



# Sacramento Delta

## Property Management, Inc.

Someone to count on.

# Owner-Client News

### Special Points of Interest:

- Special Anniversary
- Tax Deductions
- Interior Surveys

**March 17th is St. Patrick's Day....don't forget to wear Green!**

### March Anniversaries:

*Sacramento Delta would like to thank you for your hard work and dedication:*

**Aliana Shevchuk**  
1 Year

**Jackie Driscoll**  
3 Years

**Regina Pace**  
4 Years

**Mindi Smith**  
13 Years

**Sandy Highland**  
19 Years

**February Anniversary Correction: We missed one (how embarrassing)!**

**Bri Keeton**  
2 Years

### Special Anniversary! Sacramento Delta is 43 years old!

Since 1983, Sacramento Delta Property Management, Inc. has been a trusted name in professional property management.

Markets change. Laws change. The economy changes. Our commitment to compliance, consistency, and protecting our clients' assets does not.

Thank you for trusting us with your investments for over four decades. We are proud of our history and even more excited about the future.

### Tax Advantages of Rental Home Ownership

Owning a rental property comes with several tax benefits that can help offset expenses and maximize your return on investment. Here are some key tax advantages:

#### 1. Deductible Expenses

Many costs associated with owning and operating a rental property can be deducted from your taxable income, including:

**Mortgage Interest** – The interest on your mortgage loan is tax-deductible.  
**Property Taxes** – Local property taxes on the rental home can be deducted.

**Depreciation** – You can depreciate the cost of the property (excluding land)

over 27.5 years, reducing taxable income each year.

**Repairs & Maintenance** – Costs for fixing or maintaining the property (e.g., plumbing repairs, painting, HVAC servicing) are deductible.

**Property Management Fees** – If you hire a property manager, their fees are tax-deductible.

**Utilities & Insurance** – If you pay for utilities or insurance on behalf of tenants, these costs can be deducted.

**Legal & Professional Fees** – Attorney fees, tax prep fees, and accounting costs related to the rental are deductible.

#### 2. Pass-Through Deduction

If you operate your rental property as a business (e.g., sole proprietorship, LLC, or S-corp), you may qualify for the Qualified Business Income Deduction (QBI). This allows eligible landlords to deduct up to 20% of their net rental income, subject to certain conditions.

#### 3. Capital Gains Tax Benefits

When you sell a rental property, you may owe capital gains tax. However, there are strategies to reduce or defer this tax, including:

**1031 Exchange** – Allows you to defer capital gains taxes by reinvesting proceeds into another rental property.

**Long-Term Capital Gains Rates** – If you own the property for more than a year, you benefit from lower long-term capital gains tax rates compared to ordinary income rates.

#### 4. Tax Deferral on Refinancing

If you refinance your rental property, the cash you take out is not taxable income as long as it's a loan, allowing you to reinvest in more properties or improvements without an immediate tax hit.

Real estate remains one of the most tax-advantaged investment avenues available. Strategic planning, accurate bookkeeping, and proactive consultation with qualified tax professionals can help ensure you fully leverage these benefits while remaining compliant with current tax law.

Another friendly tax reminder: If you are required to file Form 589, it must be renewed annually. The FTB recommends completing and submitting this form each December, as the required tax forms are typically released at that time. The form must be submitted no later than April 15 of each year to avoid penalties.

#### Why One Professional Interior Survey Per Year Is Best for Your Investment

It's natural for rental property owners to want frequent interior surveys to protect their assets. However, in practice, conducting more than one professional interior survey per year is often counterproductive and can negatively impact your bottom line.

#### One Annual Survey Is Strategic and Sufficient

A single, professionally conducted interior survey each year allows property managers to:

- Identify maintenance issues early
- Verify habitability and safety compliance
- Document the condition of the home

- Plan preventative repairs before problems escalate

When paired with ongoing maintenance reporting, vendor visits, and resident communication, one annual survey provides meaningful oversight without unnecessary disruption.

#### Why More Surveys Can Hurt Your Returns

##### 1. Increased Turnover Risk

Frequent inspections can make residents feel micromanaged or distrusted. This often leads to higher turnover, which is one of the most expensive outcomes for owners due to vacancy time, turnover costs, and leasing fees.

##### 2. Higher Operating Costs

Each inspection involves staff time, scheduling, reporting, and follow-up. More inspections mean higher management costs without a proportional increase in property protection.

##### 3. Resident Cooperation Declines

Residents are more likely to report maintenance issues promptly when they feel respected and secure in their home. Excessive inspections can discourage open communication and lead to issues being hidden rather than addressed.

##### 4. Legal and Privacy Considerations

In California, resident privacy laws require proper notice and reasonable access. Limiting inspections to once annually helps ensure compliance while reducing the risk of disputes or complaints.

One annual interior survey, combined with responsive maintenance, exterior checks, vendor observations, and strong resident screening, creates a balanced, cost-effective management strategy.

Your management team is always available for questions!



*Have family, friends or a co-worker looking for property management services? Call us at (916) 486-7733*  
*Or just send an e-mail to: [shighland@sacdelta.net](mailto:shighland@sacdelta.net)*  
*When we rent their property, we will credit \$200.00 to your account!*

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*“When paired with ongoing maintenance reporting, vendor visits, and resident communication, one annual survey provides meaningful oversight without unnecessary disruption.”*

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