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ADDITIONAL MATERIAL

10:00 a.m. Regular Meeting

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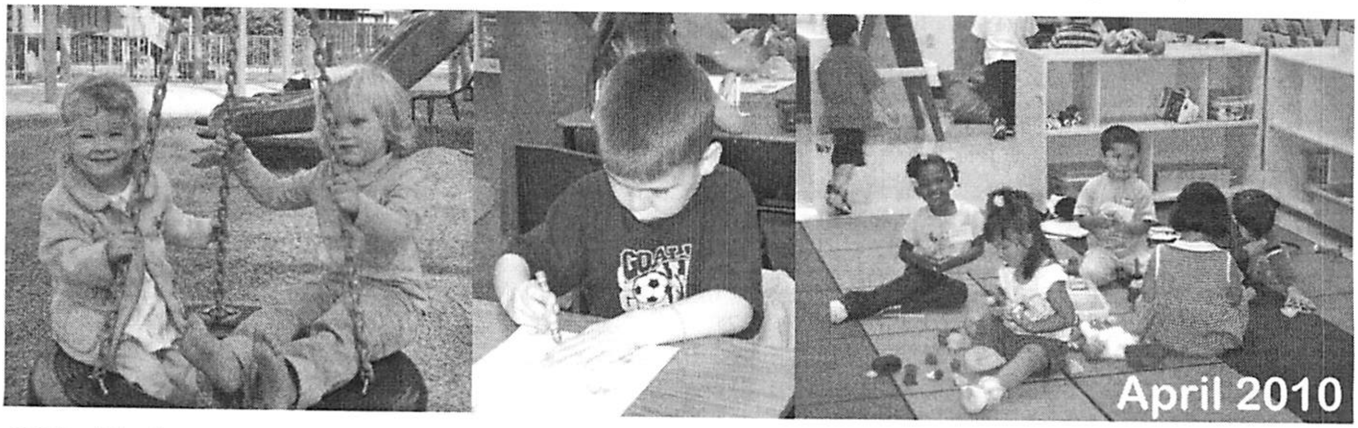
SUBMITTED AT THE REQUEST OF

VICE-MAYOR BEAM FURR



Child care and community development

by Kristen Anderson & Ellen Dektar, Local Investment in Child Care (LINCC)

The American Planning Association (APA) has long recognized in its *Policy Guide on the Provision of Child Care* (1997) that child care is a critical component of livable communities for many families in urban, suburban and rural areas, and that local planning policies can play an important role in ensuring adequate child care. Whether by necessity or choice, the majority of parents work and many depend upon formal, organized out-of-home care.

Since there is no federal or state universal child care system or guidelines for child care planning, most communities have supply gaps that are especially pronounced for infant/toddler age groups and lower income families. Preschool-age programs (mostly part-day) are proliferating nationally due to public awareness of the value of early learning. State spending on preschool increased from $2.4 billion to $4.2 billion nationwide between 2005 and 2007 (Wat, 2007). Similarly, federal and state spending on child care subsidies has more than tripled in the last decade, but most communities still face problems with inadequate supply of quality, affordable child care (Warner 2007).

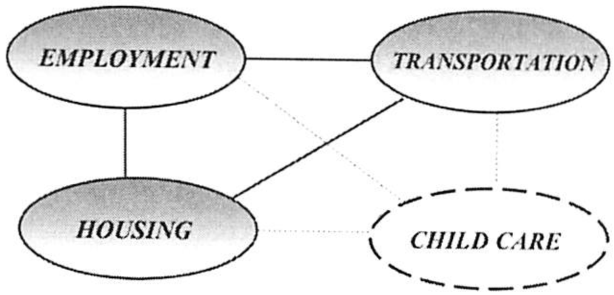
The majority of child care and part-day preschool centers are run by private or nonprofit entities (rather than school districts or cities) and supported largely by parent fees and the use of low-cost space in churches or schools. The extent and diversity of local early care and education is usually determined by the availability and/or assertiveness of child care operators and intermediary agencies as well as parents' workforce participation rates and ability to pay fees.

Planners can influence child care programs by creating policies, identifying local resources and working with developers and community partners. For example, long-range comprehensive plans, zoning codes and permitting practices can facilitate or inhibit the development of child care centers and homes.

This paper details how a robust local system of child care and early education programs has social, economic, and environmental benefits for the child, family and community. It provides useful examples of policies, strategies and on-the-ground child care projects for planners seeking to enhance child care services to build family friendly communities. Five key points are covered:

1. Accessible, affordable and quality child care benefits parents and children.
2. Child care contributes to the local economy by supporting parents and local employers.
3. The location and availability of child care can affect other community development goals and activities including smart growth initiatives.
4. Addressing community child care needs in long-range planning documents and project reviews results in more family-friendly neighborhoods.
5. City partnerships can help overcome the financing challenges of improving local child care systems.

This research was made possible with funding from the Cornell University Linking Economic Development and Child Care Project, which is supported by the WK Kellogg Foundation and the Peppercorn Foundation. Professor Mildred Warner directs the project. Additional issue briefs and case studies can be found at: http://economicdevelopmentandchildcare.org.



Child care is often the missing link in community planning and economic development.

Key Point #1: Accessible, affordable and quality child care benefits parents and children.

Accessible, quality child care supports the ability of parents to participate in the workforce, be economically self-sufficient and balance their work and family needs. In 2007, 71 percent of mothers with children under age 18, and 55 percent of mothers with children under a year old, were employed (U.S. Department of Labor, Bureau of Labor Statistics, 2008). In 2005, 89 percent of children under five and 63 percent of school-age children with employed mothers regularly attended some sort of child care arrangement (U.S. Census Bureau, 2008).

However, high-quality, affordable, and reliable child care is hard to find. In 2003, the market prices of full-time, mediocre-quality child care exceeded the costs of public college tuition in 49 states (Schulman, 2003). Studies indicate that American families spend up to one-quarter of their income on child care (Kimmel, 2006; OECD, 2005). Furthermore, a growing proportion of American employees work nonstandard shifts (e.g. nights, weekends) during which regulated child care is nearly nonexistent (Henly & Lambert, 2005; Presser, 1988).

These financial and logistical constraints often turn parents to low-cost, flexible, informal care arrangements with relatives, friends or neighbors (Meyers & Jordan, 2006). Estimates are that close to half of children are cared for in informal arrangements (Sonenstein et al, 2002). Planners need to consider how policies can support both family, friend and neighbor care as well as regulated center and family child care homes.

Equally important as the benefits of child care to parents is the crucial value to children. Quality early care and education programs support a child's optimal development and readiness for success in school. Longitudinal research (e.g. Chicago Child-Parent Centers, High/Scope Perry Preschool and Abecedarian Projects) shows that children who attend high-quality preschool programs are less likely to be placed in special education; less likely to be held back a grade; and more likely to graduate from high school and attend college. They also perform better on standardized tests in reading and math (Wat, 2007).

The Perry Preschool Study followed participants in a high-quality program for more than 40 years and found that, as adults, they were less likely to be arrested, more likely to own a home, and more likely to be employed (Schweinhart et al, 2005). While these studies targeted "at-risk" children from low-income families, other research shows positive effects for all children. Program quality, however, is an important factor.

The challenge for planners is to promote quality while supporting a diversity of child care options in the market place. Planners can help strengthen the child care sector with their planning, zoning and finance tools as detailed below.

Key Point #2: Child care contributes to the local economy by supporting parents and local employers.

Significant savings to society and the national economy, in both the short and long term are realized by investments in early childhood education. Economists have found that high-quality early childhood education offers one of the highest long-term returns of any public investment – more than $7 for every dollar spent. At the macroeconomic level, researchers have correlated quality child care programs with greater gross domestic product, jobs and human capital creation (Wat, 2007).

Many economic developers recognize the importance of child care to local economic development. A 2006 survey of economic developers and chamber of commerce leaders in New York State found that:

- 83% agree that childcare should be a part of economic development policy.
- 82% recognize that a lack of affordable, quality, convenient child care reduces worker productivity.
- 67% feel that businesses' ability to attract and retain workers is hurt by lack of quality child care.
- 58% acknowledge an inadequate supply of quality childcare in their community (Warner, 2007).

Similar results were found with economic developers in a Wisconsin study. However a national survey of planners found that only 20 percent recognized that their community lacked an adequate supply of affordable child care. A shocking 43 percent did not know about child care supply problems (Israel and Warner 2008). Why are economic developers better informed?

Since 1997 more than 70 states and cities have conducted economic impact studies of child care to calculate the size of the industry at the state and county level and its multiplier effect in the local economy. (A database of these studies is available on Cornell University's Linking Economic Development and Child Care project website.) These studies find that child care is a significant small business sector. For example, in Kansas the child care sector employed more than 14,000 workers and indirectly supported working families who make almost $2 billion a year. (Mid-America Regional Council, 2003). Warner's (2009) economic analyses found that, "On average, for each new dollar spent in the child care sector, the broader statewide economic impact is two dollars. For each new job created in the child care sector, the broader statewide impact is 1 ½ jobs." Child care was included in the 2009 Stimulus Bill passed by Congress because of its high stimulus effect and because child care businesses are particularly susceptible to the recession due to low margins and high turnover. Planners need to give special attention to strengthening the child care sector as a critical social infrastructure for economic development.

Local employers can be important partners in this effort. Some public and private employers sponsor on- or near-site child care centers realizing substantial benefits in reduced turnover, absenteeism, training and recruitment costs, project delays and employee inefficiencies. Employers may sponsor child care solely for their employees or as part of a consortium, or pay to reserve child care slots in an existing program. An interesting example comes from post-Hurricane Katrina Mississippi where child care facilities were destroyed, leaving refinery workers unable to return to work. Chevron Corporation worked with local organizations to get child care facilities back online, recognizing that it was a critical support infrastructure for the local economy (Warner et al, 2007).

Many jurisdictions have leveraged the economic benefits of child care through public financing. Economic development tools, such as redevelopment (tax increment) funds and Community Development Block Grants (CDBG), have been used to revitalize neighborhoods and encourage new child care businesses, which create jobs and revenue.

- San Jose, California made $1.5 million of redevelopment funds available to child care developers through an RFP process.
- The City of South San Francisco built a 100-child center in an office park to help retain and grow its significant biotech industry. The redevelopment agency used $2.7 million of bond funds to construct the 8,500 square foot facility and then leased it to a nonprofit operator. Other public and private funds were leveraged to support start-up.
- State Enterprise Zone tax credits are used for child care in several New York municipalities.
- Federal CDBG funds commonly subsidize child care operations or facility construction/renovation for low-income populations (Anderson, 2006). Starting new child care businesses is an eligible economic development activity. San Jose and San Mateo County in California, among others, fund family child care home business development projects that provide training, technical assistance and start-up resources . Other cities support consortia of family child care providers to help them access economies of scale in purchasing and management. The non-profit Acre Family Child Care Network in Lowell, Massachusetts oversees 39 homes that serve an average of 234 children daily (Stoney 2004).

South San Francisco built a child care center in an office park to support the growth of its biotechnology industry.

- Other economic development strategies used to strengthen the child care sector include business management training and collective purchasing arrangements for providers, and community outreach regarding tax credits and subsidies for families (Warner et al, 2004).

Key Point #3: The location and availability of child care can affect other community development goals and activities including smart growth initiatives.

Increasingly popular smart growth and sustainable community planning focuses on coordinating housing, jobs and services near each other with goals of increasing housing and transportation choices, denser development, and walkable neighborhoods. Theoretically these initiatives support the daily needs of families. However, child care is overlooked in most new and existing residential, commercial and mixed-use developments and community smart growth strategies.

Accessing child care convenient to home, work, or school is a challenge for many parents, particularly those who depend on public transit or rely on subsidized child care. When it is not conveniently located, parents must increase their miles driven and time spent in vehicles, contribute to traffic congestion and greenhouse gas emissions, and spend less time physically active or participating in the community and with family. The National Household Travel Survey found that, nationwide, young children average 65 minutes a day in cars.

Livable communities for young families must include housing choices that are family-sized and affordable to a range of incomes and also integrate child care. Many such projects have been built across the nation. Facilities in denser areas may require features such as rooftop playgrounds. Child care centers can be located in or near transit, housing and workplaces in urban, suburban and rural areas to facilitate transit ridership and support mixed-use development (LINCC 2005, 2008a). A California study determined that parents will ride transit— even by choice — to and from child care when the facility is conveniently located. Ridership rates are highest in urban areas with robust public transit and for low-income populations (LINCC 2008b). Some cities link affordable housing programs with child care to increase the supply of family child care in housing development. This is important as the majority of infant care is provided in family child care homes and many apartment owners prohibit child care businesses.

In San Jose, California, the community co-located child care and affordable housing near a light rail station.

Examples of urban, suburban and rural communities addressing child care needs include:

- San Diego 's City Heights neighborhood, one of its redeveloped urban villages, has several family-friendly components within walkable distance of housing including a Head Start center, schools, parks, a health clinic, library, police substation and community college campus.
- Rural Watsonville, California offers high-density housing over child care, adjacent to the downtown bus station (LINCC 2008a). This enables parents to drop children and take the bus instead of driving to child care then work. Downtown employees can bus in, drop their kids and walk to work.
- A Washington State child care center, which was developed near affordable housing and a bus station, made the home-to-work trip more convenient for parents of young children.

While there are demonstrated strategies to include child care in new development, many master planned communities have not adequately anticipated the needs of children. For instance, the master plan for San Francisco's Mission Bay neighborhood proposed 6,000 housing units and seven million square feet of office, R&D, and retail space. Three child care centers were recommended as well as land use entitlements to allow family child care "by right" within residential zones. Although most condos and apartments have been built in the past six years, child care and family amenity planning has fallen short. A news article quoted one resident as saying, "You are trying to build a transit-only neighborhood and you have parents driving to other neighborhoods for day care, schools, and playgrounds and then coming back to Mission Bay." One child care center has a waiting list of 3,000 (Dinneen 2009).

Key Point #4: Addressing community child care needs in long-range planning documents and project reviews results in more family-friendly neighborhoods.

Communities engage in long-range planning to ensure the appropriate location of uses needed by residents, workers and visitors. Family-friendly communities plan for those facilities and services families need to thrive and stay in the community, including housing and transportation, schools, parks, and child care (Israel and Warner 2008). Failure to consider child care results in supply gaps, increased development costs, poorer linkages to families housing and transportation, and neighborhood resistance when projects are proposed in built-out areas.

Land use planning tools increasingly address child care and systematize its inclusion in community development (Anderson 2006; Warner 2007). Many jurisdictions include child care policies and programs in long-range comprehensive/ general plans to reduce barriers to the permitting of child care in numerous zoning districts, simplifying processes and minimizing fees. These actions enable the child care market to more effectively respond to demand.

The general plans in dozens of California cities incorporate child care in land use, transportation, economic development, public facilities, social services or other elements. Many call for integration of child care needs assessments for proposed developments. Cities can also offer density bonuses, parking reductions or other 'trade-offs' to incentivize the inclusion of child care in developments when those facilities require a below-market lease rate. Such incentives may be implemented through zoning codes or negotiated as part of a development agreement.

Planners in all states can tap into child care experts who track demographics such as workforce participation rates and child care supply and demand at Child Care Resource & Referral Agencies (R&Rs). R&Rs can be resources to assess the local child care market and serve as potential partners in developing policies to support child care development.

When child care is intentionally planned in new development or redevelopment, neighbors' "not-in-my-backyard" (NIMBY) opposition, a frequent obstacle to proposed child care projects, may be minimized. Potential homebuyers who are aware of a child care center's location (existing or future) in a development can make their purchase decision accordingly.

The following examples illustrate some of the ways local jurisdictions are integrating child care into community development.

General/comprehensive plans

- Delano, a city in rapidly developing rural Kern County, California adopted a General Plan policy that requires a child care needs assessment for new projects.
- Vermont state law includes child care as one of 13 specific goals for municipal and regional planning.

Zoning

- White Plains, New York changed zoning in 2008 to allow child care in office zones; subsequently a 114-child facility opened in an office park.
- San Diego, California allows child care centers by right in all non-residential zones

Planning Practices

- Step-by-step child care permitting guides have been developed in various cities (See San Mateo, California's at www.cityofsanmateo.org/index.aspx?NID=230)
- Riverside County, California has expedited Fast-track permitting for child care centers.

Developer Agreements and Fees

- Livermore, California instituted a developer fee to fund community facilities including child care, senior and disabled facilities. Over a dozen California cities and counties have instituted such developer fees or inclusionary ordinances.
- Developer agreements have been negotiated by cities to include child care facility construction, in lieu fees or tuition subsidies.

Key Point #5: City partnerships can help overcome the financing challenges of improving local child care systems.

Because of the inelasticity of child care fees and parents' inability to pay higher fees beyond a certain point, the majority of child care providers cannot generate revenue sufficient to pay for capital costs. Joint development is one way of overcoming financing challenges. Cities and their partners (e.g. school districts, transit agencies, and housing developers) have brokered creative public and private support for child care projects. Each stakeholder benefits from having child care available and convenient for different populations (e.g. transit riders, affordable housing residents, students, employees). Each brings unique contributions to the table.

A child care center/learning lab to be built at Santa Monica College in California is a good example. The 12,500 square-foot early childhood education center with a 7,500 square-foot outdoor play area will be designed and built at the Civic Center with $7 million from a bond measure approved by voters in 2004. The city is contributing revenue from a child care impact fee on development. The 125-child center will serve employees nearby at city hall, RAND corporation, county courthouse, and residents of a 330-unit housing project. It will also serve as a learning laboratory for the college's early childhood education students.

Other examples include:

- Child care on school sites can reduce neighborhood traffic problems and support educators' goals. To support student achievement or utilize available space, school districts often accommodate before and after school care for elementary age and preschool programs on school campuses.
- Cities providing land and/or financing for affordable housing projects can issue developer RFPs that request a child care component. The Rich Sorro Commons affordable housing development in San Francisco includes both a small center and a residential unit set aside for family child care.
- To meet local employee and school district child care needs while supporting transit ridership and walkable communities, the Shady Grove, Maryland Metro station has a 106-capacity child care center which received state Smart Growth and federal Livable Communities transportation funds. It was a public-private partnership involving 11 funders and the school district. Businesses contributed $438,000, the County $288,000, and the Transit Authority provided a 30-year minimal cost lease.

Planners play an essential role in building their communities' child care and early education systems. They can be confident of many interested partners in this important work. The challenge is to begin to build the connections.

All photos and graphics by Kristen Anderson.

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Toolkit

Building and Design

- Building Child Care Project - Facility design, development and financing; estimating market demand; and architects/ contractors who specialize in child care facilities. www.buildingchildcare.org
- Low Income Investment Fund - Child care facility planning checklist; child care center conditional use permits; sample child care site plans; California county child care development intermediaries. www.liifund.org

Identifying Market Demand, Experts and Operators

- National Child Care Resource and Referral Network - Local child care design experts and operators; local data and market assessment to help identify local market demand. www.naccrra.org.

Child Care Licensing

- National Child Care Information and Technical Assistance Center - State by state child licensing regulations. www.nccic.org.

Child Care and Development

- Local Investment in Child Care Project (LINCC). - Toolkit for developers and local governments, child care and transit research, list of To-Dos with child care. www.lincc-childcare.com

Facilities Assessments, Planning Document

- Low Income Investment Fund (LIIF) - www.liifund.org/PROGRAMS-NEW/CHILDCARE/ChildCareOverview.htm
- National Child Care Information and Technical Assistance Center - includes contacts for all states' child care licensing and Resource & Referral agencies. www.nccic.org

Child Care Facilities Development Guides and Resources

- Local Initiatives Support Corporation (LISC) - http://www.lisc.org/section/goals/education1/child
- Enterprise Foundation - http://www.enterprisecommunity.org/resources/publications_catalog/#child

Linking Child Care and Economic Development

- Cornell Linking Economic Development and Child Care Project - Conducting impact studies, link to economic development policy and the role of planners in family-friendly communities. http://economicdevelopmentandchildcare.org

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