

**A Study of the Barriers to
Co-Locating Early Care and Education Centers
With Affordable Homes
in Orange County, California**

**HIGH QUALITY,
AFFORDABLE
HOMES AND
CHILD CARE IN
TANDEM HELPS
FAMILIES THRIVE
IN THEIR
COMMUNITIES**



University Village, Los Angeles

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Executive Summary

In 2007, the Kennedy Commission received an opportunity to conduct research on the barriers to developing early care and education (ECE) centers co-located with affordable homes throughout Orange County. Funded by the Children and Families Commission of Orange County, this study, Homes for Early Learning: Early Learning and Education for Affordable Home Residents, focuses on identifying barriers and solutions in successful co-located development models throughout California, with the goal of expanding the supply of similar centers for children 0-5 years of age in Orange County. More extensive research was conducted in two “case study” cities: Anaheim and Irvine, and very specific suggestions for land use language and policy changes were proposed.

As a two-part study, the Kennedy Commission first focused on the barriers to developing ECE centers with affordable homes. It was found that many of these communities exist in surrounding areas such as Los Angeles County and Riverside County, but none are in Orange County. Six barrier categories are presented, with solutions to each barrier:

- Developers, providers, and cities need greater awareness of the opportunities. Advocacy and communication to promote and support ECE are some of the tools to overcome this barrier.
- Land barriers are classified in three subcategories of cost, availability and land use policies. Local jurisdictions can assist in all categories and numerous policy proposals are presented.
- Developers and ECE providers both lack expertise in the others’ field. Suggestions are presented to link all parties early in the process to capitalize on the strengths of each.
- Financing is often cited as the biggest barrier. Many potential sources of funds and ideas for reducing costs have been identified.
- Involving State Licensing experts as early as possible in the development process would reduce corrections to the space and delays in program initiation.
- Programs must be tailored to the needs of the residents. Flexibility is recommended in all aspects of development to insure that the program remains viable as the ages of the children change over time.

**ORANGE
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POOR.**

**A HOUSEHOLD
MUST EARN
\$30.67¹ PER
HOUR TO AFFORD
A TYPICAL TWO-
BEDROOM
APARTMENT**

Second, the Kennedy Commission gathered information about existing communities of affordable homes co-located with ECE centers in order to further understand the barriers and solutions. In the midst of gathering data, we were unable to locate a comprehensive list so we initiated one.

This study is not a static report; it is the first phase of an effort to reduce the barriers to co-located communities of affordable homes and ECE centers in Orange County and get facilities built.

Other products will include:

- A list of sites in California
- Case studies
- A model ordinance
- Advocacy strategies

Updated information will be posted on the Kennedy Commission website (www.kennedycommission.org) as available.



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Introduction

The Kennedy Commission is a collaborative of community members that advocates for the production of homes for Orange County families earning less than \$20,000 annually. Through our extensive network, the Kennedy Commission works at the local, state, and federal levels to provide education on housing needs and to help create public policy that results in the production of homes affordable to those earning less than \$10.00 per hour. We strive to develop solutions to housing needs, affirm the dignity of families of low and extremely low incomes and to unite communities across Orange County to support the development of homes that are affordable to all residents.

In 2007, the Kennedy Commission received a grant from the Children and Families Commission of Orange County to conduct research into the barriers to developing early care and education (ECE) centers co-located in affordable home communities. The Commission recognized that the co-located development model is working successfully in many California communities, but has not been implemented in Orange County. Our research examined the successful aspects of co-located development models in other areas and identified the barriers to development in Orange County, with emphasis on two "case study" cities, Anaheim and Irvine. The case studies are posted on our website.

We collected information on many successful communities of affordable homes with co-located early childhood education centers. While conducting our research, we began to search for a statewide list of these communities. Finding none, we expanded the scope of our work and began to develop a list.

Throughout the study, the Kennedy Commission defines affordable homes as rental apartments developed with public subsidies in which the maximum income of residents and below market rents are deed restricted so that they remain affordable over time. Early care and education (ECE) is the preferred term for enriched, high-quality childcare and is defined as a program offered to children age 0 to 5 that provides quality early education and intervention, support, and supervision. Co-located is developed in tandem: a developer of affordable homes partners with an ECE provider to create child care on-site.

This study is not a static report; it is the first phase of an effort to reduce the barriers to co-locating homes that people can afford with ECE centers in Orange County, with the goal of producing successful models.

Updates on solutions, case studies, a model ordinance and the list of co-located communities are posted on the Kennedy Commission website (www.kennedycommission.org.)

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EARLY CARE AND EDUCATION IS DEFINED AS:

“A PROGRAM OFFERED TO CHILDREN AGE 0 TO 5 THAT PROVIDES QUALITY EARLY EDUCATION AND INTERVENTION, SUPPORT, AND SUPERVISION.”

Orange County is an expensive place to be poor. As the third least affordable housing market in the country,¹ the high cost of housing reduces the portion of parents’ income available for ECE and providers’ ability to secure affordable space.

Children from poor households stand to benefit the most from high-quality care; however, they are less likely to enroll in ECE than their affluent counterparts, partly due to the lack of financial support and access to ECE in their neighborhoods.² Consequently, the lack of access to ECE for low-income families may place their children at a disadvantage when beginning school.³

ECE is both a private and public benefit. As a public benefit, it is part of the education system, fostering better performance in intellectual, social and emotional competence.⁴ Research repeatedly confirms that children who attend high quality ECE centers before the age of three will have improved life chances providing significant economic gains and decreased public expenses for special education, delinquency, adult incarceration, health care and social services. This increases the quality of life in communities and reduces government spending.⁵

Developing Early Care and Education (ECE) in tandem with affordable homes makes good sense for the residents and the community. “Quality affordable [homes and ECE centers] in tandem help families achieve self-sufficiency. On-site or easily accessible, affordable ECE allows parents to work and to return to school while their children receive ECE they need for a successful future”.⁶ Despite research, state and city policies make it difficult to provide ECE centers co-located with affordable homes.

BARRIER #1

AWARENESS

One of the challenges that has prevented ECE centers from co-locating with homes that families can afford in Orange County is that developers, city planners, and providers often are unaware of this opportunity. Many developers do not have experience with or training for developing ECE centers and therefore do not consider partnering with ECE providers when planning their affordable home communities. Many developers do not understand that they do not have to operate or pay for the costs of operating an ECE center located on-site themselves. In addition, affordable home developers are not often aware of several funding sources and low cost loans available for the construction of ECE facilities such as Low Income Investment Fund’s Affordable Buildings for Children’s Development (ABCD) program, California Economic Development Lending Initiative (CEDLI), and various foundations.

Just as developers do not think about collaborating with ECE providers, the ECE industry does not usually consider the possibility of cultivating relationships with developers to expand the availability of potential new sites.

In addition, many jurisdictions are not yet aware of economic benefits of ECE. Without ECE, many families cannot not seek and maintain employment. This, in turn creates a barrier to self-sufficiency.

SOLUTION #1

AWARENESS

EARLY CARE AND EDUCATION CONTRIBUTES TO THE COUNTY'S ECONOMIC PRODUCTIVITY AND REDUCES SOCIAL SERVICE EXPENDITURES.

There are both broad and specific solutions that could help overcome this barrier.

Advocacy and Education: Advocates must talk about the problem and solutions that will appeal to an array of people. Elected officials, city staff, school district employees and community members can be educated about the importance of providing affordable ECE centers for low and extremely low-income families through efforts by housing and ECE advocates. Co-locating ECE facilities on-site with homes that families can afford will allow cities to meet their goals of family self-sufficiency and improved community economic growth. Parental self-sufficiency has a broader spillover effect on the community as a whole.⁷

ECE contributes to the county's economic productivity by employing workers, paying taxes, purchasing goods and services from other industry sectors, and reducing social service expenditures.

One tool that advocates can use is the housing element update process. Cities must invite community participation while developing their elements. Linking ECE with housing during this process will establish a policy link in other elements.

Information Sharing: Developers can be reminded about density bonus law, the extra points that they could receive in financing their projects, low-cost loans available for the construction of ECE facilities and the benefits of working with the ECE agency to seek other public and private funds to offset the construction and/or operation costs of the facility. Funds may be available from the Children and Families Commission of Orange County, Low Income Investment Fund's ABCD initiative, California Economic Development Lending Initiative (CEDLI), school districts and various foundations.

This could be accomplished by having City ECE specialists, referral to the County ECE Coordinator, and by the Child Care Connections team, a community collaborative to streamline ECE facility development.

Communication between Developers and Providers: This alignment would be helpful. The developer could lease out the space to an experienced local agency who could assist them in designing the space to meet all state licensing requirements and who would have a contract for local, state or federal funding to subsidize the program for qualified families living in the development.

An excellent example of this is a new development in Anaheim. Because of another successful program at Hermosa Village, the same developer is working to co-locate a similar program at a new community of affordable homes in Anaheim. The School Readiness Coordinator is advising the developer on specific construction requirements and will run the program using funds from several sources.

BARRIER #2:

LAND ISSUES

We have divided the numerous issues related to land into three sub-categories: cost, availability and land use policies.

First, the cost of land in Orange County is a significant barrier to development of any kind. Purchasing land and creating a separate, or first-floor facility for ECE, plus outdoor play space is very expensive and usually requires committed and energetic promoters to secure funds from several sources.

Another concern is the lack of land availability. Many of the areas where ECE and homes that families can afford are needed the most are already built out. Often the only available vacant parcels are near large arterial highways, in or near commercial or industrial zones, or are very small.

Developers of affordable homes must maximize densities in order to best utilize the limited pool of private and public financing sources to develop the most homes possible within their budgets.⁸ Although California government code section 65915 entitles them to an additional density bonus if an ECE center is included in their communities, many residential communities resist any higher density housing. Thus in many locations, while the density bonus is available to the developer who chooses to add ECE to the site, it is extremely underutilized.

Land use policies throughout Orange County are by far the biggest barrier to co-locating affordable homes and ECE facilities. Discretionary

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approval, called a conditional use permit (CUP), is required by all 35 Orange County jurisdictions, even though ECE is a permitted use. ECE centers are not permitted by-right (allowed without CUP), in any city in Orange County. The CUP process is long, complex, and expensive and it varies from city to city and project to project. Because a CUP requires a public hearing, where community members are able to voice their concerns or opposition, the outcome is unpredictable, which can itself be a barrier. Even if an ECE center is co-locating with a community of affordable homes that is allowed by right, the ECE center is subject to a CUP, which can delay, add enormous costs and bring out people objecting to the entire development.

The CUP process is not the only land use policy that must be overcome. Other city ordinances such as traffic impact fees and business licenses can also be very expensive and effectively make development impossible.

Yet another barrier is that building and safety codes for ECE centers are not always addressed in each city. Explicit details are either not clear and/or vary city to city. Since building and safety codes for ECE centers are different from housing, it is a challenge for the housing industry. Development experience is rare for ECE providers, limiting their ability to work with what may be equally inexperienced city staff in attempting to interpret policies that have not been written for that specific use.⁹ The various city departments (i.e. building and fire) may give conflicting information.

Additionally, the State of California Welfare and Institutions Code (Title 22) regulations are often unfamiliar to housing developers leaving them often unwilling to construct even the shell of an ECE center, as it might be unusable if it does not meet the very specific requirements for that purpose.

Another identified barrier is that cities often do not prioritize ECE facilities the same way that they plan for parks, roads, schools, and other infrastructure. Some cities, and residents, may actually view ECE centers as disruptive.

SOLUTION #2

LAND ISSUES

Local jurisdictions have a wide range of policies they can adopt to encourage the development and co-location of ECE facilities with affordable homes. Providing affordable and quality on-site ECE in a residential development is a valuable service to working families. Local jurisdictions can encourage and/or mandate that affordable home

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INCENTIVES**

developers include ECE space in their developments. The American Planning Association (APA) states that “Affordable, conveniently-located, quality ECE is one of the most pressing concerns of contemporary family life.”¹⁰ Cities should work with all residential developers to incorporate, where feasible, ECE that serves families of all incomes and children of all ages.

Policies: Specific planning policies that can encourage ECE include: (1) requiring the consideration of ECE in reports, surveys, and studies; (2) requiring that land use ordinances and planning codes reduce barriers to ECE; (3) requiring mitigation or incentive measures to encourage developers to plan for ECE facilities; or (4) providing for governmental assistance for ECE facilities development.¹¹

ECE Policies in General Plans: Policies in the general plan provide guidance to city planners and officials, developers, employers, and residents. Incorporating ECE policies throughout general plans (i.e. in housing, land use, transportation, economic development, and public facilities elements) increases the likelihood that ECE would be considered during development. Cities and counties regularly revise their general plans. Advocates have developed a language template for cities to use as a model to incorporate language in their General Plans. When a city adopts ECE language in its general plan, it allows other ECE policies to be considered. For example, in its housing element, a city could include a general statement about ECE enhancing the livability and character of neighborhoods for all families. Such a statement links housing and ECE in the general plan.

Local jurisdictions can offer incentives to developers to allocate ECE space in mixed use and other types of projects. They can partner with affordable home developers and other non-profit entities to support the development of ECE facilities within their jurisdictions.

Housing Element: Advocates have been working to create a linkage between ECE facilities and homes that families can afford in the Housing Elements of the General Plans of each city and the County of Orange.

Declare ECE Centers A By-Right Use: By changing policies to allow ECE centers co-located with affordable homes to be by-right, they could not be derailed during a public hearing. This policy would be most effective when applied in multifamily zones where affordable homes are already allowed by-right and could be achieved through an overlay.

Identify And Foster A Champion On Each City Council: An elected advocate can encourage staff to reduce barriers and improve support for children and family issues.

Develop Resident Advocates: A cadre of community members can be trained on ECE and housing issues and testify at public hearings on behalf of co-locating ECE and homes that families can afford.

Educate City Staff and League of Cities about ECE issues and the positive benefits of ECE in their city through presentations and individual meetings.

Incentives: Cities can develop a menu of incentives that they are comfortable offering to developers of affordable homes who include an ECE center. These Incentives may include:

- Reducing or waiving some of their fees when ECE centers are co-located with affordable homes.
- A reduction in the number of parking spaces required, with the idea that many of the residents will be gone during the day, freeing up parking spaces for the ECE center staff. Because the center is co-locating with the housing development, it can be assumed that children from the homes will be using the program and that children will be dropped off by parents without the use of transportation.
- Cities and counties can also allow new residential developments to include an ECE facility as a traffic mitigation measure.
- To further encourage inclusion of ECE facilities, local jurisdictions can consider an additional bonus and other incentives, such as increased floor area ratios, and allowing the outdoor space required by Title 22 to count toward the common area required in the development.

Density Bonus: State law requires that cities and counties grant an affordable home developer an additional density bonus, concession, or incentive if the developer includes an ECE facility on the premises of, as part of, or adjacent to the residential development, unless the jurisdiction determines that the existing area has adequate child care facilities. Local jurisdictions should adopt ordinances to enable use of density bonus for ECE space included in residential developments, as specified in state law.

Mixed Use & Transportation: Current attention on Transit Oriented Development (TOD) with higher densities creates opportunities to include ECE centers and mixed-income mixed-use communities.

Staff Specialist on ECE Production at the City Level: Have an ECE specialist in the city's Planning Department who understands the unique requirements of ECE facilities. He/she may aid in streamlining the process for developers and providers and would help to make the process time and cost efficient.

Clear Communication: Having regular communication among the various city departments would mean that all involved departments would be providing the same information to the developer and the ECE operator.

Update Building Codes: An ongoing process of seeking and clarifying inconsistencies in the building codes would provide a minimal solution to decrease misunderstandings between different city departments.

Provide List of Fees Upfront: Cities should state all the fees for the developer and provider at the beginning of the process. They should not issue the CUP then impose hundreds thousands of dollars of trip fees.

Reduce Time and Costs: Create ordinances to streamline the approval process and thereby reduce costs for developers of affordable homes and ECE centers.

Development Agreements: Government agencies and developers often use Development Agreements (DAs) to negotiate a set of benefits in exchange for a set of entitlements over a specified period of time. These documents are legally binding but do not have any standard requirements in terms of content or terms. Thus, they are unique to an individual project's needs and issues.¹² There are numerous ways the DA can be a useful tool in addressing ECE needs: Cities or counties can also adopt general requirements for new developments to mitigate their impacts on ECE facilities without necessarily specifying how the mitigation will be accomplished. For larger projects that have the size to support their own ECE center, a new school site, or enough interest from prospective employers that will occupy the project, DAs are useful tools. When developers desire more certainty, they are often willing to do more than their fair share or pay more than the standard impact fees. In this manner, more ECE facilities can be created than might normally occur through other policies and requirements.

All cities and counties should include DAs as a potential policy option for addressing ECE needs. They do not preclude the adoption of other policies and can be an effective tool for creating new ECE centers.

BARRIER #3

LACK OF EXPERTISE

A third barrier is the lack of business expertise of the ECE providers and the lack of understanding about the ECE field by housing developers. Most ECE providers are not experienced in the developer’s world and vice versa.

ECE spaces require a balance between aesthetics and functionality. The design of the facility has a strong impact on the future success of a facility’s operations.¹³ For developers, the lack of expertise can deter them from considering an ECE center as part of the planned community.

One the other hand, ECE providers may not even imagine co-locating with communities of affordable homes in order to reach a specific population. Their lack of knowledge about the development process may prevent them from inquiring about a possible collaboration.

SOLUTION #3

LACK OF EXPERTISE

Communication between developers and ECE providers is essential in order to effectively produce quality homes and care for the children of the residents. Communication can begin through networking.

Link all Resources Through a Collaborative: Provide developers of affordable homes with technical assistance by linking ECE experts and providers with developers. An example of this relationship is the Orange County Child Care Connections Collaborative, which aims to create efficient and effective community support for the expansion of ECE centers by capitalizing on the strengths of multiple organizations and centralizing community information and resources.¹⁴ It is through this collaborative that businesses, financial partners, ECE providers, developers and community development experts come together to “develop quality sustainable ECE facilities to meet the needs of children ages 0 to 13 and their families.”¹⁵

Use County ECE Resources: Orange County has a Child Care Coordinator and a Resource and Referral Agency. They can provide developers with market information, information on centers that are expanding or closing, and identify operators.¹⁶

Provide Technical Assistance by identifying potential sites and developing plans for home developers to include an ECE facility.

Link Individual Developments with ECE programs in the area.

BARRIER #4:

FINANCING

Financing is often cited as the biggest barrier. Affordable home communities must secure numerous sources of funds, obtain subsidies and maximize densities. Adding space for an expensive specialized use such as an ECE center exacerbates the problem. If the developer passes all of the costs of development including CUP, city fees for building permits, transportation fees, construction, and business license fees on to the ECE program, the program may not be able to absorb the full cost of the lease.

In addition to costs for the shell, the operator will need to purchase the furniture, supplies, playground equipment, and have six months of operating expenses in the bank before the program would be fully enrolled. There are limited funding options for these start-up operational costs and carrying too much debt may be a critical element of the financial viability of the ECE program.

Expenditures for ECE services can be grouped into broad categories: family contribution, government assistance (including all tax and expenditure-based subsidies from federal, state and local governments), and private sector support (including employers and philanthropy). The average price for full-time ECE care for a preschooler exceeds public college tuition in all states.¹⁷

It has been found in other areas of the state that the income ceilings to qualify to live in affordable communities may be much higher than the state or federal child development family income ceiling for subsidies. Therefore, many of the residents of the family community may not be income-eligible to receive a subsidy for the ECE center.

Tax credit programs, (i.e., the federal Low Income Housing Tax Credit [LIHTC] program) are complicated, require sophistication to understand and may include restrictions with which operators are unable to comply. Cities do not consistently allocate funds to ECE facility production, banking institutions and commercial lenders provide inadequate financing options. ECE agencies are also very limited in their experience with creating business plans, budgets, and other documents that are required by financial institutions before loans could be approved.

ECE centers are maintenance and trash intensive. The owners of the housing developments may have to maintain the facility even though an outside provider runs the program itself.

SOLUTION #4

FINANCING

There are methods to reduce these costs: donated public land, use of Redevelopment Agency (RDA) or Community Development Block Grant (CDBG) funds, tax credit programs, private foundations, and low-cost loans.

Use Government Funds: Although some funding is available through cities and the state with such programs as CDBG, RDA and others that are allocated to program funds and capital subsidy funds, it is important that cities begin to prioritize ECE centers with affordable homes so that these government funds can be reallocated to support such projects.

Develop Neighborhood Assistance Programs (NAPs) similar to those in nine states that offer tax credits to taxpayers (businesses and individuals) that make cash or material contributions to non-profit ECE centers.¹⁸

Alternative Avenues for Financial Support: It would be beneficial for all ECE providers to identify local and regional monetary sources together and to seek creative avenues for funding. Some examples of non-traditional sources are: churches that want to invest in a community building, or an employer who wants to increase the productivity of his workforce. A church may have space that has already been approved for Sunday use and only a license or CUP modification would be required to open a program during the week, thereby saving construction or renovation costs. Another example would be a financial institution that may agree to make a smaller loan than their usual minimum, or would use a state contract for services as the collateral on the loan.

Ask Developers of affordable homes to simply provide the shell for ECE programs, and then find subsidized ECE agencies that can use their funding for the completion of the construction. The developer would own the space and lease it to an ECE operator. Residents would have priority for the ECE spaces, and the facility would create employment opportunities for residents as well.

Clearer Up-Front Disclosures of Fees: Cities and other governmental organizations need to disclose all fees up front in order to allow providers and developers to fully prepare financially

Reduce the City Zoning and Land Use Barriers: Commitment on the part of cities to reduce barriers to the construction of more ECE facilities by allowing ECE programs by-right would reduce the time and fees for processing Use Permits.

Work With Cities To Offer Incentives to developers who include ECE (e.g. FAR, trips/transportation fees, etc.)

Educate the ECE Field to increase their knowledge of basic business practices and Business Plan Development so they can approach funding sources and provide an overview of bond acquisition and tax credits incentives.

Educate Local Financial Institutions about the importance of underwriting ECE businesses. Develop relationships with local lending institutions to create financial fitness toolkits for ECE operators. Assist with developing a list of funding sources.

Develop Specialized ECE Loan Products and expand use of current products such as ABCD and CEDLI.

Develop A Local ECE Facilities Development Fund: work with Foundations and other businesses to create an endowment or low-interest revolving loan that could be used specifically for co-location projects.

Negotiate Maintenance Costs: Costs of maintenance and upkeep of the facility can be made part of the lease agreement between the developer and the ECE operator. Emphasize that a reduced lease rate is to the benefit of the facility as a whole and would encourage the long-range stability of the co-location endeavor.

BARRIER #5:

LICENSING

The California Department of Social Services Community Care Licensing Division process for licensing an ECE program is often a huge barrier. The process is long, costly, and complex. All high-quality ECE facilities should be licensed and comply with State of California Welfare and Institutions Code (Title 22). State and federally subsidized programs have even higher program requirements than Title 22. The contracted agency must meet Title 22 plus fulfill the requirements of the State Education code (Title 5), which has different staff to children ratio, group size, teacher qualifications, design guidelines, and determine the qualifications for enrollment (i.e. infant, toddler, and Preschool). Federally-funded Head Start must also meet the State required Title 22, plus the additional Administration for Children and Families Head Start Performance Standards, with very strict health and safety guidelines as well as rigorous program requirements.

Inspections typically do not occur until the building is complete. Opportunities are missed to comply with the very strict requirements during design and construction and may result in costly corrections and delays.

SOLUTION #5

LICENSING

There are consultants who have expertise with the Title 22 procedures and the various requirements for certification for different programs. These experts should be consulted early in the design phase of the project. Long-term solutions could include:

Expand the State Licensing Division: If there were sufficient staff to work with operators during development, this could minimize corrections to the completed building or proposed program. In addition, it is important to decrease the time between completion of the space and program enrollment. Allocating more funds from the state budget could assist in this process.

Oversight of ECE programs is also a concern of all advocates who care about children. Increasing Licensing staff would allow an increase in the number of unexpected visits to ensure the continued safety and well-being of all children in ECE care.

Streamline Requirements: If the requirements of various subsidized programs (i.e., General ECE, Head Start, State Preschool, PKFLP, etc.) were streamlined, then agencies that are regulating ECE centers would be abiding by the same requirements, which would reduce the complexities of production.

Develop a Network of Consultants to assist the provider with the license application process.

Change State Law to allow for a scheduled site visit for new applications, prior to completion.

BARRIER #6:

PROGRAMMATIC NEEDS

ECE programmatic needs are the last barrier identified. The biggest challenge related to programmatic needs is the assessment of the needs of the residents and the population of the children in the complex. The ECE operator and the developer must be aware of the cultures and

languages of the residents. In addition to those factors, hours of operation should meet the needs of parents' schedules.

Another consideration is how many children and what ages the ECE center is able to serve. It has been found across the state that when many co-location projects begin, there are ample children to fill the center; however, as years go by, the children age-out of the services and younger children do not move into the complex in adequate numbers to support the initial program.

SOLUTION #6:

PROGRAMMATIC NEEDS

Although the population of the community cannot be completely determined until residents move in, steps can be taken to design an appropriate program.

Market Assessment: ECE providers, community experts, and the developer must complete an assessment of the neighborhood. The data collected can be used to develop the program offered.

Needs include:

- Languages
- Cultures
- Ages served
- Affordability
- Hours of operation
- Types of programs offered

Flexibility: Flexibility among the city staff in the planning department, licensing, affordable home developers and ECE providers will allow for more collaboration to accomplish the goal of developing a program that meets residents' needs. All of these issues could be addressed in the Developer Agreement between the City and the Developer and adjusted as needed. Further flexibility would be recommended for sharing of the space in the evening and weekends when the ECE center is not in use. The space could be adaptable for usage by school age or older children as the children in the community age



New Harbor Vista, Wilmington

Conclusion:

While numerous barriers have been acknowledged, positive solutions for each barrier have also been identified. The analysis and discussions herein may prove to be a useful guide to establishment of a set of policy recommendations that could be used by cities and the County in addressing the ECE needs associated with affordable home development.

The challenges faced by the ECE industry to build new facilities and operate viable programs are unique in many ways. State and local regulations, land cost and land use issues that make it difficult to expand services. Each city in Orange County has unique needs, growth potential, and development or redevelopment opportunities for both affordable homes and ECE. General Plan policies are essential for setting the groundwork to implement other policies

Many of the policies discussed can be adopted as part of an Early Care and Education Development Strategy and the opportunities do not always represent extensive effort. Some policies are already allowed by existing state legislation such as density bonuses. There are still other policies that do not require new ordinances at all, such as the use of surplus public land for ECE facilities.

The majority of the policies and programs reviewed and analyzed for this effort are not mutually exclusive and can be adopted by local jurisdictions together to provide for a broad-based policy platform that supports and encourages the development of ECE facilities with homes that families can afford. An important precursor to developing sound and effective ECE policies is to ensure that the land use for ECE programs is allowed, encouraged, and facilitated, not hindered by local CUP processes or zoning or building code restrictions.

Cities interested in promoting and supporting ECE should collaborate with the Children and Families Commission of Orange County, Child Care Connections, the County and other regional organizations in any public education campaign around improving and increasing quality ECE. This type of public awareness campaign can make developing ECE facilities easier and avoid neighborhood problems when projects are going through the approval process. Such education efforts can also be conducted during General Plan updates and Consolidated Plan Priority setting hearings, particularly during the Housing Element of the General Plan, as part of the community public hearing process.

Summary of Successful Aspects of Co-Located Development Models:

Usually, the funding for the construction of ECE facilities has not been provided by traditional sources of financing for subsidized housing, with the exception of Low-Income Housing Tax Credits (LIHTC). Instead, ECE facility construction costs have been paid directly by the developer or by Community Development Block Grants (CDBG), Redevelopment Agency (RDA), school district grants or another interested government entity.

To make affordable ECE programs financially viable to the families in the affordable home complex, it is necessary for the lease agreement for the facility between the developer/owner and the ECE agency be set below market rates.

If the ECE provider is required to serve children from households with incomes that are at or below the federal poverty levels (Head Start), it is possible that many of the affordable home tenants will be over the income limits and not be able to use the subsidies that are currently available.

Most of the ECE centers identified in our study accept children from the local community in order to fill all their slots.

Notes

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