



Monthly Newsletter

May 2024

In this issue

- **City of Santa Barbara enforces “just cause” eviction requirements by filing misdemeanor criminal charges against a local property manager.**
- **California State University system faces an \$800 million deficit over the next three years, which may have a local impact if it results in reduced enrollment at Cal Poly.**
- **Year-over-year rent growth at our three offices.**

City of Santa Barbara enforces “just cause” eviction requirements by filing misdemeanor criminal charges against a local property manager.

On May 1, the City of Santa Barbara filed a misdemeanor criminal complaint against James Knapp, a local property manager and apartment building owner, in connection with his service on tenants of notices of termination of tenancy.

The complaint alleges three counts of criminal misconduct, all basically boiling down to Knapp’s alleged failure to explain in his notices why exactly he needed to end the tenancies to perform a “substantial remodel” of the property that he partly owns and manages.

In one sense, the complaint is very specific to the City of Santa Barbara, in that the alleged criminal liability arises from Municipal Code, not from state law. However, in a broader sense, the underlying issue applies to all landlords in California, which now imposes significant civil liability for the same sort of alleged failure to comply with “just cause” eviction rules. Under state law, failing to comply with those rules can result in penalties against landlords of up to three times the actual damage to tenants.

Landlords who wish to renovate their properties must now include copies of permits or contracts, among other details, when serving notices that end a tenancy to allow that work to be done.

For landlords who wish to end a tenancy to move into their units or rent to family, those landlords must now identify the people moving in and the rental must be occupied within three months of eviction. The owner or owner’s family member must now also live in the unit for at least a year.

All these new rules and requirements highlight the extent to which it is becoming more and more difficult in California to be a landlord. At California West, we will continue doing our best as we advise clients on how to comply with the new and always changing rules and requirements of being a landlord.

California State University system faces an \$800 million deficit over the next three years, which may have a local impact if it results in reduced enrollment at Cal Poly.

The state of California is going through another budget crisis, as happens every decade or so in this state. Under Governor Newsom’s latest budget proposal, the California State University system will face an \$800 million deficit over the next three years, after having agreed to pay raises for faculty and staff amid dwindling tax revenues.

The financial state of the California State University system is important to landlords in San Luis Obispo because we have seen in prior times that Cal Poly’s solution to less subsidy money from the state is to cut courses and enrollment to reduce expenses. If that happens then the demand for rental housing diminishes and we see an impact on rents and occupancy.

Only time will tell if the current state budget crisis leads to anything impactful at the local level, but we are certainly paying attention to what is happening in Sacramento and will advise our clients if we begin to see any local impact.

Year-over-year rent growth at our three offices.

This month, we are comparing rent for a 3 bed, 2 bath unit at each of our offices as of May 30, 2023 versus 2024. Here’s what we found:

3 bed, 2 bath unit			
	2024	2023	% Change
Lompoc Office	\$1,992	\$1,832	8.7%
Arroyo Grande Office	\$2,460	\$2,268	8.5%
San Luis Obispo Office	\$3,381	\$2,981	13.4%

Keep in mind that these are units under management by each office, not city surveys. Submarkets exist at each office location.

Our Lompoc office manages units in Lompoc. Arroyo Grande covers Santa Maria to Shell Beach, but mostly Arroyo Grande and Grover Beach. San Luis Obispo covers Avila Beach to Paso Robles, but mostly San Luis Obispo.

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

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

Lompoc Office
119 E. Walnut Avenue
Lompoc, CA 93436
Ph: (805) 736-1293
lompoc@calwest.com

www.california-west.com

Broker: Derek Banducci
DRE Lic. No. 01276163