range: \$1595-3800 Average: \$2477	Range: \$2250-5500 Average: \$3287
Old Palo Alto, Leland Manor	Range: \$1400-3000 Average: \$2182	Range: \$1995-8000 Average: \$3450	Range: \$2400-6900 Average: \$4573
Palo Verde, South of Midtown	Range: \$1395-2000 Average: \$1723	Range: \$2000-3600 Average: \$2467	Range: \$2750-5495 Average: \$3911
Ventura, Charleston Meadows	Range: \$1595-2600 Average: \$1920	Range: \$1600-2950 Average: \$2324	Range: \$1995-3100 Average: \$2579

Data Points: 1091

**Sample Property Sales: Feb - Apr, 2006**

Neighborhood	Street	Property Type	Bed	Bath	Sales Price
Barron Park	Maybell Way	House	4	3	\$1,560,000
Community Center	Addison Ave	House	3	2	\$1,400,000
Community Center	Walnut Dr	House	4	2	\$1,380,000
Downtown	High St	Condo	2	2	\$875,000
Downtown	Kipling St	House	3	2	\$1,475,000
Duveneck	Saint Francis	House	3	2	\$1,020,000
Fairmeadow	Carlson Ct	House	4	2	\$1,250,000
Greenmeadow	Ferne Ave	Condo	2	2	\$595,000
Greenmeadow	Creekside Dr	House	4	2	\$1,150,000
Meadow Park	Corina Way	House	3	2	\$1,120,000
Midtown	Emerson St	House	3	2	\$1,125,000
Midtown	Morris Dr	House	4	2	\$1,220,000
Old Palo Alto	Seale Ave	House	2	1	\$1,405,000

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