

Business Seminars

Monrovia Business Seminar TBD

MADIA TECH LAUNCH

Tech Startup Communications
and Marketing
Jeanette DePatie
Propellerhead-Inc)
Tanner Research
April 8, 2020 – 6pm

Monrovia Kiwanis

Meets at the Monrovia
Restaurant
Every Thursday 12-1:30 PM

Duarte Kiwanis

Meets at the Duarte Teens Center
Every 3rd Tuesday 12-1:30 PM

Quotes for the Month

"Stop chasing the money and start chasing the passion." — Tony Hsieh

"You know you are on the road to success if you would do your job, and not be paid for it." — Oprah Winfrey

When Should You Get a Personal Guarantee Signed from Your Tenant?

When you're a building owner signing a lease with a new tenant, when should you consider having them sign a personal guarantee along with the lease? If you're renting a home or an apartment unit to someone, this question will normally not come into play, because typically the renters of these types of properties are already signing under their own personal names on the lease, and they're not signing under the name of a corporation.



But when you're renting commercial property to a corporation, such as renting office, industrial, or retail space, when should you ask for the president or for one of the other senior officers of the company to sign a personal guarantee of the lease? Typically you will do this when the company is a new or a young corporation within its first several years of operation, or when you look at their financial statements and you're concerned that financially speaking, they may not be strong enough to endure paying you rent for the entire duration of the lease.

See Personal Guarantee Page 3

Voters in San Francisco to Decide on Tax Aimed at Curbing Retail Vacancies

Proposition D Focuses on Storefronts Left Empty More Than 182 Days
March 02, 2020 - By Lou Hirsh

[San Francisco](#) voters are expected to decide Tuesday whether the city places a tax on retail storefronts that sit empty for too long, making it the first major U.S. city to deploy that strategy against rising vacancies in lower-profile neighborhoods.

Proposition D, which requires two-thirds approval from voters to become law, would tax owners or tenants of ground-floor retail or other street-facing commercial spaces that are kept empty more than 182 days in a calendar year.

The San Francisco measure does not impact some of the city's most high-profile business neighborhoods, such as downtown's Union Square, but it does target 30 specific commercial thoroughfares throughout the city with persistent retail vacancy issues.

See Voters Page 2



Measure supporters say the tax is needed to create urgency among owners to get spaces filled and avoid other maintenance, security and quality-of-life issues that often come with prolonged building vacancies.

“We are all aware of the perennial issue of storefront vacancies in our neighborhood commercial districts, which unfortunately have been increasing in recent times,” said San Francisco County Supervisor Aaron Peskin, who proposed the measure, at a November meeting before it was placed on the ballot.

Other U.S. cities, such as New York and Boston, have also considered similar tax measures to fill vacant spaces in urban centers, a task that has become challenging in recent years as multiple retail chains have downsized their real estate footprints. Keeping vacancies at bay is important to cities looking to maintain quality of life in urban hubs that are increasingly drawing younger consumers who want lots of walking-friendly amenities near where they choose to live, such as stores, restaurants and service businesses.

CoStar data shows San Francisco’s overall retail vacancy remains tight at 3.2%, but that number is much higher in some neighborhoods. For instance, it is 7.7% in the [Waterfront and North Beach](#) enclave and 41.9% in the [Mid-Market](#) district, and some spaces in the Mid-Market neighborhood have sat vacant for several years.

Starting Jan. 1, the tax would be based on the amount of footage facing the street at ground level and how long that commercial space has been vacant. The tenant would be responsible for the tax in cases where it holds the current lease but is not occupying the space, otherwise it’s the property owner’s responsibility.

Potentially Higher Taxes

In 2021, owners or tenants would be taxed \$250 per street-facing foot when vacancies surpass 182 days. In 2022, the tax would rise to \$500 per foot if that same space goes vacant for the same span for a second consecutive year. If it happens again in 2023, the per-foot tax rises to \$1,000.

The ballot measure exempts certain nonprofit organizations from the vacancy tax. The city would use revenue from the new tax, an estimated \$300,000 to \$5 million annually, to assist small businesses.

The city’s chief economist, Ted Egan, has estimated that just 1% to 3% of San Francisco storefronts remain empty more than 182 days, and that the tax will probably affect relatively few property owners or tenants.

Proposition D opponents nonetheless have raised issues including the possibility that the new tax will harm property values or otherwise discourage investment in certain neighborhoods.

Opponents, including some real estate brokers and developers, also contend the measure imposes an unrealistic shot clock on getting vacant spaces filled because they say the city’s business permitting process can often be cumbersome and time-consuming.

“In addition, building out a space, ensuring it is seismically sound, and completing the full move-in process takes considerable time as well,” said the San Francisco Chamber of Commerce in a statement.

Proposition D supporters include Mayor London Breed, the entire county Board of Supervisors, the city’s Small Business Commission and several neighborhood merchant groups including those representing the Castro, Haight-Ashbury, Fillmore, Butchertown and North Beach districts.

San Francisco may have better luck than other cities would in its efforts. In recent years, the city, which is home to the booming tech industry, has seen demand generated by several experimental retail stores, small-footprint fitness centers and other types of nontraditional venues, such as Amazon Go cashierless convenience stores. However, persistent barriers to new store and restaurant openings by smaller operators include high rents and build-out costs, and lengthy permitting delays.

“Vacancy taxes are aimed at revitalizing the city’s unused retail space but do not necessarily address myriad costs preventing new store and restaurant openings,” Jesse Gundersheim, CoStar’s San Francisco Bay Area director of market analytics, said in a recent report.

“It’s unknown if landlords will lower asking rents in response, or if doing so will help fill vacant spaces,” he said.



In addition, another question to ask yourself is, “If this tenant defaults on the lease and stops paying me rent, will I then be suing them for damages for the remainder of the unpaid rent due to me under the lease?” Because if your answer to this question is “No”, then it won’t really matter whether or not they’ve personally guaranteed the lease.

But at the same time, a tenant being willing to sign a personal guarantee to a lease makes a statement about their own confidence level in their ability to fulfill the terms of the lease. If they’re afraid of signing the guarantee, this can then indicate that they’re concerned about their own company’s ability to pay you the rent for the entire term of the lease, and they just don’t want to be held liable for this personally. In addition, they might consider it an insult that you don’t believe in the strength of their own company, too, even though their financial statements indicate that you probably should be concerned.

However, at the same time, if the tenant is a well-known public company, or a company that has been in business for many years, and they have solid financial statements, they will most certainly have no interest in signing a personal guarantee with you, and you insisting on getting one would most likely be a deal killer.

Utilize your own judgment when insisting on personal guarantees, have your own standards for when you will be requiring them, but remember that they mean relatively nothing if you don’t intend to take legal action to get paid the remainder of the rent that will be due to you under the lease.

FOR SALE



10-Unit Industrial Condominiums

Corner of Chestnut and Magnolia, Monrovia

Property Highlights

- *For Sale Industrial Condos*
- *Approx. 1,640 SF*
- *Price \$575,000*
- *Electrical: 200 AMPS, 3 Phase*
- *Approximately 250SF office*
- *Clear Height is 18-20 Feet*
- *Ground Level Roll Up Door*
- *Fully Fire Sprinklered*
- *Walking Distance to Old Town Monrovia*
- *Close Access to 210 and 605 Freeways*
- *Central HVAC for office (3 ton)*

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Your business deserves a great property.
With service to match.

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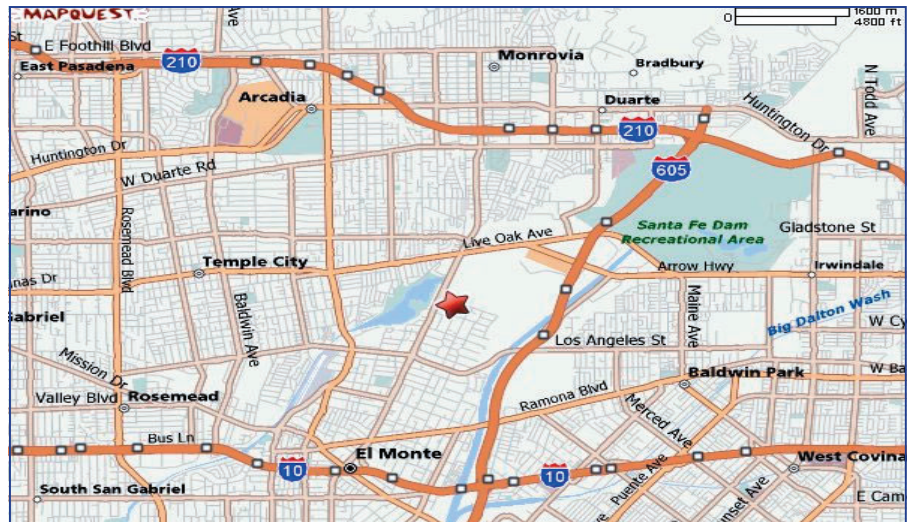
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Shown by appointment only.
Please call listing office to
schedule an appointment.

Property Highlights

- Upstairs Office Space
- Approximately 3,400 SF of Available Space
- Lease Price is \$1.30/SF MG (Lessee pays pro rata share of Power)
- Space is Part of a 33,408 SF. Building
- Private Entrance and Restroom
- Plenty of Sunlight Throughout
- Property Located in Industrial District
- Easy Access to 10, 210 and 605 Freeways



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