



# Monthly Newsletter

July 2015

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## In this issue

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- **Rental market remains strong.**
  - **Kangaroos are (perhaps) not service animals.**
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*The challenge in a market such as this is to avoid falling too far behind market rental rates while also avoiding unnecessary turnover.*

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## The local rental market remains strong.

For the first time ever at California West we had no available units in the Five Cities, Nipomo, or Santa Maria areas for a few days in July. This was the first time in over thirty years that the list for our Arroyo Grande office was at zero.

In addition to a low vacancy rate, we have been advising clients to increase rents because of the strong rental market. Usually, a rent increase of more than approximately \$100.00 per unit per month results in turnover, which we try to avoid.

Recently, one of our clients asked us to test the market and increase rent for two of his units: the first from \$1,060 per month to \$1,300 per month for a two bed, one bath duplex in Grover Beach and the second from \$1,550 to \$1,800 per month for a two bed, one bath house in Shell Beach.

This client was fully prepared to turn over both units and, if his tenants did move, was expecting to get rents higher than the amounts he was asking from his current tenants. Surprisingly, though, both tenants decided to stay even at the much higher monthly rates. Of course the client was happy to keep his current tenants at rents closer to market rates.

The challenge in a market such as this is to avoid falling too far behind market rental rates, while also avoiding unnecessary turnover.

In San Luis Obispo, the market is equally strong but different. We are mostly done with our pre-lease program for the 2015-16 academic year and units rented very quickly this year.

The few units that remain on our San Luis Obispo list are ones with unique circumstances, such as an owner who was trying to sell her house then changed her mind, or a home on acreage outside City limits, or units that have come available for unexpected reasons. Just as in the Five Cities, the rental market is extremely strong in San Luis Obispo.

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## Kangaroos are (perhaps) not service animals.

According to Federal and California law, landlords must permit service animals at their properties, even if the property has a strict no-pets policy.

Landlords are allowed to ask a disabled tenant or prospective tenant only two questions:

- 1) Is the animal required because of a disability?
- 2) What work or task is the animal trained to perform?

For the past few years, California West has been receiving numerous applications from tenants who claim to be disabled and require a service animal for “emotional support” or other purpose.

Unfortunately, under existing law the potential cost of unsuccessfully challenging even the most suspect claim means that we must allow our residents to have a service animal if they claim to be disabled. If we wrongly deny a tenant the animal, then they may be entitled to substantial fines and attorney fees.

The outcome of such cases is highly uncertain. In one case, a miniature a horse was declared a “service animal.” The uncertainty surrounding these laws prompted a Wisconsin city to recently declare that kangaroos do not qualify as “service animals.”

Even with that, however, it is doubtful that a City ordinance can overrule State or Federal law. So, if a person can show that their kangaroo is required because of a disability and that the animal has been trained to perform a specific task then we would most likely have to allow them to rent a home with their kangaroo if they are an otherwise qualified tenant.

That said, California West has developed a policy for dealing with service animals so as to minimize the burden on our properties and on neighbors. As part of our leasing process, disabled tenants must sign a service animal addendum in which they agree to certain reasonable conditions such as picking up after the animal and not allowing the animal to become a nuisance to other residents. If the tenant receives three or more citations for violating these conditions then California West may terminate their tenancy.

We are still investigating whether any special rules might be necessary for kangaroos.

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