



Monthly Newsletter

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California opens a state rental assistance portal to distribute rental assistance to landlords and tenants.

The state of California opened a rental assistance portal on March 15 (housing.ca.gov/covid_rr/program_overview.html) and the County of San Luis Obispo is participating in this statewide program. The county of Santa Barbara is administering its own program in partnership with the United Way (www.unitedwaysb.org/rent), apart from the statewide program. The programs are a maze of bureaucratic rules that, if navigated successfully, will provide rental assistance to eligible renters and landlords.

For landlords, in addition to the hassle of jumping through all the eligibility hoops, there is also a requirement to waive 20 percent of what they are owed for past due rent from April 1, 2020 through March 31, 2021 and landlords must further be willing to upload to the state portal a copy of their property deed, any mortgage notes, property tax statement, proof of insurance, and a copy of their lease or rental agreement with the tenant.

For tenants, the required documents include a declaration of COVID-related financial hardship, termination letter from their job, their most recent pay stub with employer's information, proof that they have applied for unemployment benefits, and proof that their unemployment benefits have expired.

As a practical matter, in our geographic market it will be very hard to recommend to clients that they participate in these programs. The tenants who we are seeing claim COVID-related financial hardship are ones who would be causing problems with or without a pandemic and will continue causing problems even after the government funds dry up. The local economy is recovering and people who want to work can generally find a job. In fact, in some sectors of the economy, such as construction, it is extraordinarily difficult to even find workers right now.

This is by no means an effort to minimize the impact of the pandemic, there truly was serious hardship when the state was prohibiting people from working during lockdowns but the available unemployment benefits smoothed out a lot of those problems and responsible people made responsible decisions even in the worst of times.

Tenants can still apply for reduced assistance without landlord participation and that is what we will generally recommend to our clients and tenants.

California West staff is receiving COVID vaccinations.

At California West, nearly all of our 20+ person staff has received or is scheduled to receive a vaccine. So far, it has been entirely voluntary and we are very proud of our staff for having made the responsible decision to obtain vaccines even though we know that some people have had serious reservations and were legitimately worried about potential side effects.

Going forward, even with vaccinations, we are mindful of the fact that vaccines do not make anyone invincible and we will continue following best practices as appropriate.

We were able to qualify our staff for vaccination in San Luis Obispo County since our maintenance department provides emergency and janitorial services to tenants. Furthermore, as a practical matter, our staff meets face-to-face with tenants all day, every day and goes inside their homes to resolve various issues. Throughout this pandemic, we have been doing our absolute best to follow best practices and it is a huge relief to be able to get a vaccine that greatly reduces the risk of an outbreak temporarily shutting down our business and potentially causing serious hardship to people close to us.

Going forward, we are mindful of the fact that vaccines do not make anyone invincible and will continue following best practices as appropriate. However, by mid May nearly all of our staff should be fully vaccinated and that will allow us to resume some of the activities that we had put on hold throughout this pandemic.

Rental market remains steady and requires diligence in selecting new tenants.

San Luis Obispo Office
1380 Broad Street
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

Broker: Derek Banducci
DRE Lic. No. 01276163

The local rental market is steady. Demand for rentals is strong but not overwhelming. At the low end of the market, we have to be very picky on who we select as renters. Especially in light of recent legislative changes that are very tenant friendly, the risks associated with choosing a bad tenant are extraordinarily high and we must therefore exercise extreme caution in who we select to be tenants. Whereas in prior conditions it may have made sense to give a borderline applicant a chance, no such leniency is advisable right now. If we place a bad tenant in a property it will be an uphill battle to correct the mistake.

With that in mind, the three-step verification process that we utilize is worth reiterating. The three things that we look at are: ability to pay (income verification), willingness and history of paying as agreed (credit check), and references from prior landlords.

If all three of those factors do not check out in a tenant's favor then the choice has to be to keep looking for a new tenant.