



Monthly Newsletter

May 2020

In this issue

- **California West resumes showing occupied units on June 1 with added precautions and for only certain properties.**
- **Cal Poly University plans to offer some live classes in Fall 2020 and encourages students to return to San Luis Obispo.**

We are doing what we can to accommodate showings so long as everyone exercises reasonable caution and nobody objects.

California West resumes showing occupied units on June 1 with added precautions and for only certain properties.

Beginning on June 1, 2020 California West will begin showing some of our occupied properties in anticipation of future vacancy. This is most important for properties near Cal Poly University where the window of time for getting units pre-leased is relatively small. Due to the seasonal nature of that submarket, it is very important to not wait until there is a vacancy before we try to rent out the property. In more traditional non-student markets, like the Five Cities, we are less inclined to press the issue because there is far less financial consequence of waiting for a vacancy before trying to find a suitable tenant.

In both our offices, we have had good success at checking out keys to vacant units and showing units in that manner. That will continue being our practice for the foreseeable future.

In terms of student rentals, though, we feel far greater urgency from property owners and students wanting to secure leases for Fall 2020. Therefore, we have come up with procedures to allow us to show occupied units while minimizing risks from the coronavirus. Those procedures include: requiring applicants to arrive at the property with a face mask and to not remove the mask during the showing; agree to walk only one person at a time through a property; require social distancing of at least six feet; prohibit touching anything inside a property; require that prospects sanitize their hands with disinfectant before entering a property; and require prospects to agree to indemnify and hold harmless California West, its agents, its principals, its employees, its tenants, and all others if they do contract the virus from a showing.

In addition to those measures, we are also working closely with current occupants and telling them that we will cancel a showing if: the current tenant informs us, within 24 hours of receiving the notice to enter, that they believe the showing of the property poses an undue risk of possibly spreading the virus; or if anyone residing at the property is experiencing cough, shortness of breath or difficulty breathing, fever, chills, muscle pain, sore throat, or new loss of taste or smell; or if anyone residing at the property has been informed by a medical professional that such person has or may presently have the coronavirus or poses an undue risk of spreading such virus to others.

In short, we are doing what we can to accommodate showings so long as everyone exercises reasonable caution and nobody objects.

Cal Poly University plans to offer some live classes in Fall 2020 and encourages students to return to San Luis Obispo.

California State University Chancellor Timothy White announced on May 12, 2020 that the California State system plans to cancel most in-person classes in the Fall and instead will offer instruction primarily online. This created quite a panic for a few hours among San Luis Obispo property owners who were facing the prospect of a potentially empty town in a few months.

The following day, on May 13, 2020, Cal Poly University's President Jeffrey Armstrong issued a statement recommending to students that "if your health and personal situation permits and you are able to be flexible, please plan to return to San Luis Obispo in the last week of August if you live off campus or the first week of September if you live on campus." This was of course good news for local property owners.

"If your health and personal situation permits and you are able to be flexible, please plan to return to San Luis Obispo in the last week of August if you live off campus or the first week of September if you live on campus." - Cal Poly President Jeffrey Armstrong

In his notice, Armstrong set forth three different planning scenarios with an emphasis on the fact that Cal Poly's "mission as a comprehensive polytechnic university is accomplished, in part, by hands-on, experiential learning experiences that we refer to as Learn by Doing. Therefore, it is important that we provide options for in-person learning opportunities when possible."

As part of his announcement, Armstrong laid out a scenario where the number of residents living on-campus will be reduced from 8,500 to 7,500, assuming no greater than two persons per bedroom. As a contingency plan, the University is also prepared to reduce on-campus housing to 5,500 beds if single occupancy becomes necessary.

All these steps obviously help maintain demand for local housing, which is of course desirable for local property owners. Nevertheless, we remain cautious in terms of forecasting exactly what this all means.

San Luis Obispo Office

1380 Broad Street
San Luis Obispo, CA 93401
Ph: (805) 543-9119
E-mail: slo@calwest.com

Arroyo Grande Office

145 S. Halcyon #H
Arroyo Grande, CA 93420
Ph: (805) 489-9400
E-mail: ag@calwest.com

www.california-west.com

Broker: Derek Banducci
DRE Lic. No. 01276163

There will no doubt be some percentage of students (and their parents) who prefer to avoid a housing expense in Fall 2020 even if it means obtaining an inferior education from afar and the University is willing to accommodate such people, though that approach is being discouraged.

To the extent that students live somewhere other than San Luis Obispo and take their courses virtually, that obviously reduces housing demand within San Luis Obispo. Cal Poly may also reduce in-state enrollment to limit the budgetary strain from all this. In the past it has been reported that the University operates at a loss for every in-state student it accepts and therefore in past recessions we have seen a reduction in enrollment at Cal Poly. That may happen again.

The bottom line is that we are cautiously optimistic about getting through this rental season without too much financial damage.