



# Monthly Newsletter

March 2019

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## Grover Beach declares a “homeless shelter crisis.”

On March 4, the Grover Beach city council voted to declare a “homeless shelter crisis.” However, there is no immediate plan for how to deal with this “crisis.”

The mostly symbolic vote is consistent with a statewide problem. Grover Beach is one of the local areas that is most impacted by homelessness but this is a serious statewide problem. In one sense we are fortunate because there are literally tent cities of homeless people in other parts of the state. We have areas where homeless people are living in tents but not to the point where they are literally their own cities. In other words, homelessness is a problem but not yet on the same scale as elsewhere.

The cause of the homeless problem is in one way really simple: there is simply not enough low cost housing in California. This problem has gotten worse in recent years as rents have risen faster than wages. Low income people, even some working people, have not been able to keep up.

One way to address this situation is to pack more people into the same existing housing. Another approach is to build more housing. In some of the markets that we serve, specifically Santa Maria and Paso Robles, we often see farm worker families trying to stack multiple families into a single home, especially when our clients choose to push the market on rents. For example, we have a client who just built two very nice new 4 bed, 4 bath homes in Paso Robles and is pricing those homes at the higher end of market for good reason. However, the applications we are seeing are from farm worker families who literally ask us how many families can rent the single house.

The client has more phases to go on the development project and we were recently discussing with him whether he should consider reconfiguring the project to build studios or one bedroom units on one level and 2 or 3 bedroom apartments on the second level. This is one way to achieve higher rents and meet current market demand for lower cost housing.

The “homeless crisis” will not be solved by symbolic votes. It will be solved by more low cost housing and higher wages. We are starting to see higher wages and hopefully cities will focus their efforts on allowing the construction of market rate low cost housing.

## **New California law requires periodic deck, balcony, and stairway inspections.**

Under new California law, buildings with 3 or more units and that have the following must be periodically inspected:

- Balconies, decks, porches, stairways, walkways, and entry structures that extend beyond exterior walls of the building and that rely in whole or in substantial part on wood or wood-based products for structural support or stability; and
- A walking surface that is elevated more than 6 feet above the ground level; and
- Balconies designed for human occupancy or use.

*With certain exceptions, first inspections of decks, balconies, and stairways must be complete by January 1, 2025.*

The persons who may perform the inspections are as follows:

- A licensed architect;
- Licensed civil or structural engineer;
- General Contractor holding any or all A, B, or C-5 Licenses issued by the Contractors State License Board, with a minimum of 5 years' experience in constructing multistory wood frame buildings; or
- Individuals certified as a building inspector or building official but not employed by the local jurisdiction while performing these inspections.

With certain exceptions, first inspections must be complete by January 1, 2025. Although there is plenty of time remaining, we are of course beginning to investigate best practices to ensure continuing compliance for the properties that we manage.

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## **Watch for extra security deposit income.**

At California West, we maintain separate savings accounts for many of our clients to hold their tenant security deposits.

With that in mind, we are beginning to collect advance deposits in San Luis Obispo as we pre-lease for the 2019-2020 year and if our clients see extra unexpected income then we encourage them to look closely at their financial statements to make sure it is not deposit income that should be put into the savings account. We don't want unwelcome surprises in future months.

We are doing our best to monitor this as well but if you get extra unexpected income then we encourage you to look closely at your financial statements or contact us for explanation to avoid future surprises.