

Monthly Newsletter

December 2014

In this issue

- **SLO is proposing a new ordinance that mandates periodic City inspections of rental housing.**
- **Rental update: the market is very tight in SLO and there is unusually high turnover in the 5-Cities.**
- **The local economy continues to grow**

Even if a new rental inspection ordinance passes in SLO, we suspect there will still be some landlords who still ignore their obligations and suffer as a result.

SLO is proposing a new ordinance that mandates periodic City inspections of rental housing.

The SLO City Council is considering an ordinance which would mandate periodic inspections of rental properties within SLO.

The San Luis Obispo Association of Realtors opposes the proposed ordinance on various grounds, including that it is “unfair to subject only rental property owners to such an ordinance” and that the stated goals of the ordinance can be achieved less expensively and “without mandatory and intrusive property inspections.”

At California West, we work on occasion with the City of SLO, and other local jurisdictions, to ensure that the units we manage are adequately maintained. We recognize, however, that some local landlords are not so diligent.

Currently, one of our clients is under contract to buy some additional apartments in SLO. The existing code violations at this property are glaring. There is an inoperable stove that the Gas Company has “red tagged” (meaning: it is unsafe to operate); there are serious plumbing leaks; there are roof leaks; and there are other code violations. All of these issues should have been fixed immediately and at relatively little cost. Since the problems were not fixed, the City is now on the verge of imposing daily fines against the current property owner, who is selling the property to get rid of the problems.

Assuming the deal closes, and our client buys the property, we will work to fix all the problems. Frankly, every one of the relevant problems is routine. The only thing not routine is that the current owner failed to fix the problems, which then accumulated.

In our experience, the current system works the way it should work. If property owners fail to maintain their properties, then the City enforces its ordinances and that eventually results in the problems getting fixed. Even if the new ordinance passes, we suspect there will still be some landlords who ignore their obligations and suffer as a result.

Rental update: the market is very tight in SLO and there is unusually high turnover in the 5-Cities.

For the first time in memory – stretching back to at least 1999 – our San Luis Obispo office had a rental list with zero availabilities. This is despite also having more units under management than at any other time during that period. In other words, the rental market in SLO is very tight.

For the first time in memory – stretching back to at least 1999 – our San Luis Obispo office had a rental list with zero availabilities.

In the 5-Cities, the rental market is relatively strong for our Arroyo Grande office though the amount of turnover is unseasonably high. We hear reports of similar activity in the Santa Barbara market. Units are being rented quickly when they become available but the amount of turnover is more than we typically expect around the holidays.

The local economy continues to grow.

On November 7, the 2014 Central Coast Economic Forecast was held at the Alex Madonna Expo Center.

In a summary appearing on the event's website, it reports that "San Luis Obispo County is in the midst of an economic recovery — and is one of only four regions in the state to exceed its pre-recession peak."

Jordan Levine is an economist with Beacon Economics, which is an independent economic research and consulting firm and he presented a report on the state of our local economy at the conference.

Levine announced that, among other things, San Luis Obispo County has one of the lowest unemployment rates in the state and jobs have been created for people across all income spectrums. Of those new jobs, 60 percent of them pay \$40,000 or less annually and the remaining 40 percent pay more.

Of the 11,200 jobs lost during the recession, 11,400 have been added back, an increase of 12 percent since 2009.

These reports are consistent with what we at California West have been seeing lately from a rental market perspective. People seem to be doing relatively well economically and to have mostly recovered from the recession.

San Luis Obispo Office
1380 Broad Street #1
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

CalBRE Lic. No. 00528841
Contractor Lic. No.: 985262