CALIFORNIA WEST
real estate management

Monthly Newsletter

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The biggest impact of Covid-19 on us right now is the continuing moratorium on evictions arising from nonpayment of rent, which now continues through at least September 30, 2021.

Rental market on the Central Coast is strong, as the delta variant of Covid-19 starts to run its course.

The rental market on the Central Coast is quite strong.

We are seeing demand for all types of unit configurations and rates are increasing. One reason for the strong rental market is presumably because the economy is picking up as we recover from last year's shelter-in-place orders and the resulting shutdown of the economy. Another reason for the strong rental market is that areas like the Central Coast are in demand over larger urban centers, in light of more work at home options that are now available in the workplace.

With the delta variant of the coronavirus starting to run its way through our state and local community, it will be interesting to see how that impacts the economy. Governor Newsom's upcoming recall election will likely mean that he is reluctant to agitate for another complete shutdown of the economy. There will be lots of legitimate concern by everyone over increasing numbers of cases and maybe some mask mandates, but another shelter-in-place order that would shutdown the economy seems unlikely at this point.

In other words, the human toll of the coronavirus will continue to be a real problem but the economic toll has probably run its course, as there is simply too much Covid fatigue and people are fed up with government shutdowns and unlikely to comply in significant numbers even if ordered to do so.

At California West, we are happy to report that our entire staff is fully vaccinated and we continue to operate with precautions to minimize the risk of spread, while not unduly interfering with our ordinary operations. This includes requiring masks of anyone who comes to our door and keeping our indoor lobbies closed to the public.

The biggest impact on us right now is the continuing moratorium on evictions arising from nonpayment of rent, which now continues through at least September 30, 2021. We are beginning to process some non-rent evictions but have yet to see how successful we will be in removing bad tenants who are causing problems for their neighbors. We are hopeful that things are moving in the right direction and we will again be able to address problems as they should be addressed.

Housing Authority of San Luis Obispo is offering bonuses to landlords who accept new Section 8 tenants.

Housing Authority of San Luis Obispo (HASLO) is receiving hundreds of new vouchers and have come up with a plan to incentivize landlords and property managers who accept new Section 8 tenants. HASLO also adjusted what they consider market rate for various apartment configurations.

We shared the details of this new program with our clients via email when it was released because the bonus amounts are quite substantial. There is a flyer that HASLO sent us with the details of the program and we are happy to share that flyer with anyone who asks.

We believe that HASLO's new rates are above present market rates, which is a welcome change from being lower as they have been for the past several years.

In short, a landlord who already accepts Section 8 tenants will receive a $1,000 bonus for any new Section 8 tenant. A landlord who formerly accepted Section 8 but has not accepted Section 8 within the past 12 months will receive a $2,500 bonus. A landlord who has never accepted Section 8 will receive a $4,000 bonus.

On top of the landlord bonus, HASLO is also offering an additional bonus to property managers that equals 75% of the landlord bonus. So, $750 or $1,875 or $3,000 based on the landlord bonuses in the previous paragraph. That said, our policy at California West is that we will have a very specific conversation with any client before we accept this sort of bonus, or anything like this, if we choose to accept it at all. Honestly, a one-time payment to us is FAR less important than a good long term relationship with a quality tenant and continuing good relationships with our property owner clients.

As for the adjusted market rate amounts, we believe that HASLO's new rates are above present market rates, which is a welcome change from being lower as they have been for the past several years. In our experience, one of the challenges in dealing with HASLO is that their determination of market rate is driven by a complicated formula decided upon by some bureaucrat in some office who has very little understanding of actual market conditions in our area.

PG&E is sending rate plan options with an automatic switch that we are choosing to ignore.

California West has been receiving lots of notices from PG&E lately notifying us that for properties where we pay an electric bill on behalf of our clients, such as at apartment buildings where there is a common meter for outside lighting, that they are moving us to a time-of-use plan.

The notices contain projected costs. Sometimes there are projected savings. Sometimes the projection is for rates to remain constant. None of the switches are projected to result in higher cost.

If rates surge, we can always go back and switch to another plan.

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