



Including Family Child Care in Affordable Housing: Policy, Design, and Financing Considerations

December 2022

Joe Fretwell



CONTENTS

About the Low Income Investment Fund (LIIF)

The Low Income Investment Fund (LIIF) is a national nonprofit community development financial institution with \$900 million in assets under management. LIIF's mission is to mobilize capital and partners to achieve opportunity, equity and well-being for people and communities. Since 1984, LIIF has deployed more than \$3.2 billion to serve more than 2.4 million people in communities across the country from its five offices. An S&P-rated organization, LIIF innovates financial solutions that create more equitable outcomes for all by building affordable homes, quality educational opportunities from early childhood through higher education, health clinics, healthy food retail and community facilities.

Building Better For Families

Building Better For Families is LIIF's approach to building healthier and more sustainable communities through a family-centered design lens. Family-centered design is a holistic development strategy that prioritizes resident outcomes; it builds family access and opportunity into all levels of the decision making process. Co-locating early care and education (ECE) facilities with affordable housing developments intentionally builds children and parents into the design and development processes. The development of this guide was supported with funding from Capital One.

4

Family Child Care and Affordable Housing: Two Natural Partners

Typical Scenarios for Including Family Child Care in Affordable Housing Developments

18 Scenario 1: Multi-Family Rental Housing with Specifically Designed Units for FCCs

In Practice:	
Leander Court (Portland, Oregon)	20
and 1180 Fourth Street (San Francisco, California)	22
Supportive Policies	24

38 Scenario 3: Single-Family Construction and Homeownership Opportunities for FCCs

In Practice:	
Rural Studio (Hale County, Alabama).....	40
Supportive Policies	44

56 Appendix A - Supportive Policies for Co-Locating Family Child Care with Affordable Housing

10

Designing High Quality Spaces for Family Child Care

30 Scenario 2: Multi-Family Rental Housing with Targeted FCC Recruitment

In Practice:	
Little Tokyo Service Center (Los Angeles, California)	32
Supportive Policies	34

46 Scenario 4: Subsidized Repair and Renovation of Existing Affordable Homes for FCCs

In Practice:	
Emergency Repair and Renovation Grant Program (New York, New York).....	48
Supportive Policies	52

58 Appendix B - References

Family Child Care and Affordable Housing: Two Natural Partners

Families need affordable housing and reliable child care to give their children a healthy start, but costs of both consume monthly budgets and often force families with young children to settle for substandard living or care arrangements. Efforts to build the supply of high-quality, affordable child care within housing developments represents significant opportunity to boost family incomes, support healthy child development, and advance climate and economic development goals.

This guide outlines key design, financing, and policy considerations for developers, policymakers, and providers to support enhanced and coordinated efforts to co-locate family child care with affordable housing. Following initial sections framing opportunities and best practices in design, four scenarios are presented on the most common examples of co-location. Each scenario includes considerations and best practices for the design and development processes, a case study of a place or development that has deployed the strategy, and policy considerations focused on easing and incentivizing future efforts to co-locate.

Family Child Care and Affordable Housing: Two Natural Partners

America's housing challenges are also its child care challenges.

Just as [1 in 3 households](#) experienced housing cost burden in 2021, families with young children paid [more than \\$10,000](#) on average per child for a year of early care and education ⁱ ⁱⁱ Housing and child care expenses overwhelm young parents, who tend to have the [least economic flexibility and security](#) of all American households. ⁱⁱⁱ Even in places with relatively low costs of living, like Richland County, South Carolina, a two-parent household with two children under age 5 must earn more than [\\$77,000 per year](#) just to break even. This number can [more than double](#) in the highest cost metro areas, a challenge largely driven by [growing](#) monthly housing and child care expenses. ^{iv} ^v

Both housing and child care affordability challenges are underscored by constrained supply in each sector. Freddie Mac [estimates](#) that the nation needs to add 3.8 million housing units to meet demand, a deficit most overt for the lowest income households, [two-thirds of whom](#) were unable to find affordable and available homes in 2019. ^{vi} ^{vii} Difficulties finding affordable, high-quality child care options further burdens families and keeps [millions of young parents](#) – mostly mothers – from fully participating in the workforce. ^{viii} More than [31% of families in 2019](#) had a need for child care but could not find a licensed provider, and supply challenges worsened during the Covid-19 pandemic as nearly [16,000 programs closed](#) between December 2019 and March 2021. ^{ix} ^x

US homes and child care facilities are also both in dire need of repair, renovation, and modernization. Fixing all deficiencies in residential homes would [cost more than \\$126 billion](#), and a [national audit of child care programs](#) using federal child care subsidies found that 96% had one or more hazardous conditions or health and safety violations ^{xi} ^{xii}. Complicating the problem, structural challenges and need for emergency repairs and renovations are likely to [grow in severity and frequency](#) over the next several decades as the impacts of climate change and harsh weather worsen. ^{xiii}

Despite challenges, the unique intersections between the housing and child care sectors outline a roadmap for boosting incomes and improving child and parent outcomes. One of the most promising interventions is the concept of 'co-location,' or including space for child care facilities on-site at housing developments. When most envision a co-located development, they imagine a large child care center that operates during working hours in the ground floor retail or commercial space of an apartment building.

This is a proven approach to expanding supply of housing and child care, but it's only one of various techniques to co-locate. Housing developers and child care providers can also find ways to partner and co-develop through a critical but often overlooked component of the early care and education sector: family child care.

Family child care (FCC) takes place within the homes of individual providers and typically serves between four and fourteen children per home depending on state regulations. FCCs are heavily regulated by state and local child care licensing divisions, and in 2019 over 91,000 licensed providers cared for almost 800,000 children in their homes. ^{xiv} About [1 in 4 children](#) nationally whose families use federal child care vouchers and subsidies to help cover the cost of care are enrolled in licensed FCC programs. ^{xv} FCC is particularly attractive to families because it is often [more affordable](#) than center-based care, is based in a [small setting that tends to be closer to home](#), typically is able to accommodate [after-hours or nontraditional hour care](#), and allows for [siblings of different ages to receive care in the same setting](#).

Given the residential nature of FCC, it is well suited for planned, intentional strategies to co-locate with affordable housing. With these strategies come a host of benefits for communities, families, and small businesses. Co-locating FCC with housing developments represents an opportunity to respond to severe housing and child care shortages simultaneously. Although enrollment capacity of FCCs may be smaller than that of large centers, costs to develop or retrofit spaces to accommodate home-based providers are lower than those associated with building a large, commercial child care center. Housing developers can make marginal design tweaks or add a little extra square footage to individual apartments or single-family homes to make residences better suited for FCC. Developers using affordable housing construction subsidies can work to stretch public resources for housing further by also focusing on child care needs of future residents and recruiting FCC providers to live and work in planned developments.

Focus on housing needs of FCC providers also supports small businesses and stabilizes FCC operations. Essentially every FCC home in the United States is a small business and often has just one or two employees. This poses unique challenges for home-based providers, who tend to operate on thin margins despite providing full-time care to children and managing ongoing business operations like payroll, accounting and tax filing, home maintenance, and so on. Despite the many responsibilities of FCC providers, they are among the lowest compensated

Family Child Care and Affordable Housing: Two Natural Partners (cont'd)

professionals nationally, as [59% have household incomes below the national median](#). Pay is worse for Black home-based providers, 75% of whom earn wages below the national median. Housing costs and challenges eat up monthly FCC budgets, and efforts to make rent or mortgage payments more affordable are clear investments in small businesses that are disproportionately owned and staffed by women and people of color.

Co-location of housing and child care seeks to promote healthy child development and alleviate racial, economic, and geographic disparities faced by certain children and communities. The spaces and social networks that define early childhood are relatively small, but they play an [oversized role](#) in how young children [develop](#) and grow into adulthood. ^{xvi} Research suggests that [periods of housing instability](#) can reduce a child's academic potential in the long-run and cause behavioral and social-emotional challenges. ^{xvii} Likelihood of housing instability correlates with difficulties affording and finding quality child care options, which are shown to lead to significant [academic, social, and physical benefits](#) for low-income children, in particular. ^{xviii} Focus on both housing and care arrangements simultaneously can have complementing, powerful benefits for short- and long-term child development.

Parents also benefit from strategies to co-locate FCC with affordable housing. The Bipartisan Policy Center (BPC) estimates that unmet child care needs of all families, regardless of income, results in annual national economic losses between [\\$142 billion and \\$217 billion](#). ^{xix} Conversely, full federal funding of child care for infants would increase national GDP by 5 percent, or [more than \\$1 trillion](#). ^{xx} In states and jurisdictions that more adequately address child care needs, families and children benefit. Washington, DC, saw its maternal labor force participation rate increase by [at least 10 percentage points](#) in the two years following its rollout of a universal preschool initiative, and national research has found that stable parental employment early in a child's life leads to enhanced socio-emotional functioning, [especially for low-income Black and Latino children](#). ^{xxi} ^{xxii} States and cities that have moved to enact universal early childhood programs have often found most success through [mixed delivery models](#) that allow FCCs to participate in public subsidy programs, recognizing the critical importance of home-based providers to the sector.

Another overlooked but important societal benefit of co-locating FCC with affordable housing is its role in helping communities achieve healthy planning, climate, and urban design goals. Researchers, child advocates, and city and regional planning offices are increasingly pointing to [child-friendly design](#) as a tool for

“Family child care is particularly attractive to families because it is often more affordable than center-based care, is based in a small setting that tends to be closer to home, typically is able to accommodate after-hours or nontraditional hour care, and allows for siblings of different ages to receive care in the same setting.”

increasing walkability, making places more engaging and safer for children and adults, and reducing household carbon footprints. Co-location of housing with child care, parks, and other community infrastructure is perhaps the most powerful tool for pursuing these goals. [Parents](#) and [children](#) benefit when they [spend less time traveling in cars](#) between home, care arrangements, and job centers. [Increased ability to walk or bike](#) children to child care also supports collective efforts to prevent the worst effects of climate change, which are likely to harm children born today [disproportionately more](#) than their parents. Ensuring that both new and existing housing developments – especially those that currently or intend to serve low-income families – have plans for the child care needs of residents is critical for broader planning and climate priorities.

Communities of all shapes and sizes can take small steps to improve life for young children, families, and small business owners. This guide outlines key design, financing, and policy considerations for developers, policymakers, and providers to support enhanced and coordinated efforts to co-locate FCC with affordable housing. Following an initial section on design best practices for FCC homes, four scenarios are presented on the most common examples of co-location. Each scenario includes considerations and best practices for the design and development processes, followed by a case study of a place or development that has successfully co-located and policy considerations focused on easing and incentivizing future efforts to co-locate.

An aerial photograph of a city, rendered in a monochromatic blue color. The image shows a dense urban environment with various buildings, streets, and green spaces. A white, rounded rectangular text box is overlaid on the left side of the image, containing the title and a short paragraph. The overall aesthetic is clean and professional, suitable for a report or presentation.

Designing High Quality Spaces for Family Child Care

With tweaks to floorplans and design and building techniques, housing developers can ensure the child care they seek to support in their properties is high-quality and set up for long-term success.

Designing High Quality Spaces for Family Child Care

Family child care is a highly regulated industry that requires providers to meet various health and safety standards in order to be initially approved for and maintain a license to serve young children. Child care licensing requirements vary by jurisdiction but typically govern required staff to child ratios, fire and food safety, minimum square footage requirements and ratios, standards for cleanliness and health, size and conditions of equipment and furnishings, as well as other key health and safety measures. The U.S. Department of Health and Human Services' Administration for Children and Families (ACF) maintains the [National Database of Child Care Licensing Regulations](#) where developers and providers can easily find base licensing requirements for FCCs in their state. Most states and some cities and counties also have technical assistance staff in their child care licensing divisions that can consult on and review preliminary plans for facilities to ensure they comply with regulations.

In addition to actual state regulations, a number of resources exist covering required and recommended building and design practices for FCC homes, including:

- [Best Practices for Family Child Care Facilities: Supporting Our Youngest Learners](#) (Bipartisan Policy Center, 2021)
- [Design Recommendations, Family Child Care Homes](#) (Reinvestment Fund, 2021)
- [Early Learning Facility Design Criteria: Best Practices Checklist for Family Child Care Homes](#) (Kathryn Tama, 2018)

Many requirements and best practices related to square footage, floor plans and site location, and indoor and outdoor design are consistent across settings – regardless of whether developers plan to accommodate a family child care business in a high-rise apartment building or a single-family home. Design tenets and best practices identified below are meant to help developers interested in co-locating with FCCs conceptualize additional ways beyond base licensing requirements they can ensure quality and age appropriateness of child care facilities and support business sustainability among providers.

1. **Expanded indoor floor plans** – Most states only regulate minimum square footage requirements per child in centers, but children served in FCCs also benefit from having ample room to play individually, participate in group activities, or rest. In FCCs, developers should seek to allocate at least 50 square feet per child of usable play space to ensure quality of care.

2. **Durability** – Spaces that serve children may wear and tear faster than normal living spaces. In units developers intend to lease to FCC providers, they may want to select higher quality and easier to clean materials and equipment to reduce maintenance issues later. Granite or quartz kitchen counters and wood or tile flooring in play space with area rugs layered on top generally represents best practice.
3. **Noise and insulation** – In selecting materials for FCC units, developers may also seek to add insulation and sound-absorbing elements to reduce background or street noise in the program space. Particularly for FCC providers that serve infants, having cozy, quiet space is critical. These changes also help to protect other residents in nearby units or homes from noise disturbances.
4. **Separation of living and care spaces** – Where possible, FCC units should allow some separation of living spaces and areas where children will be served. Recent studies have shown that the burnout many FCC providers experience is driven by difficulty separating personal space from space intended for child care. ^{xxiii} Incorporating design elements or modifying floorplans so that rooms in the home where children are served are clearly distinguished from those where the provider lives and relaxes can boost long-run sustainability of the business. For example, attaching a bathroom with child-sized fixtures directly to play areas can help providers mark off personal areas from those related to the program. Beyond floorplans, home design should also include plans for extra storage spaces to ensure sleeping cots, toys, and other program materials can easily be put away at the end of the day.
5. **Lines of sight and sound** – Units should be as open as possible to ensure providers can effectively supervise children while they cook, take individual children to the bathroom, supervise during naptime, or do laundry. Partitions in FCC homes should be shorter than those in typical homes to ensure sight lines across rooms or spaces, especially the kitchen and living room or program area.
6. **Natural light and ventilation** – Substantial research suggests that children benefit physically and emotionally from natural light, and that variations in light from multiple windows and directions can support active play and learning. Where possible, FCCs should be in corner units or homes that receive ample sunlight. At least some windows should also be positioned at child-height or be in places where providers could install safe platforms or lofts for children to look outside. If possible, windows should also be able to open to bring fresh air and ventilation into the program space when appropriate.

Designing High Quality Spaces for Family Child Care (cont'd)

- 7. Easy exits and fire safety** - Situating FCCs on the ground floor of apartment buildings or homes is typically best practice and in some states may be required by licensing agencies. Developers should seek to strategically place child care units so that they have at least two doors with direct outdoor access and clear exit plans in case of fires or other emergencies.
- 8. Engaging and accessible outdoor areas** - Beyond compliance with basic fire safety protocols, FCC units should be located so that providers can seamlessly incorporate outdoor learning and play activities into their programs. In multi-family buildings where outdoor space may be at a premium, developers may consider allowing providers to reserve common spaces or building playgrounds during certain times of the day, and small private patios or courtyards should be made available immediately off the child care units. Especially in places with harsh weather and high temperatures, adding shade structures to both private and shared outdoor play spaces is also critical.



Before and after photos of outdoor play space at a family child care home in San Francisco, California. In 2021, LIIF partnered with the San Francisco Recreation and Park Department to upgrade outdoor play areas at 9 family child care homes and centers citywide. The project supported 350 children with more than \$300,000 in funding.



BEFORE



AFTER

An aerial photograph of a city, rendered in a monochromatic blue color. The image shows a dense urban environment with various buildings, streets, and green spaces. A white text box with rounded corners is overlaid on the left side of the image, containing the title and introductory text. The background image is slightly blurred to make the text stand out.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments

Affordable housing developers in states and cities across the country have found success in providing child care opportunities for residents and broader communities by co-locating with FCC providers. The rest of this handbook is organized around the four most common co-location scenarios. Within each, an overview with key design, operations, and programmatic considerations is presented, followed by a spotlight on a development or program and public policy ideas for spurring future developments.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments

Scenario 1: Multi-Family Rental Housing with Specifically Designed Units for FCCs

Developers can help meet child care needs of future tenants and broader communities with relatively minor design tweaks at minimal cost to accommodate FCC providers within individual units. Affordable housing developers typically use capital generated from the Low Income Housing Tax Credit (LIHTC) program to cover the majority of construction costs of multi-family rental apartment buildings. Most or all of the units in LIHTC buildings are affordable to households earning 30-60% of the median income in the surrounding area.

During the design and concept period for a new building, developers and architects in this scenario identify one or two individual units to designate for FCC providers. These units are typically two or three bedrooms, have at least two bathrooms, and are located on the ground floor with direct access to private or shared outdoor play areas. FCC units also tend to have more square feet in living and dining areas or are attached to an additional room meant to be used for flexible indoor play space. Because these changes only apply to a couple units in the planned building, additional costs are marginal and can usually be covered by developers themselves or with very small gap financing or fundraising.

Developers launch the “lease-up” process as construction of the building nears completion, during which they begin to review applications from individuals who are interested in renting units in the building and have incomes that qualify for below market rate rents. Because demand for affordable housing far exceeds supply, developers create formal plans for ranking and selecting tenants based on additional preferences beyond just income qualification. Tenant selection plans must be accompanied by marketing materials to ensure that populations least likely to know about and apply for the housing are aware of and easily able to participate in the tenant selection process.^{xxiv} With specially designed units for FCC providers, developers typically elect to lease out units using two separate application pools: one for ranking all applicants based on income and other preferences and another for ranking those who identify as licensed child care providers.¹ Once the highest ranking FCC providers are assigned to units, those remaining in the child care pool are moved to the general tenant selection waiting list and assessed against all applicants.

Importantly, to ensure compliance with fair housing regulations, the FCC units cannot be set aside or only available to providers.² If no qualified individuals with FCC businesses apply, the child care units must be rented to the next eligible individual from the general waiting list, regardless of whether they intend to provide child care. FCC providers must also meet household size requirements outlined in the tenant selection plan and may not receive special approval to occupy a larger unit than needed. For instance, if a tenant selection plan had a minimum mandated ratio of one person for every one room, an otherwise qualified FCC provider with a two-person household would not be eligible to rent a three-bedroom unit.^{xxv}

Individuals selected to rent the FCC units in this scenario usually have addenda in their lease agreements stipulating that they must begin to operate their business shortly after occupying the unit. Additional language may be included to justify transferring the individual to a vacant, non-FCC unit in the building if they lose their license or choose to stop operating their business. Lease agreements for LIHTC units also usually require that residents verify their incomes with property managers annually. So long as the tenant qualified for the unit during lease-up, though, they cannot be evicted later for exceeding income eligibility. Monthly rent payments can increase – but are still required to be affordable to tenants – as incomes increase up to 140% of the area’s current median income levels.^{xxvi} If a tenant exceeds 140% of these amounts, building owners can usually then begin to charge “fair market rent” on the unit, but rates must be pre-published and are often still more affordable than units in nearby, non-subsidized buildings.^{xxvii}

²Note: Sections of this report covering fair housing laws and federal tax credit compliance are meant to be general guides and should not be construed as legal or tax advice. Developers should consult with attorneys to ensure projects comply with all federal and state laws.

What is LIHTC?

The Low Income Housing Tax Credit (LIHTC) is the largest form of subsidy for affordable housing construction in the United States. The US Department of Treasury provides each state about \$2-4 per capita in tax credit authority annually, which state agencies set policies around and ultimately award to developers. Developers receiving LIHTC allocations sell tax credit equity to investors and use capital gained to cover costs associated with constructing affordable rental housing. LIHTC awards are typically provided in two different funding rounds that determine how much of a project’s costs can be covered with tax credit equity. The 9% credit is highly competitive and can cover more than 70% of total development costs, while the 4% credit is awarded under a different allocation process that pairs the tax credit equity with tax-exempt bonds to pay for about 30% of construction costs.

Units created using LIHTC must be affordable for households earning between 30-60% of the area median income (AMI), with certain flexibilities to extend to households earning up to 80% AMI. Beyond unit affordability, state agencies judge LIHTC applications based on various criteria identified in state Qualified Allocation Plans (QAPs). [At least 20 states](#) prioritize developers through their QAPs who propose projects that co-locate or partner with early care and education providers.

¹Low Income Investment Fund [LIIF] and BRIDGE Housing. (2006). Child Care Handbook: A Guide for Developing Child Care Facilities with Affordable Housing. (See pp. 160-164). Available [here](#).

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 1 cont'd)

In Practice: Leander Court and 1180 Fourth Street

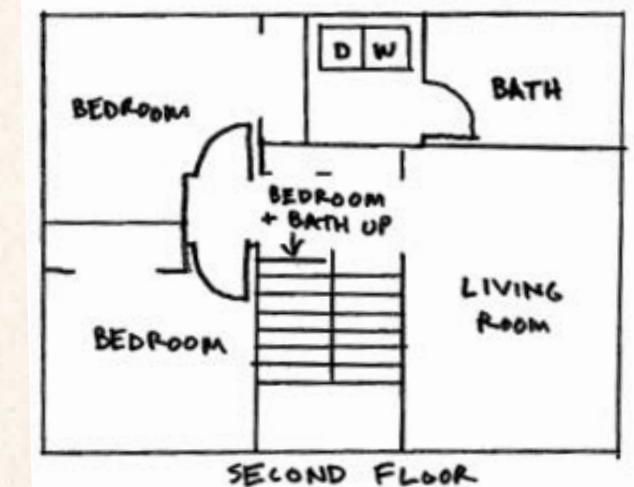
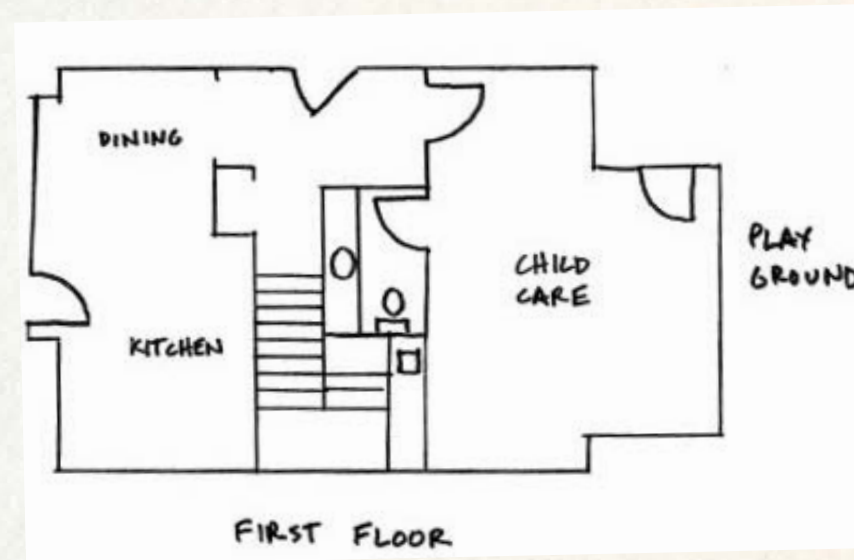
Leander Court (Portland, Oregon)

Located in the Powellhurst-Gilbert neighborhood of Southeast Portland, Leander Court is a small, family-oriented affordable housing development built in 2007 by Rose Community Development Corporation (Rose CDC). Most of the 37 units in the building have three bedrooms and average approximately 1,100 square feet. Rose CDC designed two units to accommodate FCC providers by adding 600 extra square feet of flexible classroom space attached by a door on the first floor to a bathroom and the kitchen and dining spaces. The units are each two levels to help providers separate their work and living spaces. Classroom space is also connected to an exterior door that leads directly to the building's interior courtyard and playground.



Leander Court was funded primarily through competitive Low Income Housing Tax Credit equity, but also received a loan from the Network of Oregon Affordable Housing (NOAH), a Portland Housing Opportunity Grant, and support from several other smaller state and local gap financing programs. The total cost of the development was \$7.23 million, and the project was financed so that the flexible child care spaces were classified as commercial elements to legally separate them from the financing of the residential units. All the residential components of the FCC units were covered using LIHTC equity, and Rose CDC used reserves and gap financing to cover the \$75,000 total cost of the 1,200 square feet of commercial child care space.

When Leander Court opened in 2007, Rose CDC was also managing a support network for FCC providers operating at several of their other buildings and in the broader community. This network has since merged with a larger citywide initiative and is no longer operated by Rose CDC, making recruitment of providers more challenging. However, at least one of the Leander Court FCC units is currently operating with a small family child care license to serve a maximum of 10 children. Rose CDC was acknowledged by the State of Oregon for its work pairing high-quality housing with early care and education opportunities when Leander Court was named Oregon's Best New Affordable Housing of 2008.



Floor plan of an FCC unit at Leander Court
(source: Rose Community Development Corporation)

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 1 cont'd)

1180 Fourth Street (San Francisco, California)

Located in the Mission Bay neighborhood of San Francisco, an area classified by the [Urban Displacement Project](#) as experiencing “advanced gentrification,” Mercy Housing’s 1180 Fourth Street development opened in 2015 to provide affordable housing to very-low and low-income families and formerly homeless households. Two of the 150 units in the building were specifically designed for FCC providers and have supported child care opportunities for 15-20 children consistently since the building opened. Both units have expanded floor plans and open layouts that allow caregivers to maintain lines of sight with children between the play area, living and dining spaces, and kitchen. FCC units have one more bathroom than other units in the building so providers can designate one bathroom exclusively for use by children. 1180 Fourth Street was also designed to make parent pick-up and drop-off easy and to encourage quality outdoor learning experiences. The FCC units are located on the ground floor with direct access to a private patio that opens up to a shared courtyard and green space for play and activities.

Wan Siu Wong has lived in 1180 Fourth Street and operated her child care business from her home there since 2015. She has been a licensed child care provider since 2011, and now serves six children ranging in ages from 0-5 from her home. One of the children lives in a unit at 1180 Fourth Street and five live in the surrounding neighborhood. The families of all of the children enrolled in her program use vouchers provided by the San Francisco Office of Early Care and Education (OECE) to subsidize the costs of child care. Wan Siu is reimbursed monthly by OECE approximately \$2,266 for each child she serves ages 0-2 and \$1,890 for children ages 2-5. Local reimbursement rates for San Francisco ECE providers have increased significantly in recent years to truly reflect the costs associated with providing high-quality child care. As exemplified in the table below, Wan Siu says the combination of the reduced monthly housing expenses and increased compensation for her work has been a huge benefit to her business and livelihood. The numbers in the table may actually downplay the effects of recent changes, as rents in the Mission Bay neighborhood have skyrocketed since she last moved in 2015. Currently, the median rent in the area surrounding 1180 Fourth Street is \$3,017 per month for a two-bedroom unit at market rate. ^{xxviii}



Exterior of 1180 Fourth Street, an affordable Mercy Housing development in the Mission Bay neighborhood of San Francisco.

Estimated Impact of Housing and Child Care Interventions on a FCC Provider’s Monthly Budget

Approximate Income/Expenses	Before Move-in (2015)	Current (2022)
Income from Business*	\$7,800	\$12,092
Business Expenses**	\$4,200	\$5,000
Housing Costs***	\$2,000	\$1,659
Net Monthly Business Income	\$1,600	\$5,433

Methodology:

*Estimates based on provider responses and reimbursement rates for providers enrolling low-income children. Prior to recent rate changes, the provider reported she was reimbursed approximately \$1,300 for all children enrolled full-time. As of 2022, rates increased to \$2,266 per child ages 0-2 and \$1,890 per child ages 2-5. In both the 2015 and 2022 scenarios, numbers reflect a provider who enrolls 4 preschoolers full-time and 2 infants full-time.


**Estimates based on provider responses. For more information on the costs associated with providing high-quality family child care, see the Center for American Progress’ [costofchildcare.org](#).

***Actuals based on provider responses.


Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 1 cont'd)

With some additional room in her monthly budget, Wan Siu has begun to think seriously about the future of her business and home. She would like to start by expanding her child care license from small to large, which would allow her to expand total maximum enrollment capacity from 8 to 14 children. However, the layout of her current unit may not allow her to qualify for a large license, as fire safety regulations require homes to have two separate exits from the home to the street. ^{xxix} Despite potential challenges, Wan Siu credits her experience at 1180 Fourth Street as a boost to her business and a stepping stone toward her ultimate goal of purchasing a home in the future to build her assets and expand her business capacity.

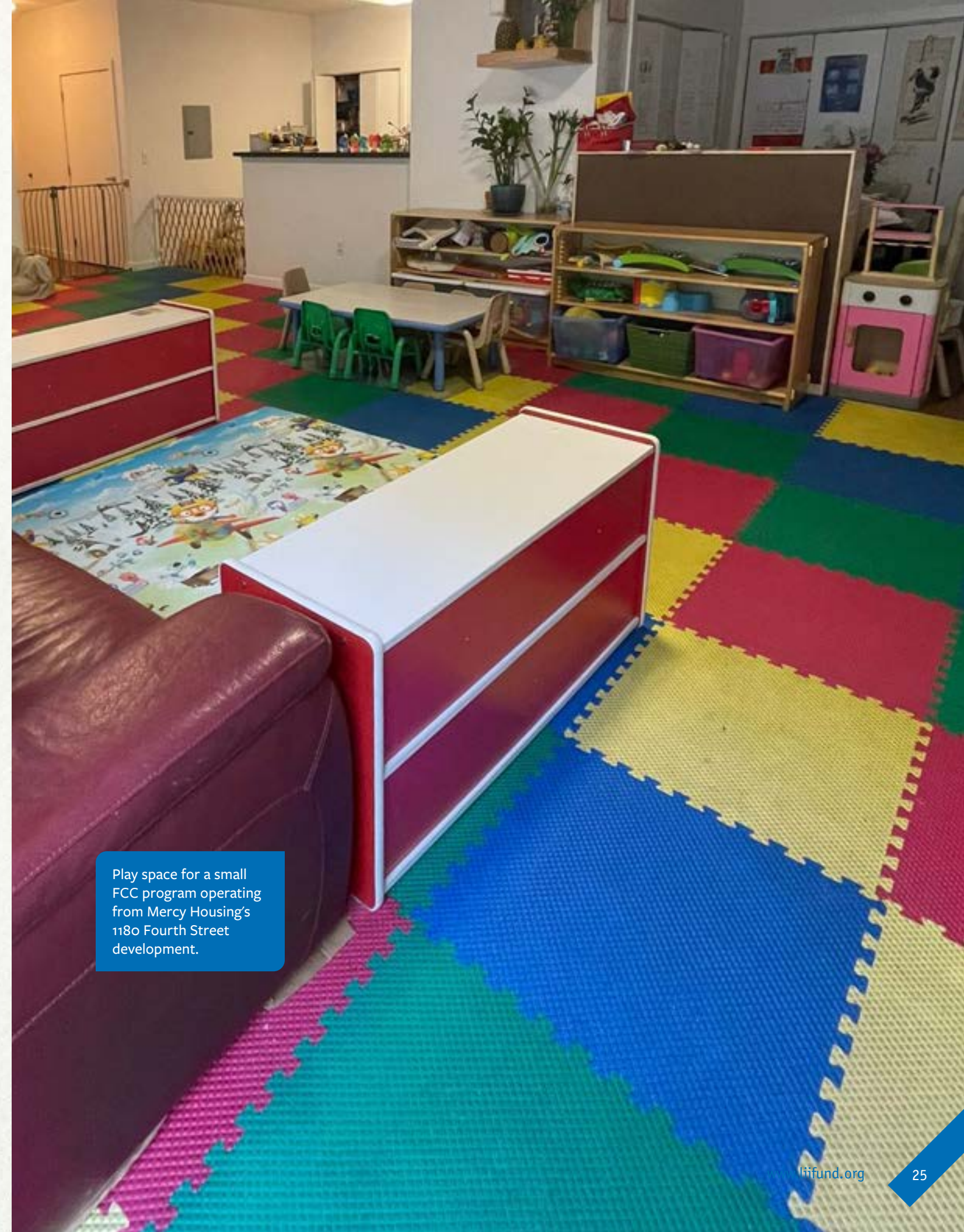
Supportive Policies

 **Housing:** Provide financial incentives to developers through LIHTC basis boosts.

State Housing Finance Agencies (HFAs) that manage and allocate LIHTC dollars have considerable authority to prioritize and incentivize developers who serve particular populations, build in target geographies, and so on. One such way is to provide additional tax credits on top of standard allocations through “basis boosts,” which increase the costs developers can fund with public subsidy. In many instances, basis boosts can increase the value of credits by 30%. Developers automatically receive basis boosts if they are building housing in areas of concentrated poverty (“Qualified Census Tracts”) or difficult development areas (DDAs), but HFAs also have authority to issue basis boosts based on additional state criteria. ^{xxx} States could make developments co-located with child care facilities – including FCCs – eligible for basis boosts to encourage more developers to focus on the early care and education needs of residents.

 **Housing:** Add LIHTC scoring criteria to incentivize co-location.

HFAs also have authority to set criteria for competitive LIHTC awards through Qualified Allocation Plans (QAPs), which are used to score and rank applicants in annual funding rounds. [More than 20 states](#) currently have QAP scoring criteria to incentivize co-location, but most focus on partnerships with center-based providers. ^{xxxi} In writing and updating QAPs, state policymakers can support co-location in two complementing ways: (1) Incorporating a standalone scoring criterion for applicants proposing to design one or more units for FCC providers and (2) offering additional points to developers with tenant selection plans that prioritize FCC providers. In addition to providing needed licensed child care opportunities for low-income families, such incentives could help states achieve fair housing and racial equity goals, as the majority of FCC providers are women and people of color.



Play space for a small FCC program operating from Mercy Housing's 1180 Fourth Street development.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 1 cont'd)

Housing: Create legal protections for FCC renters.

FCC providers who do not own the spaces they live and work in face unique barriers and are subject to price changes and lease amendments from landlords that could force them to move or close with little notice. States and localities can implement tenant protections and special legal rights to protect FCC providers from eviction or prevent landlords from discriminating against applicants who operate child care businesses. The State of California passed the [Keeping Kids Close to Home Act](#) in 2020 to allow large and small FCC businesses by-right in all types of residential rental properties so long as they meet licensing requirements. This protects providers from employment-related discrimination that could occur while searching for a home or potential eviction once they are in their homes. Landlords, Homeowners' Associations (HOAs), neighbors, and property managers cannot stop an individual from renting a home just because they would like to operate an FCC business. ^{xxxii} Such changes support FCC providers in all types of housing, whether it is affordable or market-rate.

Early care and education: Offer licensing and design consultation for developers.

Most child care licensing agencies have outreach and technical assistance staff able to give feedback and consult on whether homes or commercial spaces meet base licensing standards. Licensing agencies could bolster this work by hiring a staff person or team to interface with multi-family housing developers seeking to design and build units for FCC. In many instances, this could be done through existing avenues and staff. Licensors might create a workgroup or host ad-hoc trainings with affordable housing developers to understand their processes and give feedback on blueprints for FCC units. The City of Toronto published a [guide for developers and planners](#) in 2020 focused on child-friendly urban design and that included schematics for developers to consider when including space for child care in housing and commercial developments.

Early care and education: Allow FCCs in denser housing.

Many licensing, land use, and building code agencies and regulators across the country have strict limitations on whether and to what extent FCCs can operate in multi-family housing. In some instances, these restrictions serve legitimate health and safety purposes, such as ensuring that spaces where child care providers operate have fire emergency plans and clear exits for children. However, many local regulations are overly broad and prevent FCC providers from operating in apartment buildings and denser housing even if they are situated on the ground



The living room and play space of a small FCC program in Mercy Housing's 1180 Fourth Street development opens directly to a private patio and larger green space.



Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 1 cont'd)

floor, include ample indoor and outdoor space, and have multiple clear exterior exits. California's recently enacted [Keeping Kids Close to Home Act](#) responds to these challenges by mandating that licensed family child care of any size be allowed by right in any residentially zoned neighborhood, whether the housing where a provider lives is a single-family home, duplex, or multi-family apartment building.



Planning and land use: Offer planning, growth, or land use incentives to developers and landlords willing to make space for FCC.

Tweaks to local land use codes or property tax rates, where feasible, can support the development of FCC and encourage more affordable housing developers and market-rate landlords to include space for providers. Many large cities require commercial and residential developers to pay impact fees to help cover the costs of new infrastructure or public services required by growth. Other places have set limits on density and building height to mitigate similar concerns around development and potential strains on existing infrastructure. San Francisco has used these policies as a lever for incentivizing co-location between housing developers and FCC providers. In 2018, it [amended its local planning code](#) to exempt developers creating ground floor units for FCC providers from maximum density restrictions. Other jurisdictions could enact variations of this policy based on local regulations and existing developer fee structures. San Francisco has seen multiple affordable housing developers respond to the code change, as it allows them to add extra units to increase project viability and meet overall goals of supporting both housing and early care and education needs of tenants and communities.



Planning and land use: Include stated child care goals in housing and community planning documents.

Communities of all sizes regularly develop short- and long-term plans to help guide efforts to redevelop residential or commercial corridors, meet affordable housing goals, recruit new business and industry, among other reasons. These plans are guides for the future, often contextualizing long-term policy and development goals with population and growth projections to help ensure all residents have safe and affordable places to live, work and relax. Too often, plans leave out the needs

of very young children and their families. Particularly in communities experiencing significant population or employment growth, exclusion of early care and education goals from planning documents or burdensome processes and fees can worsen supply gaps and leave families with limited or no options for high-quality care. Communities that intentionally include child care goals in long-range plans can also help open the door to state and federal funding for facilities, including those that are co-located with affordable housing.



Planning and land use: Ensure FCC is classified as residential in nature.

Many states and localities have special requirements in place that fail to recognize FCC as a residential use of property, causing challenges for efforts to intentionally co-locate with affordable housing. For instance, some states classify FCC homes as commercial or pseudo-commercial spaces, which can trigger lengthy mixed- or conditional use permitting processes or lead to outright denials of plans for housing development that include one or two units designed for FCC providers. It can also add costs to providers by requiring them to attain business licenses in addition to their child care licenses. In 2021, the [Colorado state legislature passed HB21-1222](#) to respond to these challenges and clarify for all localities that FCC homes must be classified as residences. Cities and counties across the state can no longer require FCCs to have commercial licenses, and FCCs must only comply with residential building and fire codes.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments

Scenario 2: Multi-Family Rental Housing with Targeted FCC Recruitment

Most affordable housing was not intentionally designed with early care and education in mind. Regardless, almost every building where low- and moderate-income families live likely has some type of formal or informal care for young children occurring in the homes of residents. By far the most common form of non-parental child care in the United States is informally provided by family, friends, and neighbors (FFN). Research suggests that almost 50% of children ages 0-5 receive FFN care, which is unlicensed and most often provided by grandparents and other relatives in close proximity to where children live. ^{xxxiii} Low-income families are most likely to rely on FFN care given high costs and low supply of licensed care, ease of access and proximity to home, preferences for home-based settings, and flexible hours to accommodate non-traditional work schedules.

FFN care is an important part of the broader early care and education system, but helping informal caregivers become licensed businesses can have significant benefits to families, communities, and providers. It can support supply-building and quality improvement efforts, as most states have strict limitations on how many children can be cared for in a home without a license. Helping FFN providers become licensed can increase an individual home's capacity to care for children by five or six times in some states. Licensing also comes with important quality guardrails to ensure young children are served in engaging, developmentally appropriate environments. Providers benefit, too, as licensing opens the door to more reliable income from vouchers and other forms of public subsidies for which they are often not fully eligible for when providing informal care.

Another form of co-locating FCC with affordable housing can thus occur after a building is constructed and units are filled. The housing itself in this scenario is typically built similarly to that described in Scenario 1, but without as many of the design or legal considerations during planning and lease-up. Although design tweaks to units to accommodate FCC providers are helpful to providers and can bolster program quality, the fundamentally residential nature of FCC means that licensed care can occur in most homes so long as there is sufficient floor space and proper outdoor exits. Therefore, developers can construct a typical family-oriented, rental building using the Low Income Housing Tax Credit (LIHTC) and intervene to help residents become licensed child care providers after lease-up. The most interested residents tend to be active FFN providers living in the building, or those who may have young children of their own and are unemployed or underemployed because of difficulties finding and affording care.

This scenario is most effective when nonprofit developers are part of larger social service agencies, or when standalone developers partner with a [Staffed Family Child Care Network](#) or [Shared Services Alliance](#). Staffed FCC networks have dedicated personnel who provide services and technical assistance to a group of FCC providers in a city or neighborhood to help them get licensed, maintain steady enrollment, and ensure program quality. Shared services alliances do much of the same but tend to help more with essential business functions, allowing very small businesses to outsource things like accounting, personnel management, billing, and so on. In some states and cities, these types of umbrella organizations can qualify for child care subsidy programs that lower tuition costs for families.

The graphic below portrays how a developer-supported FCC network could use a state or local child care subsidy contract to support a staffed FCC network and create business opportunities and licensed child care spaces for residents. Developers deploying this model typically have social services wings of their organizations that can manage state and local early care and education contracts. The agency applies for and receives a monthly payment from the state to fund a full-time staff person for the FCC network and allocate start-up, maintenance, and regular enrollment-based payments to FCC providers.

In the example, Provider C has been newly recruited and recently completed licensing. She receives a regular monthly payment from the FCC network for the four children she enrolls, as well as a guaranteed stipend to support one-time start-up expenses such as toys and child-sized furnishings, a subscription to a budgeting

What is 'family' affordable housing?

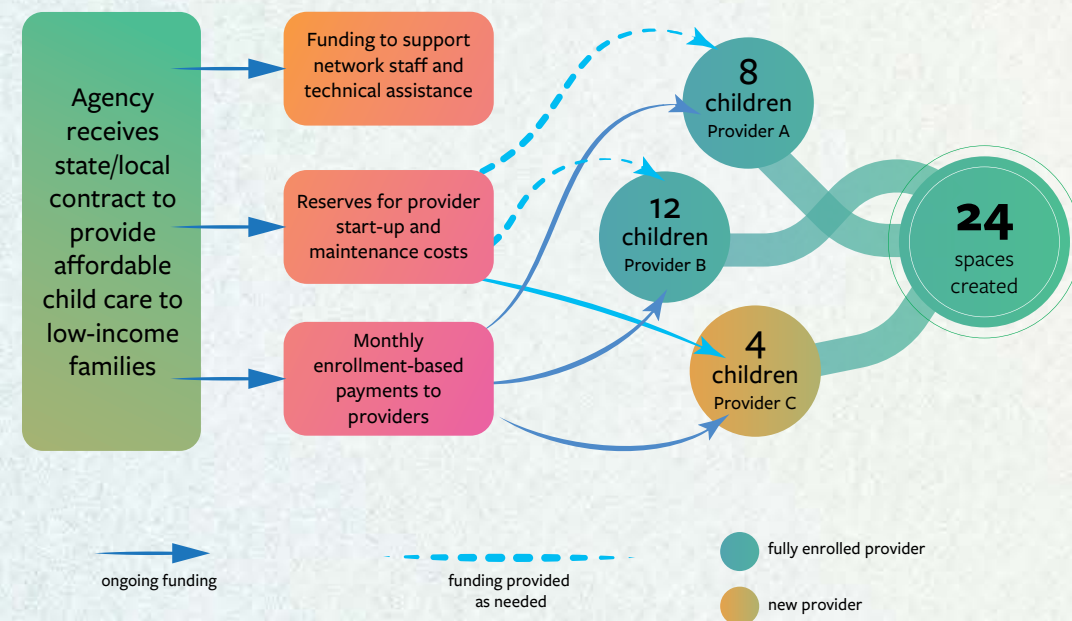
Even if they are not directly creating space for early care and education programs, developers using the Low Income Housing Tax Credit (LIHTC) often consider the unique needs of families and children in building design. Family-oriented housing typically includes larger units that have two, three, or four bedrooms and multiple bathrooms. Well-designed family buildings have courtyards and outdoor common areas with playground equipment for children and often have direct partnerships with child care providers or nearby school districts.

Including three- and four-bedroom units can add costs to developers, so many states and localities have put incentives in place to give developers proposing family housing a competitive advantage for LIHTC allocations and other smaller forms of gap financing.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 2 cont'd)

software, a laptop, and so on. After a few months, Provider C may begin to look more like Providers A and B, increasing her enrollment and receiving periodic maintenance stipends from the FCC network. FCC network staff provide ongoing support to all three providers to ensure they are fully enrolled and able to provide high-quality child care. The developer has helped create legitimate businesses and pathways to economic wellbeing for three of its low-income households and is supporting dozens of other residents with affordable child care opportunities close to home.

Sample Developer-Supported Staffed Family Child Care Network



In Practice: Little Tokyo Service Center (Los Angeles, California)

For more than four decades, Little Tokyo Service Center (LTSC) has provided affordable housing, social services, and small business support to the Little Tokyo neighborhood of Los Angeles and the broader Southern California region. At the nexus of the many ways LTSC supports families and communities is its staffed Family Child Care Network, which focuses on providing high quality child care for the children of low income families. An important feature of this program is helping residents of affordable housing become licensed home-based child care providers.

LTSC launched its FCC network more than 20 years ago, when it received a contract from the State of California Department of Education to create and subsidize child

care opportunities for low-income families through the General Child Care and Development (CCTR) program. LTSC receives payment from the State for enrolling low income children in its program. LTSC, in turn, subcontracts with FCC providers participating in the network to provide care for those children. Subcontracts cover costs associated with enrolling infants and toddlers in licensed FCC programs and significantly reduce any required co-payments so that low-income families can afford child care given their income levels. Through its other programs, LTSC employs small-business counselors and other staff to support FCC businesses participating in the network. These staff provide workshops and technical assistance for providers in navigating child care licensing and lease negotiations, launching their businesses, and creating budgets and financial projections to ensure program sustainability.

LTSC's FCC network currently has 15 participating providers, 5 of whom live in affordable multi-family apartment buildings that LTSC developed primarily using the Low Income Housing Tax Credit (LIHTC) and that cap rents at levels equivalent to 30% of residents' monthly incomes. Unique to LTSC's model for co-location with FCC providers is that many of the FCC providers participating in the network were not licensed child care providers when they moved into an LTSC building. Instead, LTSC leases its family-oriented apartment buildings to income-qualified families, then does outreach among residents to determine who might have interest in child care as a career or businesses opportunity. LTSC's child care staff assists interested residents with getting licensed, becoming subcontractors to provide care in LTSC's FCC network, and purchasing start-up materials and furnishings to outfit their home for quality care. Additionally, providers are connected with LTSC small business counselors to support business operations and program sustainability.

Most providers enroll between 6 and 14 children, both from families living within the housing complex and from the broader community. LTSC has created significant new child care spaces for low-income families in neighborhoods where high-quality care – especially for infant- and toddler-age children – can often come at a premium. This has huge benefits for the children and families using the child care, but it has also provided legitimate, reliable employment opportunities for the FCC providers LTSC subcontracts with. As of March 2022, the average provider earned around \$4,500 per month just from their contract with LTSC, and many earned even more when factoring in other contracts or private pay fees they may collect to enroll additional children in their programs. These opportunities have opened the door to economic self-sufficiency for many providers, as one of LTSC's resident FCC providers recently saved enough money from her business to move out of a subsidized apartment, purchase a home in a nearby neighborhood, and continue operating her child care business and supporting her community.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 2 cont'd)

Cecilia Santana is working toward a similar goal. When she moved into LTSC's Angelina Apartments in 2000, she was employed part-time at a nearby café in the neighborhood. LTSC staff approached her shortly after moving into her apartment to gauge her interest in becoming a licensed FCC provider. They offered to support her through the licensing process, pay for classroom supplies and materials, and help her market her program to the families of two young children to care for once her license was approved. Today, she continues to live in a three-bedroom unit in the building and cares for six children full-time. Santana Family Child Care is one of three FCC providers currently operating in Angelina Apartments, and each has a reserved time slot throughout the day to use the outdoor and playground space in the courtyard that belongs to the Angelina Preschool program, a large center-based program that LTSC also operates. LTSC's management of the FCC network and the preschool program on the ground floor helps to ensure that children in any of the child care programs in the building benefit from access to quality outdoor learning environments. According to Cecilia, "Many of the children I serve do not have parks or yards near their own homes, so they are always very excited to run and play outside while they are with me."

Cecilia receives approximately \$5,800 per month from LTSC's contract with the State of California. Her rent remains under \$900 per month, allowing her to save and build her credit in hopes of eventually purchasing a home of her own. Her current apartment is located on the ground floor of the building but only has one outdoor exit, meaning she is not able to expand her licensed capacity to more than 6 young children per the State of California's licensing and fire codes. In the near future, she hopes to use some of her savings to put a down payment on a house so that she can apply for a larger license and grow her business further.

Supportive Policies



Early care and education: Provide funding for start-up costs through state and local early care and education subsidy programs to ensure program quality.

Particularly for developers seeking to support residents through licensing and start-up, issuing start-up allowances is an important tool for ensuring new FCC providers are set up for long-term business success and able to provide high-quality care from the beginning. State and local child care voucher and subsidy programs should award stipends and extra budgets to providers after they are approved for funding so that they can purchase child-sized furnishings, make facilities upgrades, and purchase other materials that they may not otherwise be able to afford.



Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 2 cont'd)



Early care and education: Increase subsidy reimbursement rates.

For too long, early care and education providers across settings have not been appropriately compensated for their work. As of 2021, the average FCC provider nationally earned about 60% less than the national median income despite providing a critical public service for children, families, and communities. States and cities can support providers and increase the likelihood of co-location by increasing the rates at which providers are reimbursed for caring for low- and moderate-income children.



Small business: Invest in staffed family child care networks to support providers.

Staffed family child care networks support providers in neighborhoods or communities through training and technical assistance, small grants, and peer networking opportunities. Networks have paid staff who connect regularly with providers in service areas to help ensure they are providing quality programming and are set up for long-term business success. [Significant research](#) has shown that staffed FCC networks help improve quality and prevent FCC homes from closing prematurely. ^{xxxiv} In the case of Little Tokyo Service Center, paid network staff help recruit providers and identify when they need additional support or small quality improvement grants. This is of huge value to FCC providers, who regularly report that [isolation and working alone](#) can be significant factors in the decision to close their businesses. ^{xxxv} Paid staff of networks like LTSC also help ensure consistent revenue and enrollment for providers because they manage the contracts and can easily assign new families to providers when children age out or leave their programs. Policymakers should ensure that state and local Child Care and Development Block Grant (CCDBG) and other child care funding sources can support staffed FCC networks and that networks are eligible beneficiaries for subsidy contract management.



Small business: Help FCC providers participate in shared services alliances.

Similar to staffed FCC networks, Shared Services Alliances (SSAs) connect providers to larger networks with a focus on business operations and program sustainability. FCCs and center-based providers participating in SSAs pool resources to outsource small business functions that can often overwhelm providers, such as data collection and enrollment management, budgeting and payroll, facilities maintenance and so on. Local and state governments, as well as philanthropic organizations, can bolster existing FCC supply by subsidizing costs of SSA participation for providers. Particularly for FCC providers living in subsidized housing, such supports could significantly increase bottom lines and bolster program quality by allowing providers to focus more attention on children.



Typical Scenarios for Including Family Child Care in Affordable Housing Developments

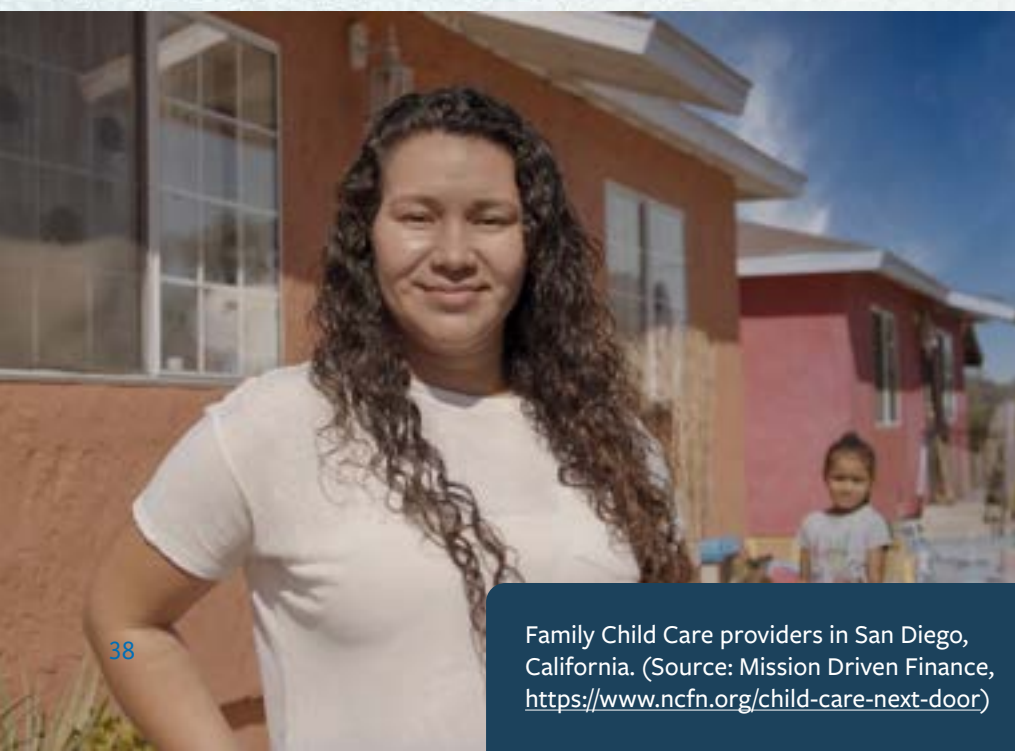
Scenario 3: Single-Family Construction and Homeownership Opportunities for FCCs

Many states and localities across the country have strict limitations on where FCC providers – especially those with larger licenses to enroll more children – can operate their businesses. For this reason, the most common setting for FCC tends to be single-family homes, townhouses, and other low- or moderate-density forms of housing.

Accommodating FCC providers in single-family homes can take various forms, but the most common method for deliberate co-location is through homeownership programs that help low- and moderate-income individuals secure a mortgage and purchase their homes. This is a commonly cited goal among FCC providers because of challenges with landlords and lacking full control over the spaces where they live and run their businesses. Homeownership is also an obvious asset-building tool. For FCC providers in particular – the vast majority of whom are women, immigrants, or people of color – it’s a method for helping people and communities who have historically been barred from amassing wealth.

This scenario for co-locating typically occurs in one of three scenarios, which range in complexity and cost:

- 1. Prioritizing FCC providers through conventional low- and moderate-income homeownership vehicles.** Various public agencies, credit unions and CDFIs, and nonprofits have programs that offer assistance with down payments and closing costs or provide favorable mortgages to certain home seekers. Programs are often designed with target populations or geographies in mind and have stated goals of increasing rates of homeownership among historically underrepresented populations. Although no large scale programs like these currently target FCC providers, many have flexible priorities or are restricted to individuals in certain industries, [such as teachers, police and firefighters](#).
- 2. Constructing homes specifically for FCC providers at low- or no-cost.** Typically led by nonprofit homebuilding agencies or university public service and extension programs, this scenario relies heavily on volunteers and sweat equity to construct homes for qualifying low-income individuals. Money is raised through private donations and grants from philanthropic organizations, private businesses, or public sector agencies to cover planning and construction costs. Homes tend to be modest in size but high-quality, and backbone agencies keep development costs low by sourcing free or heavily subsidized labor from volunteers or students. Like the scenario above, few examples exist of such programs targeting FCC providers, in particular, but individual nonprofits could relatively easily add such priorities when vetting applicants for homes.



Family Child Care providers in San Diego, California. (Source: Mission Driven Finance, <https://www.ncfn.org/child-care-next-door>)



Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 3 cont'd)

- 3. Affordably renting homes to FCC providers with the intention of eventually transferring ownership.** Recently, mission-driven nonprofits and financial intermediaries have begun to pursue initiatives to purchase homes and rent them exclusively to FCC providers. [Mission Driven Finance](#) is currently pursuing this model through a specialty [Real Estate Investment Trust](#) for child care, and NH Child in New Haven, Connecticut, has plans to launch a homeownership program soon to purchase and ultimately transfer ownership of homes to FCC providers. The homes are selected and renovated with best practices for child care operations in mind. After the provider-tenant leases for a minimum time period, they are supported to purchase the house either through a share of equity earned on the home over time (Mission Driven Finance) or through funds from an escrow account the provider paid into during the rental period (NH Child). Even while renting, FCC providers benefit from having landlords who are friendly to child care businesses, which provides stability that many providers lack on the private market when renting from owners who may not want tenants to operate a business, be concerned about liability, or exploit providers' dependency on their property by charging excessive rent.

In Practice: Auburn University Rural Studio (Hale County, Alabama)

For almost 30 years, [Rural Studio](#) has offered hands-on research experience and training to architecture students in rural West Alabama. Cohorts of students live and work with faculty for at least a year in the heart of Alabama's [Black Belt](#) to engage community members and design and build needed local infrastructure. To date, Rural Studio has built more than 200 projects – community centers, fire stations, care facilities, and homes – and educated upward of 1,200 students. Project development and construction is supported using a combination of university resources, individual gifts, funding from private foundations, and grants and research sponsorships from public agencies like USDA and Fannie Mae. Rural Studio also excels in matching capital with in-kind and collateral support from students and community members in constructing its projects.

By the Numbers: Hale County, Alabama ^{xxxvi}

Population	14,754
Percent under 5	7%
Percent Black	58%
Percent White	41%
Median Household Income	\$30,793
Child Poverty Rate	30%
Black children	50%
White children	13%
Percent Children Living in Single-Parent Households	51%
Number of Licensed Child Care Spaces	450
Percent Gap in Child Care Supply and Estimated Demand	33%

Hale County, where Rural Studio is headquartered, is home to just under 15,000 people. It's an area of persistent poverty, largely driven by physical remoteness and the lingering legacies of [slavery and Jim Crow](#). Despite being one of Alabama's poorest counties, it is a uniquely resilient place, with [strong community and public service organizations](#) and vibrant social networks built largely on relationships between young children and elders. Before the Covid-19 pandemic, though, there were just 450 licensed child care spaces for the 1,100 young children living in the county. ^{xxxvii}

Leaders of Rural Studio have begun to consider methods for supporting care infrastructure in the community, particularly by designing affordable homes for FCC providers. Students and faculty created a prototype for an "income house," a line of home designed specifically to support entrepreneurs who operate small

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 3 cont'd)

businesses from their homes. [Johnnie Mae's house](#), in particular, could be easily adapted for use by an FCC provider. It is a large, two bedroom home connected by a porch to a separate space that could be used as an accessory dwelling unit (ADU) or business space. The attached unit has an open floor plan with a small kitchen and bathroom that could function as the main classroom space for a licensed provider. Two doors open up to shaded porches and vast outdoor space.

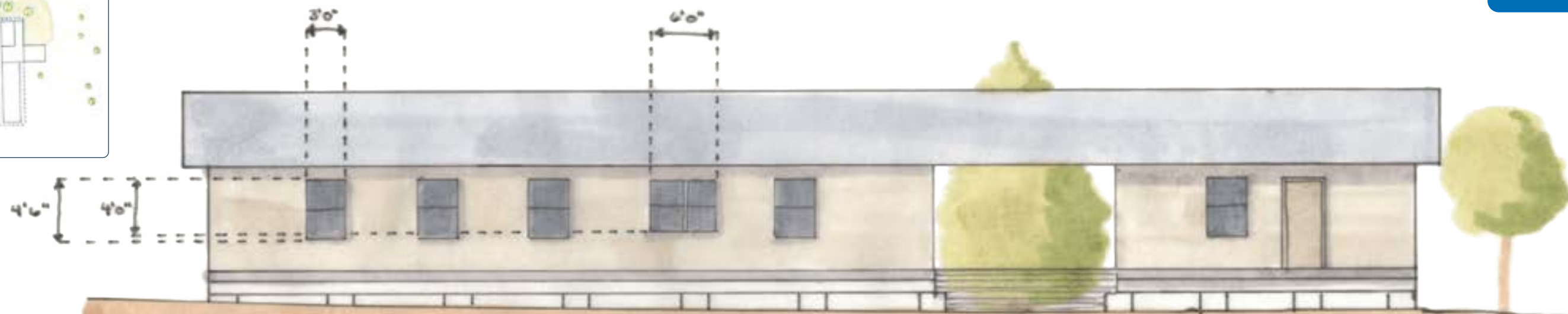
In addition to innovative architecture and design, Rural Studio's income house is uniquely affordable. Even with rising construction costs, these homes cost around \$100,000 in cash to build. About \$50,000 covers the design and pre-development costs up-front, and the rest supports physical construction. Rural Studio leaders estimate that most homes also receive another \$100,000 worth of savings in labor costs and in-kind donations from students through coursework and residents through sweat equity. Low-income residents are identified in advance and are ultimately rewarded for their participation and consultation throughout the design and construction processes with the home free of charge.

Like all Rural Studio products, income houses like Johnnie Mae's are built with high-quality, affordable, resilient, and more healthful materials meant to sustain harsh and worsening [impacts of climate change in the deep South](#). They are also designed so that layouts and physical characteristics can be changed over time, recognizing that the real value of new housing in rural places is often the building itself – not the equity gained from eventually selling it. For instance, Rural Studio may initially

develop a two-bedroom home for a couple in their 60s or 70s but include adaptable elements so that an eventual heir to the property could convert the layout to three bedrooms to accommodate young children simply by opening or closing interior doors. Johnnie Mae's house takes this concept to the next level. One generation may use the flexible separated space as housing for an elderly parent, and the next could modify purposes to support an FCC business.



The design and final product of Johnnie Mae's house, developed by the Auburn University Rural Studio in Hale County, Alabama.



Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 3 cont'd)

Supportive Policies

Housing: Prioritize FCC providers through down payment assistance programs.

Many state and local down payment assistance programs have broad flexibility and can prioritize qualifying borrowers based on stated priorities. As noted earlier in this report, a number of these programs already have preferences for certain industries and professions that provide clear public services. FCC providers could easily be added to these priorities, or spinoff programs could be created to help individuals seeking to purchase homes for their FCC businesses with down payments and closing costs, which are often hidden barriers to homeownership among low-income individuals.

Housing: Amend traditional home loan programs to allow certain home-based businesses to qualify.

The U.S. Department of Agriculture's (USDA) rural home loan programs are often the most viable and borrower-friendly mortgage programs for low- and moderate-income families living in rural communities. For instance, the Single Family Housing Guaranteed Loan Program provides mortgages at low interest rates to borrowers with incomes up to 115% of the area median income in eligible rural places. However, borrowers seeking to use their homes for a business or income-producing enterprise are not eligible for USDA support. ^{xxxviii} This is an obvious barrier to expanding licensed FCC supply in communities that tend to have significant child care deserts and rely heavily on home-based care. By amending regulations of homeownership programs to allow FCCs to operate from homes with USDA or other federally provided mortgages, more providers in areas of high-need and concentrated poverty might be able to build wealth and provide licensed care for young children.

Community development: Prioritize FCC providers in Community Development Block Grant funding rounds.

The Community Development Block Grant (CDBG) program is often interpreted as a physical infrastructure or housing program, but it can also be used in unique ways to support public service activities such as child care and workforce development. Especially in smaller communities, CDBG can represent the only pot of funds regularly available to support both housing and child care infrastructure simultaneously. Many communities recognized this during the Covid-19 pandemic,

as they received an influx of funds via the CDBG-CV emergency program. The [Southwest Tennessee Development District](#) and the [City of Jefferson, Missouri](#), for instance, both used their federal CDBG appropriations in 2022 to help child care providers purchase or rehabilitate their facilities. Even before the pandemic, some cities like [Canton, Ohio](#), were providing a portion of their annual CDBG funds directly to Child Care Resource and Referral agencies to sub-grant to FCC providers seeking to purchase their homes or move into new spaces. CDBG dollars do not have to exclusively support child providers, though. States and cities that use these funds to support homeownership, housing construction, and home rehabilitation projects can amend their [Consolidated Plans](#) to prioritize applicants and subgrantees for funding who make CDBG resources first available to FCC providers.

Early care and education: Review child care licensing requirements to ensure that FCC providers can use accessory dwelling units for program, living, or flexible space.

Cities and states nationwide have increasingly moved in recent years to legalize or significantly reduce barriers to adding [accessory dwelling units](#) (ADUs) to existing homes as a method for increasing housing supply. ADUs can be attached (e.g., a basement apartment or garage conversion) or detached (e.g., a standalone structure in a backyard) and tend to have a different address from the primary home on the lot. In California, the construction of ADUs has skyrocketed since the passage of [2016 legislation](#) that effectively legalizes such structures statewide, preventing localities or anti-development groups from blocking added density through zoning or permitting loopholes. The California Housing Finance Agency (CalHFA) launched a [grant program](#) in response to new regulatory flexibilities in 2021 that makes up to \$40,000 available for low- and moderate-income homeowners to construct ADUs on their properties. Such investments could be a wedge for boosting supply of high-quality FCC, especially if child care agencies could supplement grants for ADU design and construction with additional funds for those seeking to create spaces for child care. However, child care licensing agencies often have rules in place restricting home-based providers from using homes or spaces with different addresses from their primary residences, even if those spaces are on the same lot. Child care licensing divisions should review policies governing FCCs given new momentum surrounding ADUs to ensure that affordable housing resources can also support child care supply-building.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments

Scenario 4: Subsidized Repair and Renovation of Existing Affordable Homes for FCCs

In 2021, Americans spent more than \$430 billion on home improvement projects.^{xxxix} A growing share of these projects – about double the number in 2005 – were focused on disaster repair, as the nation’s aging housing stock continued to wear down from the impacts of climate change and natural disasters that have increased in frequency and severity.^{xl} Repairs and modifications will be required over the lifespan of any home, but needs are worsening. Among all residential properties in 2021, whether occupied by owners or renters, 14.5 million were damaged by storms and weather events. Between 2009 and 2019, costs of disaster repairs to property owners soared by 117% to \$26 billion.^{xli}

These challenges disproportionately burden low- and moderate-income renters and homeowners. Home renovations, increasingly, are a requirement rather than a luxury, all while the cost of building materials [skyrockets](#).^{xlii} This can cause homeowners – about 1 in 5 of whom nationally are cost-burdened – to settle for substandard living conditions. For renters, the problem grows in complexity. Landlords may be unwilling to make repairs or pass on costs to tenants, and 75% of the nation’s affordable housing stock is unsubsidized or “[naturally occurring](#),” placing large portions of currently affordable rental units at risk of being sold or razed when repair and maintenance needs mount.^{xliii}

These problems are amplified for FCC providers, threatening not only their homes but also their businesses and livelihoods. Earning potential of FCC providers rarely exceeds the average annual national pay for all child care workers, which [recent estimates](#) placed at \$24,230, or the second percentile of all US occupations.^{xliv}

“Home renovations, increasingly, are a requirement rather than a luxury, all while the cost of building materials skyrockets.”

Policymakers, philanthropic organizations, banks and financial institutions, and developers can all help improve housing conditions, enhance economic security for low-income households, and bolster the child care sector through direct grants and affordable loans to modernize and repair the homes of current FCC providers.

Repair and maintenance projects that FCC providers need can range in complexity, cost, and purpose. The most immediate pressing projects are those which ensure structural integrity of homes, respond to disaster-induced damages, and respond to potential child care licensing violations or health and safety violations. Such projects typically seek to preserve existing child care spaces by ensuring that providers can maintain operations. For instance, an FCC provider who owns her home may need to replace the home’s roof after a period of heavy storms created new leaks affecting child care operations. Without replacing the roof, the provider could be at risk of temporarily or permanently closing due to licensing violations.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 4 cont'd)

However, for many providers – especially those who saw their businesses dry up and never fully recover from the pandemic – the \$25,000 - \$30,000 dollars it might cost to replace a roof could be the deciding factor for whether to leave the child care industry altogether. Public and nonprofit funders could respond to immediate needs in the sector and help preserve child care slots with relatively small grants or forgivable loans to providers.

Investments in minor repairs and renovations are not entirely reactive, as they can also add significantly to the existing supply of licensed child care by helping providers expand their capacity or reach full enrollment. Many states issue two types of FCC licenses that affect how many children providers are eligible to serve, space requirements and regulations, and child to staff ratios. As of 2017, about [80% of the licensed FCC supply](#) nationwide was operating with the smaller of the two license types, which generally caps capacity at 6-8 children per home.^{XLV} By helping only a fraction of small FCC homes expand their enrollment eligibility to 10-14 children, states and localities can significantly increase licensed supply. Facilities grant programs focused on expansion of FCC supply typically help providers retrofit or increase space to meet requirements for large licenses.

For example, a provider with a small license to serve 8 children may have an unused garage or unfinished basement that could be converted to program space and increase the home's usable square footage for child care. A grant or loan of \$100,000 - \$200,000 could help the provider improve physical design and space of the home and sufficiently expand the home's floor plan to increase total child capacity to 14 children. Such a project may be difficult for a small FCC provider to afford out of her own savings but is relatively low-risk and high-reward for a public agency or nonprofit financier. In addition to improving the physical quality of the home, helping to finance the provider's expansion project would add 6 new licensed child care slots to the community, create at least one new job, and improve the long-term outlook and bottom line for a small business.

In Practice: Emergency Renovation and Repair Grant Program (New York, New York)

In 2022, the Low Income Investment Fund (LIIF) launched the Emergency Renovation and Repair Grant Program in New York City with support from the JPB Foundation and Alphadyne Asset Management. The program was launched in response to lingering damage from intense rainfall and flooding from Hurricanes Henri and Ida in 2021. Destruction from Hurricane Ida, which dropped [50% more rain in an hour](#) than ever previously recorded for the region, caused [at least \\$50](#)

[million in damage](#) across New York. Damages from the 2021 flood have lingered and been especially challenging for low-income homeowners and family child care providers who lack savings or access to flexible lines of credit to deal with emergency home and facility repairs. LIIF's NYC Emergency Renovation and Repair grant program seeks to support city residents in rebuilding their property and preserving critical child care supply.

Jacqueline Europe, the owner of Reach for the Stars Child Development Inc., has been an FCC provider for more than 27 years. She operates her current program from her home in the Crown Heights neighborhood of Brooklyn and serves 16 children from ages 6 weeks to 12 years old. Nearly all of the families enrolling children in her program use child care vouchers or subsidies from the [New York City 3-K program](#), and many live in an affordable housing building operated by the New York City Housing Authority less than a block away. Reach for the Stars is one of only about 3% of all licensed child care programs – centers and FCCs – in New York City participating in [Quality Stars New York](#), the state's quality rating and improvement system focused on supporting providers in efforts to improve their programs and provide high-quality environments for young children.

Jacqueline and her husband own the home where she lives and operates her FCC program. For FCC providers, locking in an affordable mortgage rate and ultimately paying off a home can have huge benefits to a program's quality, long-term sustainability, and ability to fairly compensate staff. However, it can cause significant burden in events of extreme weather or when tight operating budgets lead to periods of deferred maintenance. In September 2021, heavy rainfall from Hurricane Ida flooded Jacqueline's basement with more than three feet of water, worsened existing roof leaks, and damaged the home's boiler and HVAC system. The storm caused an estimated \$150,000 in required home repairs. The second floor of the home where the FCC program operates was largely not affected, so Jacqueline quickly used her program reserves to repair the boiler and HVAC to ensure child health and safety. Major repairs to other rooms in the home where she and her family live, like the basement and upstairs bedrooms, had to be put off for later.

The Friends of Crown Heights FCC Network provided Jacqueline a small grant of \$1,000 to help her replace some classroom materials, but she was unable to receive support from the Federal Emergency Management Agency (FEMA) despite putting in claims in the wake of flood damage. By the time she realized FEMA was not an option for funding repairs, her insurance provider told her she had missed

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 4 cont'd)

the window for filing a damage claim. Jacqueline's experience with federal and private disaster recovery funds is not an outlier. Recent studies show that [Black households receive less support](#) than white ones even when the amount of damage is the same. Black disaster survivors see their wealth decrease by \$27,000 on average after weather-related events, whereas white survivors experience an average increase in wealth of \$126,000.^{XLVII}

Jacqueline is using the damages to her home as an opportunity to reimagine her program and spaces for children. In August 2022, LIIF awarded her a \$100,000 grant through the NYC Renovation and Repair program to help her make some initial repairs to the home's basement and significantly improve the backyard to encourage more play-based learning and prevent future flooding. LIIF staff and quality improvement specialists from Quality Stars New York have helped Jacqueline find bids and negotiate costs with contractors and design the outdoor environment with an eye toward quality. The project will include leveling the yard, installing a new drainage system, replacing storm-damaged playground equipment, and repairing the door and stairs from the basement to the yard.


This initial project will effectively prepare the outdoor and basement for a second phase. Jacqueline plans to soon to apply for another \$100,000 grant from LIIF to replace the home's roof and fully remodel the basement as classroom space for her program. These projects will have compounding benefits for Jacqueline and the children she serves. By moving the classroom space to the basement, Jacqueline and her family will again have their own living and dining spaces separate from the program. The basement renovation will also include the installation of child-sized fixtures, fresh paint and flooring, and a reworked floor plan focused on engaging experiences for children and healthy relationships with Jacqueline and her assistants. Repair and renovation projects like Jacqueline's are an opportunity to not only preserve licensed child care supply in a community and respond to immediate health and safety risks, but also to significantly enhance a program's quality.




Exterior of Reach for the Stars Child Development, a Family Child Care program in Brooklyn, New York that currently serves 16 children ages 6 weeks to 12 years old.

Typical Scenarios for Including Family Child Care in Affordable Housing Developments (Scenario 4 cont'd)


Supportive Policies

 **Community development:** Use federal HOME funds to support FCC repair and renovation projects.


Many states and jurisdictions use federally appropriated HOME funds to help low-income homeowners with repair and renovation projects they may otherwise not be able to afford while living on tight or fixed incomes. For example, Georgia's [Community HOME Investment Program](#) (CHIP) provides \$5-10 million per year to local governments across the state to support rehabilitation of owner-occupied homes. Programs like CHIP could incentivize local governments applying for state funds with plans to prioritize FCC homes in selecting properties to rehabilitate. This would encourage local housing and community development agencies to partner with education and social service agencies and support both housing and child care infrastructure in communities simultaneously.

 **Housing:** Set aside state and local co-location resources for FCC providers.

In recent years, state and local officials have recognized the value of co-locating child care facilities with affordable housing and moved to establish one-time or recurring grant and loan programs to support providers and developers seeking to partner. Oregon's \$10 million [Co-Location of Affordable Rental Housing and Early Care and Education](#) (CARE) fund, which the state hopes to launch in early 2023, has plans for an explicit FCC set aside, potentially making up to \$500,000 available statewide to help developers and FCC providers renovate or repair spaces to improve quality and encourage more co-location of home-based child care with affordable housing. The CARE fund represents a model for other states to consider when designing co-location programs so that FCC providers – who are often better equipped to accommodate nontraditional work schedules of families living in affordable housing – are supported and recognized.

 **Housing:** Use Naturally Occurring Affordable Housing resources to bolster FCC supply.

Most affordable rental housing in the United States is [unsubsidized](#).^{XLVIII} Commonly referred to as Naturally Occurring Affordable Housing (NOAH), these units tend to have rents between [\\$500 and \\$1200 per month and are at least two decades old](#), and are often the most at-risk rental properties to market speculation and renovations that may significantly reduce affordability.^{XLIX} Some states, like [Minnesota](#), have moved to develop programs to retain affordability of NOAH properties by helping nonprofit developers, housing authorities, and other entities purchase buildings at risk of rent hikes. Affordable loans and acquisition support generally comes with the requirement that beneficiaries keep rents affordable to low- and moderate-income households and make some modest improvement to the property. States designing these funds should seek out developers who have plans to retrofit some NOAH units to accommodate FCC providers as a tool for boosting supply and co-locating with affordable housing.

 **Early care and education:** Create grant programs for outdoor space upgrades at FCC homes.

Public, philanthropic, and private sector entities can work together to help FCC providers significantly improve program quality through investments in upgrades to outdoor spaces. Such investments are especially important as harsh weather and natural disasters pose new threats to providers. In 2021, the Low Income Investment Fund (LIIF) partnered with the San Francisco Recreation and Park Department and Rebuilding Together SF (RTSF) to upgrade outdoor play areas using low-cost, natural materials at nine FCC homes and centers in San Francisco, California. The [Children and Nature](#) project supported 350 children with just \$300,000, and represents a model other funders and local governments could look to as a tool for bolstering FCC program quality, ensuring sector sustainability, and reducing the impacts of [urban heat islands](#) that expose young children to extreme heat.

Conclusion: Children as a Focal Point

“ Children are a kind of indicator species. If we can build a successful city for children, we will have a successful city for everyone.

- Enrique Peñalosa, former Mayor of Bogotá, Colombia



Efforts to co-locate Family Child Care within affordable housing are fundamentally focused on child development and wellbeing, but they have broad benefits beyond individual children. With reliable, accessible child care options, parents can more fully participate in the workforce. Keeping housing costs low for caregivers and small business owners helps stabilize their operations and ensures they can pay themselves and their staff living wages with retirement and health benefits. Locating child care facilities closer to residential developments also helps communities meet planning and climate goals, reducing long commutes and increasing abilities of residents to walk, bike, or take public transit rather than private vehicles to bring their children to child care.

Co-location of child care and housing is just one of many strategies in community development toolboxes, but it exemplifies how policymakers, planners, and funders can positively influence neighborhoods and communities with direct focus on the needs and abilities of young children.



Appendix A

Supportive Policies for Co-Locating Family Child Care with Affordable Housing

Abbreviated policy recommendations presented throughout this guide are included below. Click on individual recommendations to jump to specific sections of the handbook with more information.

Housing

- [Provide financial incentives to developers through Low Income Housing Tax Credit \(LIHTC\) basis boosts.](#)
- [Add LIHTC scoring criteria to incentivize co-location.](#)
- [Create legal protections for FCC renters.](#)
- [Prioritize FCC providers through down payment assistance programs.](#)
- [Amend traditional home loan programs to allow certain home-based businesses to qualify.](#)
- [Set aside state and local co-location resources for FCC providers.](#)
- [Use Naturally Occurring Affordable Housing \(NOAH\) resources to bolster FCC supply.](#)

Early Care and Education

- [Offer licensing and design consultation for developers.](#)
- [Allow FCCs in denser housing.](#)
- [Provide funding for start-up costs through state and local early care and education subsidy programs to ensure program quality.](#)
- [Increase subsidy reimbursement rates.](#)
- [Review child care licensing requirements to ensure that FCC providers can use accessory dwelling units for program, living, or flexible space.](#)
- [Create grant programs for outdoor space upgrades at FCC homes.](#)

Planning and land use

- [Offer planning, growth, or land use incentives to developers and landlords willing to make space for FCC.](#)
- [Include stated child care goals in housing and community development planning documents.](#)
- [Ensure FCC is classified as residential in nature.](#)

Small Business

- [Invest in staffed family child care networks to support providers.](#)
- [Help FCC providers participate in shared services alliances.](#)

Community Development

- [Prioritize FCC providers in Community Development Block Grant \(CDBG\) funding rounds.](#)
- [Use federal HOME funds to support FCC repair and renovation projects](#)

Appendix B - References

^IJoint Center for Housing Studies of Harvard University [JCHS]. (2022). The State of the Nation's Housing 2022. Available here: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2022.pdf

^{II}Child Care Aware of America [CCoA]. (2022). Demanding Change: Repairing Our Child Care System. Available here: [https://info.childcareaware.org/hubfs/2022-03-FallReport-FINAL%20\(1\).pdf?utm_campaign=Budget%20Reconciliation%20Fall%202021&utm_source=website&utm_content=22_demandingchange_pdf_update332022](https://info.childcareaware.org/hubfs/2022-03-FallReport-FINAL%20(1).pdf?utm_campaign=Budget%20Reconciliation%20Fall%202021&utm_source=website&utm_content=22_demandingchange_pdf_update332022)

^{III}Traub, Hiltonsmith & Draut. (2016). The Parent Trap: The Economic Insecurity of Families with Young Children. Demos. Available here: https://www.demos.org/research/parent-trap-economic-insecurity-families-young-children#footnote24_5ab96ho

^{IV}See 'Richland County (SC)' or 'San Mateo County (CA)'. Economic Policy Institute. (2021). Family Budget Calculator. Available here: <https://www.epi.org/resources/budget/>

^VFreddie Mac. (2020). Family Budget Burdens Squeezing Housing: Child Care Costs. Available here: <https://www.freddiemac.com/research/insight/20200107-family-budget-burdens>

^{VI}Freddie Mac. (2021). Housing Supply: A Growing Deficit. Available here: <https://www.freddiemac.com/research/insight/20210507-housing-supply>

^{VII}National Low Income Housing Coalition [NLIHC]. (2021). The Gap: A Shortage of Affordable Rental Homes. Available here: <https://nlihc.org/gap>

^{VIII}House, Pugliese & Vesely. (2022). Who Cares? How the Child Care Industry's Problems are Every Employer's Problem. Wells Fargo. Available here: <https://wellsfargo.bluematrix.com/docs/html/3fod1aae-6a00-472a-8a4c-6f9fe2d6c4e6.html>

^{IX}Bipartisan Policy Center. (2021). Child Care Gaps Assessment. Available here: <https://www.childcaregap.org/>

^XCCoA. (2022). Demanding Change: Repairing Our Child Care System. Available here: [https://info.childcareaware.org/hubfs/2022-03-FallReport-FINAL%20\(1\).pdf?utm_campaign=Budget%20Reconciliation%20Fall%202021&utm_source=website&utm_content=22_demandingchange_pdf_update332022](https://info.childcareaware.org/hubfs/2022-03-FallReport-FINAL%20(1).pdf?utm_campaign=Budget%20Reconciliation%20Fall%202021&utm_source=website&utm_content=22_demandingchange_pdf_update332022)

^{XI}PolicyMap and Federal Reserve Bank of Philadelphia. (2020). The Real Cost of Home Repairs. Available here: <https://www.policymap.com/solutions/housing-quality>

^{XII}U.S. Department of Health & Human Services, Office of Inspector General. (2014). Child Care Providers: Compliance with State Health and Safety Requirements. Available here: <https://oig.hhs.gov/oas/child-care/>

^{XIII}Plumer. (2021). Climate Change is Making Storms Wetter and Wilder: Here's How. New York Times. Available here: <https://www.nytimes.com/live/2021/09/03/nyregion/nyc-flooding-ida/climate-change-is-making-storms-wetter-and-wilder-heres-how?smid=url-share>

^{XIV}Mission Driven Finance and National Children's Facilities Network [NCFN]. (2021). Child Care Next Door: Investing in Homes as Child Care Infrastructure. Available here: <https://www.ncfn.org/child-care-next-door>

^{XV}National Association for Family Child Care [NAFCC]. (n.d.). Family Child Care Research & Data. Available here: <https://nafcc.org/wp-content/uploads/2021/08/Family-child-care-research-data.pdf>

^{XVI}Sussman. (2022). Nurturing Space: The Ecology of Early Childhood Facilities. National Children's Facilities Network [NCFN]. Available here: <https://static1.squarespace.com/static/5e221ab388621f5c0aeb37e5/t/631b95of132df76977fde83e/1662752030382/Nurturing+Spaces+-+Sussman+2022>

^{XVII}Sandstrom & Huerta. (2013). The Negative Effects of Instability on Child Development: A Research Synthesis. Urban Institute. Available here: <https://www.urban.org/sites/default/files/publication/32706/412899-The-Negative-Effects-of-Instability-on-Child-Development-A-Research-Synthesis.PDF>

^{XVIII}Rice, Schmit & Matthews. (2019). Child Care and Housing: Big Expenses with Too Little Help Available. Center on Budget and Policy Priorities [CBPP] & Center for Law and Social Policy [CLASP]. Available here: <https://www.cbpp.org/research/housing/child-care-and-housing-big-expenses-with-too-little-help-available>

^{XIX}Bipartisan Policy Center [BPC]. (2021). The Economic Impact of America's Child Care Gap. Available here: https://bipartisanpolicy.org/download/?file=wp-content/uploads/2021/11/BPC-Economic-Impact-Report_R01-1.pdf

^{XX}Bovino & Gold. (2017). The Key to Unlocking US GDP Growth? Women. S&P Global. Inc. Available here: https://www.spglobal.com/_Media/Documents/03651.00_Women_at_Work_Doc.8.5x11-R4.pdf

^{XXI}Center for American Progress [CAP]. (2018). The Effects of Universal Preschool in Washington, DC. Available here: <https://www.americanprogress.org/article/effects-universal-preschool-washington-d-c/#:~:text=In%20the%20years%20since%20Washington,points%20attributable%20to%20preschool%20expansion>

^{XXII}Coley & Lombardi. (2013). Does Maternal Employment Following Childbirth Support or Inhibit Low-Income Children's Long-Term Development? Child Dev. 84(1): 178-197. Available here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3514555/>

^{XXIII}Bromer et al. (2021). Family Child Care Educators' Perspectives on Leaving, Staying, and Entering the Field. Erikson Institute. Available here: https://www.erikson.edu/wpcontent/uploads/2021/11/FCD_DeclineStudy_2021.pdf

^{XXIV}Haberle, Gayles, & Tegeler. (2012). Accessing Opportunity: Affirmative Marketing and Tenant Selection in the LIHTC and Other Housing Programs. Poverty & Race Research Action Council. Available here: <https://www.prrac.org/pdf/affirmativemarketing.pdf>

Appendix (cont'd)

endcode3

^{XXV} See Chapter 4 of the HUD Occupancy Handbook for more information: https://www.hud.gov/sites/documents/DOC_35647.PDF

^{XXVI} For example, see 2022 California county Income and Rent Limits published by the California Tax Credit Allocation Committee (CTCAC) here: <https://www.treasurer.ca.gov/ctcac/2022/supplemental.asp>

^{XXVII} See the Available Unit Rule under U.S. Code Section 42(g)(2)(D)(ii). Available here: <https://www.nahma.org/wp-content/uploads/files/member/Tax%20Credit/14-Available%20Unit%20Rule%2010-2009.pdf>

^{XXVIII} See details for Census Tract 6075060700. Chapple, Thomas, and Zuk. (2021). Urban Displacement Project website. Berkeley, CA: Urban Displacement Project. Available here: <https://www.urbandisplacement.org/maps/sf-bay-area-gentrification-and-displacement/>

^{XXIX} Wonderschool. (n.d.). What Types of Homes Can Qualify for a Family Child Care Home? Available here: <https://www.wonderschool.com/p/child-care-provider-resources/california-family-child-care-licensing-home-requirements/>

^{XXX} Fischer. (2018). Low-Income Housing Tax Credit Could Do More to Expand Opportunity for Poor Families. Center on Budget and Policy Priorities. Available here: <https://www.cbpp.org/research/housing/low-income-housing-tax-credit-could-do-more-to-expand-opportunity-for-poor>

^{XXXI} Hammond. (2021). Building Better for Families: Policy Strategies for the Co-Location of Early Care and Education Facilities and Affordable Housing. Low Income Investment Fund and National Children's Facilities Network. Available here: https://static1.squarespace.com/static/5e221ab388621f5c0aeb37e5/t/60be1d9c53bf365e4b9e2cf1/1623072163305/Building+Better+for+Families+May+2021_opt.pdf

^{XXXII} Child Care Law Center. (2020). Frequently Asked Questions: SB 234. Available here: <https://www.childcarelaw.org/wp-content/uploads/2022/02/SB-234-FAQ-English.pdf>

^{XXXIII} Susman-Stillman & Banghart. (2008). Demographics of Family, Friend, and Neighbor Child Care in the United States. National Center for Children in Poverty. Available here: <https://www.nccp.org/publication/demographics-of-family-friend-and-neighbor-child-care-in-the-united-states/>

^{XXXIV} National Center on Early Childhood Quality Assurance. (2022). What are Staffed Family Child Care Networks? Available here: https://childcareta.acf.hhs.gov/sites/default/files/public/what_are_staffed_family_child_care_networks.pdf

^{XXXV} Bromer et al. (2021). Family Child Care Educators' Perspectives on Leaving, Staying, and Entering the Field. Erikson Institute. Available here: https://www.erikson.edu/wpcontent/uploads/2021/11/FCD_DeclineStudy_2021.pdf

^{XXXVI} See 'Hale, Alabama.' County Health Rankings. (2022). Available here: <https://www.countyhealthrankings.org/app/alabama/2022/rankings/hale/county/outcomes/overall/snapshot>

^{XXXVII} See 'Alabama.' Bipartisan Policy Center. (2021). Child Care Gaps Assessment. Available here: <https://www.childcaregap.org/>

endcode4

^{XXXVIII} See § 3555.102. 'Loan restrictions.' Part 355 – Guaranteed Rural Housing Program. Available here: <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXV/part-3555>

^{XXXIX} CHS. 2022. The State of the Nation's Housing 2022. Available here: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2022.pdf

^{XL} JCHS. 2021. Improving America's Housing 2021. Available here: https://www.jchs.harvard.edu/sites/default/files/reports/files/harvard_jchs_improving_americas_housing_2021_1.pdf

^{XLI} Ibid

^{XLII} National Association of Home Builders [NAHB]. 2022. Building Materials Prices Start 2022 with 8% Increase. Available here: <https://www.nahb.org/blog/2022/04/building-materials-prices-start-2022-with-8-percent-increase>

^{XLIII} King et al. (2021). Preserving the Largest and Most At-Risk Supply of Affordable Housing. McKinsey & Company. Available here: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/preserving-the-largest-and-most-at-risk-supply-of-affordable-housing>

^{XLIV} U.S. Department of the Treasury. (2021). The Economics of Child Care Supply in the United States. Available here: <https://home.treasury.gov/system/files/136/The-Economics-of-Childcare-Supply-09-14-final.pdf>

^{XLV} National Center on Early Childhood Quality Assurance. (2019). Addressing the Decreasing Number of Family Child Care Providers in the United States. Available here: https://childcareta.acf.hhs.gov/sites/default/files/public/addressing_decreasing_fcc_providers_revised_final.pdf

^{XLVI} Dorazio. (2022). How FEMA Can Prioritize Equity in Disaster Recovery Assistance. Center for American Progress. Available here: <https://www.americanprogress.org/article/how-fema-can-prioritize-equity-in-disaster-recovery-assistance/>

^{XLVII} Ibid

^{XLVIII} Willis. (2020). Preserving Affordable Housing. Washington Post. Available here: https://www.washingtonpost.com/realestate/the-noah-conundrum-maintaining-the-lifeboat-for-affordable-rental-housing/2020/03/18/e3e18aa6-12ba-11ea-bf62-eadd5d11f559_story.html

^{XLIX} NOAH Impact Fund. (n.d.). What is NOAH? Available here: <https://noahimpactfund.com/impact-investing-affordable-housing-minnesota/what-is-noah/>