



Monthly Newsletter

October 2015

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According to recent Census data, San Luis Obispo County has a rental vacancy rate of 1.7%, which is lower than any other county in the state of California and far below the average vacancy rate of 4.5% for each of the 40 counties in the State. The Census information lags real time data but is consistent with recent strong demand that we have been seeing for properties under management by California West.

On the demand side, vacancy rates in the city of San Luis Obispo are being held down by a strong economy that has led to hiring by companies such as Mindbody and Amazon and also by steadily increasing enrollment at Cal Poly. If companies continue expanding locally by hiring more employees, then those additional hires will continue putting pressure on local rents and will keep demand high for rental housing.

On the supply side, there are not many new developments currently breaking ground. As we discussed last month, Cal Poly just broke ground on 1,475 new beds that should be complete by 2018 or 2019. Cal Poly also recently announced that it has signed a five-year lease to expand its innovation and entrepreneurship programs and provide housing to more than 30 students in downtown San Luis Obispo.

To provide this downtown housing, Cal Poly is leasing 6,000 square feet of space in buildings at the corner of Monterey and Chorro streets, which are being remodeled as part of the Chinatown project near Mission Plaza. That space is currently unoccupied.

As for other housing projects, there are some single family homes being built on Prado Road and plans for more condos near Orcutt and Broad, but no major rental housing developments have yet broken ground.

Procedures for complying with the new rental inspection ordinance in San Luis Obispo will be available early next year.

As many people already know, San Luis Obispo recently adopted a new ordinance requiring owners of single family homes and duplexes to register with the City for periodic inspections.

According to Teresa Purrington, Code Enforcement Supervisor for the City of San Luis Obispo, early next year the City will begin sending out letters with details on how to register.

The City of San Luis Obispo will send out letters with details on how to comply with the new rental inspection program beginning early next year.

The first round of letters will target property owners who have a residential rental business license and also those who the City knows has verified rentals. The City will send the letters to the address where property owners receive their property tax bills.

Also, to gain the assistance of property managers, the City will send out letters informing them that the registration letter was mailed to property owners so that managers can work with property owners in registering residential rentals.

There will be a place on the form to provide the property management information and to indicate a preferred primary contact.

California West will continue working with the City to keep our clients informed of these new requirements.

Property tax payments are late after December 10.

Each of our clients should double check and make sure that their property taxes have been paid. Sometimes lenders make the payments, other times our clients make the payments, and often California West makes the payments.

That said, California West only makes property tax payments if we have received the bill with instructions to pay that bill. If we do not receive the bill then we assume that the lender or property owner is taking care of payment.

Therefore, we encourage our clients to closely check their monthly statements in October and November if they are expecting us to make payment. If no payment appears on those statements, then please contact us as soon as possible to make sure to avoid late payment penalties.

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