



# Monthly Newsletter

July 2019

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## **Tenants may operate a small childcare business from their rental home if they follow certain legalities.**

We just rented a house to a family in a very residential neighborhood on behalf of a client who is renting out her home for the first time. This is our client's first experience at being a landlord and it is proving to be quite an experience.

Within days after we moved the tenant into this property, our client received complaints from neighbors about how the tenant had approached one of them offering to enroll the neighbor's child in a day care service at the house.

We immediately contacted the tenant informing her of the complaints and asking for a response. Her response was to send us a flyer from a legal aid service about how landlords must allow tenants to operate daycare centers because California considers such operation a "residential use." (Health & Safety Code § 1597.43(a).) In fact, California law generally prohibits cities from regulating such activity in residential neighborhoods and also requires landlords to permit tenants to operate small licensed childcare facilities out of their rental homes. (Health & Safety Code § 1597.40(d).)

Nevertheless, Landlords are not required to allow more than 6 children including the tenant's children.

In most circumstances a tenant must notify the landlord in writing 30 days prior to operating a childcare facility and the landlord may then require an additional deposit and may insist on being named on the tenant's liability insurance as an additional insured if the tenant has such insurance. However, the landlord may not require liability insurance and must pay the fee if there is any fee to add the additional insured.

Finally, the tenant must obtain a license from the Department of Social Services and that department must inspect the home to make sure it is safe for use as a childcare facility before such use actually happens.

With our current tenant, she does not have the required license and so we served her with a three day notice to perform or quit. After first taking the position that she was legally entitled to operate a childcare facility at the home she is now telling us that it was a big misunderstanding and that she has never actually operated the service from the home and merely intends to try and obtain the necessary license. We'll see what happens.

## **Cal Poly projects that its Fall 2019 enrollment will be 2.2% less than it was in Fall 2018 and 3.8% less than peak enrollment in Fall 2017.**

The Cal Poly rental market has been weaker this year than in previous years and reduced enrollment is likely playing a role in the softer market. From what we understand, Cal Poly's head count is down from 21,812 in Fall 2018 to a projected number of 21,343 in Fall 2019.

Cal Poly's Institutional Research department publishes enrollment targets and projections on their website, which is accessible at the following address:

- [https://ir.calpoly.edu/content/publications\\_reports/targets/index](https://ir.calpoly.edu/content/publications_reports/targets/index)

Another interesting website to visit for enrollment figures is the Registration Monitor site, which is accessible at the following address:

- [https://ir.calpoly.edu/content/publications\\_reports/reg\\_mon/index](https://ir.calpoly.edu/content/publications_reports/reg_mon/index)

The difference of 469 fewer students between 2019 and 2018 represents a 2.2% reduction in enrollment and that follows a 1.7% reduction from a peak enrollment of 22,188 in 2017. We are currently back to approximately where enrollment was in Fall 2016 when it was at 21,306 students.

## **San Luis Ranch is under construction and will bring 580 new homes to San Luis Obispo.**

Construction of the San Luis Ranch project is underway and has been since May 2019. The first 296 homes planned for construction are multi-family units at the corner of the property nearest to the intersection of Madonna Road and Dalidio Drive.

According to a recent news article in the San Luis Obispo Tribune, the multi-family units will include 400 to 600 square foot studios and one-bedroom apartments; 950 to 1,200 square foot condos; and 1,300 to 1,600 square-foot townhomes.

Completion of these new homes is still a ways away. According to a construction timeline at <https://www.sanluisranch.com/> there is not yet an estimate for when construction will be complete but site improvements should be done by Summer 2020.

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