



# Monthly Newsletter

April 2017

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*Even if a tenant is totally in the wrong, our advice to property owners is sometimes that it is best to work with the tenants' unreasonable demands to reach a solution that works well enough.*

## Dealing with difficult tenants is often a balancing act.

Sometimes it becomes necessary to tell a tenant to move because the tenant is unwilling to accept a property owner's demand for higher rent, or the tenant wants a month-to-month agreement and the property owner requires a long term lease, or perhaps there is some other condition that the tenant and property owner simply cannot agree upon.

Currently, we are working with a property owner who requires a year lease and some tenants who are on a lease but who desire a month-to-month arrangement. The result of these conflicting demands is that we are telling the tenants they must vacate when their lease expires on May 31.

In response to this decision, the tenants now tells us that they will not let us into the property to show it to new renters until after May 1. There is no legal support for this demand and it is a clear breach of contract. The bottom line is that the tenants are upset about the property owner's demand for a lease and are making unreasonable demands as a result of this frustration.

Although the tenant is totally in the wrong here, our advice to the property owner is that it is best to work with the tenants' demand and see if we truly can get into the property after May 1 to show it to new renters.

If the tenants do not allow access after May 1 then the next step will be to post a notice to enter and if the tenants still refuse then to consider a three day notice to perform or quit. However, an actual eviction suit is probably not wise because of cost and timing considerations. The better course is for us to simply try to mediate between the property owner and the tenant and get as much cooperation as possible from the tenant.

Eventually, if the tenant's refusal to let us show the property results in us being totally unable to rent it for a certain number of days after the tenant vacates then that may be grounds for collection efforts after the tenant leaves.

Often, though, it is best to simply work with tenants as much as possible to reach an appropriate balance that is good enough for the property owner and which also works for the tenants.

## **Drought is over but water restrictions remain.**

On April 7, 2017, Governor Brown signed an executive order officially terminating the Drought State of Emergency that he previously declared on January 17, 2014 except for with respect to Fresno, Kings, Tulare, and Toulumne counties.

However, despite the end of the drought, Governor Brown's executive order makes permanent certain restriction on water use, such as the following:

- Hosing off sidewalks, driveways and other hardscapes;
- Washing automobiles with hoses not equipped with a shut-off nozzle;
- Using non-recirculated water in a fountain or other decorative water feature;
- Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
- Irrigating ornamental turf on public street medians.

*Despite the end of the drought, certain restriction on water use remain and are now permanent by executive order.*

As for local restrictions in San Luis Obispo and Santa Barbara Counties, we have not yet seen any change in how local water agencies are imposing and enforcing water conservation requirements.

## **Rental market update.**

In the Five Cities and Santa Maria markets, we are seeing an increasing but still ordinary number of move outs for this time of year. Demand is strong for studio, 1 bed, and 2 bed apartments but softer for anything more than \$1,500 per month.

In the San Luis Obispo student market, this is the time of year when houses and bigger apartments are in the most demand for pre-leasing. Groups of 3-5 students will get together and want to rent places near campus or downtown. There is definitely a softening in the demand for these types of units.

Whereas in recent years we were frequently getting 10 or more groups applying and competing with each other for desirable houses, we are now seeing 2-3 groups. Honestly, this is probably better because choosing between 10 or more groups is difficult. As long as we are getting 2-3 quality groups then that is all we really need to make a good decision. However, it is interesting that for some reason the market is softening.

Smaller apartments are usually the last to go as large groups fall apart. With fewer large groups to begin, it will be interesting to see how that impacts the demand for smaller apartments later in the season.

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