



Monthly Newsletter

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Evictions in California may resume on September 1.

On August 13, 2020 the California Judicial Council voted 19-1 to allow state courts to resume processing eviction cases starting September 1.

Chief Justice Tani Cantil-Sakauye explained in a news release that “[t]he judicial branch cannot usurp the responsibility of the other two branches on a long-term basis to deal with the myriad impacts of the pandemic ... [t]he duty of the judicial branch is to resolve disputes under the law and not to legislate. So I urge our sister branches to act expeditiously to resolve this looming crisis. They have had since March 2020 to explore remedies that will provide fairness to all parties while recognizing the limitations the pandemic has placed on our residents and our institutions.”

The San Luis Obispo County website contains the following information about evictions (<https://www.emergencyslo.org/en/eviction-clarification.aspx>):

“Residential and commercial evictions and judicial foreclosures are currently prohibited unless the eviction or foreclosure is necessary to protect public health and safety. These rules will sunset 90 days after the State lifts its proclamation of emergency. There are no other currently effective State or local orders which directly limit evictions or foreclosures.

The Judicial Council of California voted to end two temporary emergency rules which prohibited evictions and judicial foreclosure proceedings from moving through the court process. As a result, beginning September 1, eviction and foreclosure proceedings will be processed by the courts according to all statutory requirements. It is unclear whether the California Legislature will provide eviction relief through special legislation before September 1.”

It is important to note that prior impediments to successfully prosecuting an eviction lawsuit might still come back. There was an executive order by Governor Newsom to halt evictions and also similar federal prohibitions that have since expired. There was also a logistical challenge arising from the fact that the Sheriff’s office was declining to enforce eviction orders even if a writ of possession was issued by a judge. Needless to say, this is a fast changing part of the property management business while Covid-19 remains a problem.

Tenant delinquency is surprisingly not a significant problem.

Delinquent rent is a topic of national concern. Locally, though, we are seeing very little delinquency that is attributable to Covid-19. There is of course always some amount of rent that is delinquent and we work hard to collect that money for our clients as quickly as possible.

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That said, total delinquency amounts at both our Arroyo Grande and San Luis Obispo offices are virtually unchanged when compared with this time last year. They are in fact better by a fraction of a percent.

This seems to suggest that the local economy is doing well enough right now despite the impacts arising from Covid-19. At least from our perspective, people are making ends meet even if doing so is not as easy as it was before the start of the pandemic.

San Luis Obispo apartment rental rates are under pressure as a result of Covid-19 and greater local inventory.

The rental market in San Luis Obispo is very seasonal. We started pre-leasing on February 1 for the upcoming academic year and the first type of inventory to get rented is always single family homes near the Cal Poly campus. This year was no exception. We were able to pre-lease most of our single family home inventory by the time the shelter-in-place order went into effect in mid-March.

Apartment inventory, however, is a different story. What happens every year is that students form large groups and compete over the few single family homes that are adjacent to campus. Those single family homes are the first to get rented. After that gets sorted out, the remaining students break off into smaller groups and they find housing in apartments around town. That is the sort of inventory that we saw most impacted by the shelter-in-place order.

Ordinarily, at this time of year the apartments we manage would already be almost entirely leased for the upcoming year. That is not true this year nor was it true last year. Last year we attributed it to far greater local housing inventory. This year we attribute it to a combination of greater inventory and also missing out on a couple months of pre-leasing time due to Covid-19. As a result, we are now scrambling to fill apartment units after they become vacant.

In some cases we are offering lower rents in exchange for fewer occupants. A two bed, one bath unit will now accommodate two students rather than four but at a lower total price. Some of our clients are accepting month to month agreements at their properties whereas they would never have considered such agreements in the past. As always, price matters. Apartments will get occupied if correctly priced. However, finding that correct price is a challenge in these constantly changing times.

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