



Monthly Newsletter

October 2019

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More law changes: Cities must allow at least two ADU's almost as a matter of right and landlord's must accept Section 8 vouchers.

California's legislators have been busy. As we discussed last month, we now have a statewide rent control and just cause eviction law.

In addition to that, there are two more notable law changes for property investors. One change is that cities may no longer prohibit property owners from building up to two additional dwelling units ("ADU's") on their properties. In the past, cities have imposed parking restrictions, among other requirements, to make it realistically impossible to build ADU's on a property.

Now, if your property is within a ½ mile of a bus stop or falls within one of a few other likely criteria then a city cannot prevent you from building an ADU for parking reasons. New law also mandates that cities must allow ADU's of certain sizes because size restrictions were also a popular way to prevent the building of ADU's. Bottom line: the state of California wants more housing to be built and removing local ADU restrictions will make that happen.

Another law that recently passed is one that prohibits landlords from discriminating against tenants who receive Section 8 vouchers. More specifically, landlords cannot discriminate on the basis of an applicant's source of income and federal housing assistance is a source of income.

Landlords are not required to accept a tenant who has Section 8 and may still refuse to rent to Section 8 tenants if there is some other legitimate reason to deny the application, such as a poor rental reference, poor credit history, or inadequate income. But the Section 8 assistance must be considered as part of the applicant's income and can no longer be disfavored.

This is unfortunate from our perspective because dealing with the local housing authorities is often quite difficult. Their practices are very bureaucratic and dealing with them can be frustrating. Nevertheless, the law is what it is and we will adjust accordingly. Just one more reason for clients to hire us.

Clients who own student rentals in SLO should expect to hear from us within the next few weeks to discuss renewal and pre-lease strategy for next year.

The market in San Luis Obispo has softened considerably during this past year, which is forcing us to change when we send out renewal offers and when we begin our pre-leasing efforts. To get a jump on the market and capture more renters earlier in the season, we feel it is necessary to begin sooner than usual.

This year, we will be contacting clients in November and December so that we can send out renewal offers to students before they leave for Winter Break.

In the past, we have contacted clients in January and February to discuss whether to make renewal offers. This year, we will be contacting clients in November and December so that we can send out renewal offers before the students leave for Winter Break.

We have previously split our leasing seasons between large buildings next to campus and everything else. This year, we will be splitting it between student rentals in general and everything else. So, if you are a client whose rental has traditionally been rented students, even if it is not a large apartment building, we will likely be contacting you earlier than usual to discuss whether to renew.

For our large student apartment buildings, in the past we have begun the pre-leasing season on March 1 and we are now pushing that back to February 1, which means we will give students a deadline of January 15 by which to respond to our offers.

For traditionally non-student rentals, in areas away from the campus and in surrounding communities, we will wait to contact tenants until March or April for Summer renewals. This means that we will be contacting clients in January and February, as usual, for those properties.

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

Regarding recommendations, we will be advising a cautious approach this year since the market has been softer than in recent years.

Property taxes due on November 1 and late after December 10, so let us know if we should be paying your bill.

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

As always, the due date for property taxes is November 1 for first installment property taxes and those payments are late after December 10.

www.california-west.com

For property owners who have their property taxes paid through an impound account with their lender, those payments are usually made immediately before December 10.

Broker: Derek Banducci
DRE Lic. No. 01276163

Please review your financial statements this month and if we have not yet paid your property taxes and you expect us to make the payment then let us know so that we have time to make payment without penalty.