



Monthly Newsletter

July 2020

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Starting on July 1, Zillow decided to start charging for rental listings on its network of sites that include Hotpads and Trulia. The listing fee is \$9.99 per unit per week. The pitch by Zillow's marketing team is that landlords receive lots of free leads from them (which was true) and so should be willing to pay a small fee for the service (not so true).

In the pre-Internet age, everyone paid for Classified ads in the local newspaper. That and yard signs was how you marketed a rental property. At California West, we discontinued newspaper advertising in 2007 because it became an ineffective waste of money. Yard signs remain effective but not as much as before the Internet.

The problem with Zillow's new approach is that the reason their websites are effective is because they attract lots of renters. They attract lots of renters because landlords all list their rentals on those websites. When that is no longer the case then renters will stop coming to those websites. Also, there remain other free websites, such as Craigslist and Facebook, that also generate plenty of interest from renters.

Our advice to property owners is mostly to ignore Zillow. If you own an expensive single family home or a large student apartment building then \$9.99 per week might be small enough of an investment it will be worth the expense. But for a typical rental property that can be just as effectively advertised on Craigslist and Facebook and our website (calwest.com) and maybe a yard sign, the added expense is unnecessary. Over time, Zillow and its affiliates will likely become less effective as renters learn that there are better places to look for obtaining rental information.

That said, if Craigslist follows suit and no other free websites with similar reach rise up and become popular then landlords may be forced to start paying again for effective advertising. At California West, we pass along advertising expenses to our clients with no additional markup. If you want to pay to list your property on Zillow we can make that happen. And if it seems that Zillow advertising truly does make a meaningful difference then we will recommend that owners pay for the expense. But we are skeptical.

Right now, free options remain a very viable way of finding renters and that is what we recommend.

Cal Poly administrators remain uncertain about how many students will be living on-campus in Fall 2020.

In a Zoom conference on July 27, staff from Cal Poly's housing department updated local property managers that they are waiting for guidance from the state of California and the Chancellor's office before deciding how much on-campus housing will be offered in Fall 2020 due to Covid-19.

Previously, the University had announced plans to have approximately 7,500 beds available if housing two students per room is feasible. However, if housing only one person per room is necessary then they will offer 5,500 beds. Last year, the University housed around 8,000 students on campus. We have to imagine that when Cal Poly makes a decision that finding available housing for two thousand people who may all of a sudden be scrambling for housing in San Luis Obispo will prove difficult. As with all things Covid, we'll deal with it when it happens. The University's housing administration staff is hoping for guidance later this week from Governor Newsom and they expect that single rooms are the most likely scenario.

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The long term goal of the University is to house 65% of their students on-campus and will accomplish this with a 2 year on-campus housing requirement. The University is planning to build 1,600 new beds in the next 4-5 years. Athletes and scholars programs are already requiring 2 years of on-campus housing and this year the agriculture and architecture departments are doing the same. Remaining departments are expected to follow suit as the University builds more on-campus housing.

California eviction moratorium extended through September 30; Federal moratorium expired on July 24; San Luis Obispo County moratorium allowed to expire.

Covid related eviction moratoria are a maze of legal complexity. Suffice it to say that Landlords presently have no chance of evicting a resident unless that resident is literally brandishing a firearm and threatening to kill fellow residents and, even then, the more timely and likely remedy would be for a Landlord to call the police and deal with eviction only after this pandemic passes.

As it stands right now, there are two statewide impediments to prosecuting an eviction case: 1) Governor Newsom's executive order; and 2) the state Judicial Council's policy of not issuing a summons unless a judge finds that doing so is necessary for health and safety reasons.

This of course creates true hardship for landlords who are truly in need of an eviction remedy or at least the threat of such remedy. Fortunately for us at California West, very few of our clients are in this sort of dire circumstance.

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