



Brion Economics INC.

Executive Summary

EARLY LEARNING FACILITIES STUDY – 2016

SAN MATEO COUNTY

Prepared for

San Mateo County Human Services Agency,
First 5 San Mateo County, and
Child Care Partnership Council of San Mateo County

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INTRODUCTION

San Mateo County Human Services Agency retained the Brion Economics Team to conduct a comprehensive countywide needs assessment study for early learning facilities (ELF) serving children ages 0 to 4 (infants, toddlers, and preschoolers). The study focuses on current conditions of existing facilities, interest in expansion from current providers, potential financing methods and cost of facilities, and roles for various stakeholders. The study targets current early learning providers operating in the County, municipalities, companies, and organizations that may have space for new early learning programs. This work was conducted between December 2015 and February 2017.

Overall, the following analysis and research was conducted for this effort:

1. **Countywide ELF Needs Assessment** by City and by community area, as of 2015 and 2025, based on ABAG *Projections 13*.
2. **Online Surveys of Existing Child Care Providers and Countywide Stakeholders** that have facilities or land that could be used for facilities, to identify opportunities and constraints regarding ELFs.
3. **Evaluation of Seven Potential ELF Sites** identified in surveys and using other research by the team, including site visits and interviews with current owners, agency staff, and other interested parties.
4. **ELF Financing Strategy**, including facility cost estimates by type of center for current and future shortfalls, an analysis of potential funding mechanisms, and recommendations.

A full list of the memoranda and other documents prepared for this study is provided at the end of this executive summary. Copies of the study documents are listed at the end of this document and summarized here. They can be viewed online and downloaded here: www.smcoe.org/elfnar

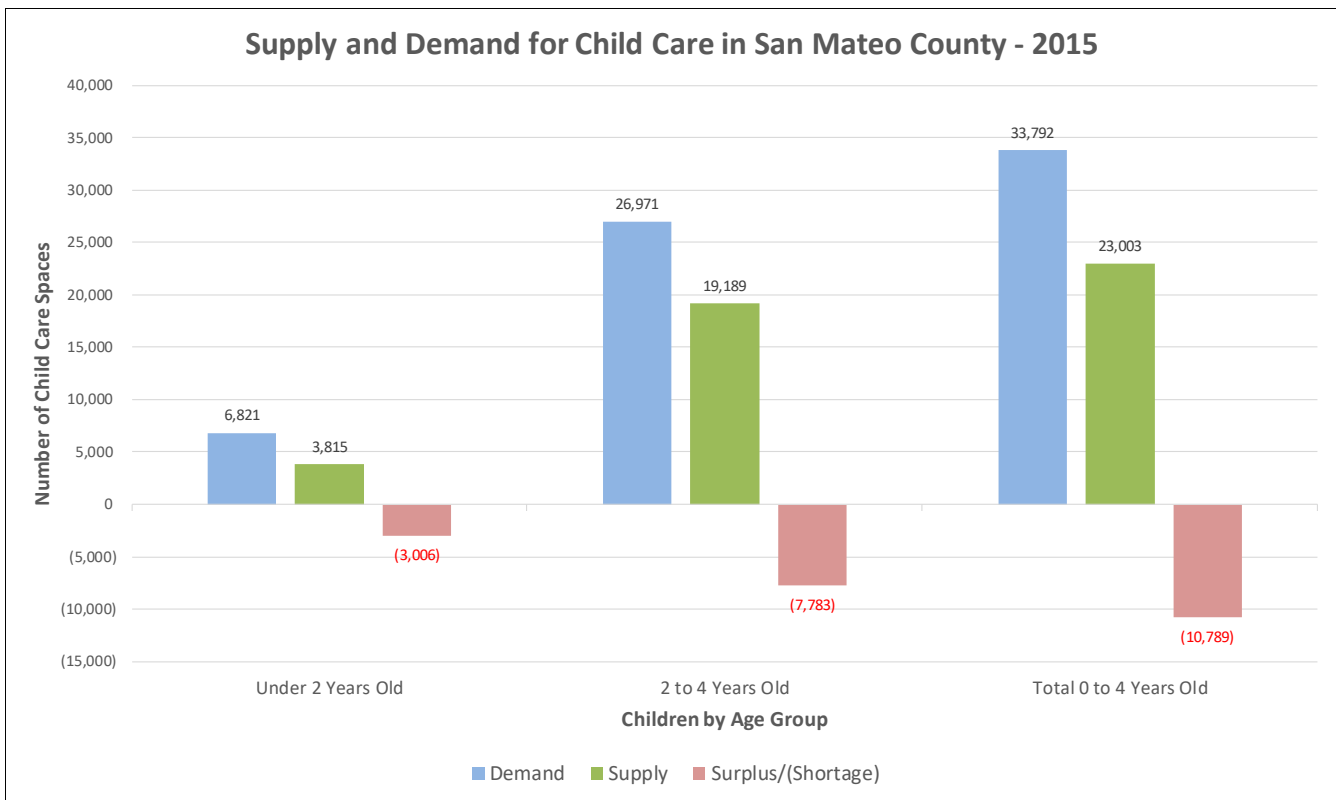
SUMMARY OF FINDINGS

1. COUNTYWIDE ELF NEEDS ASSESSMENT

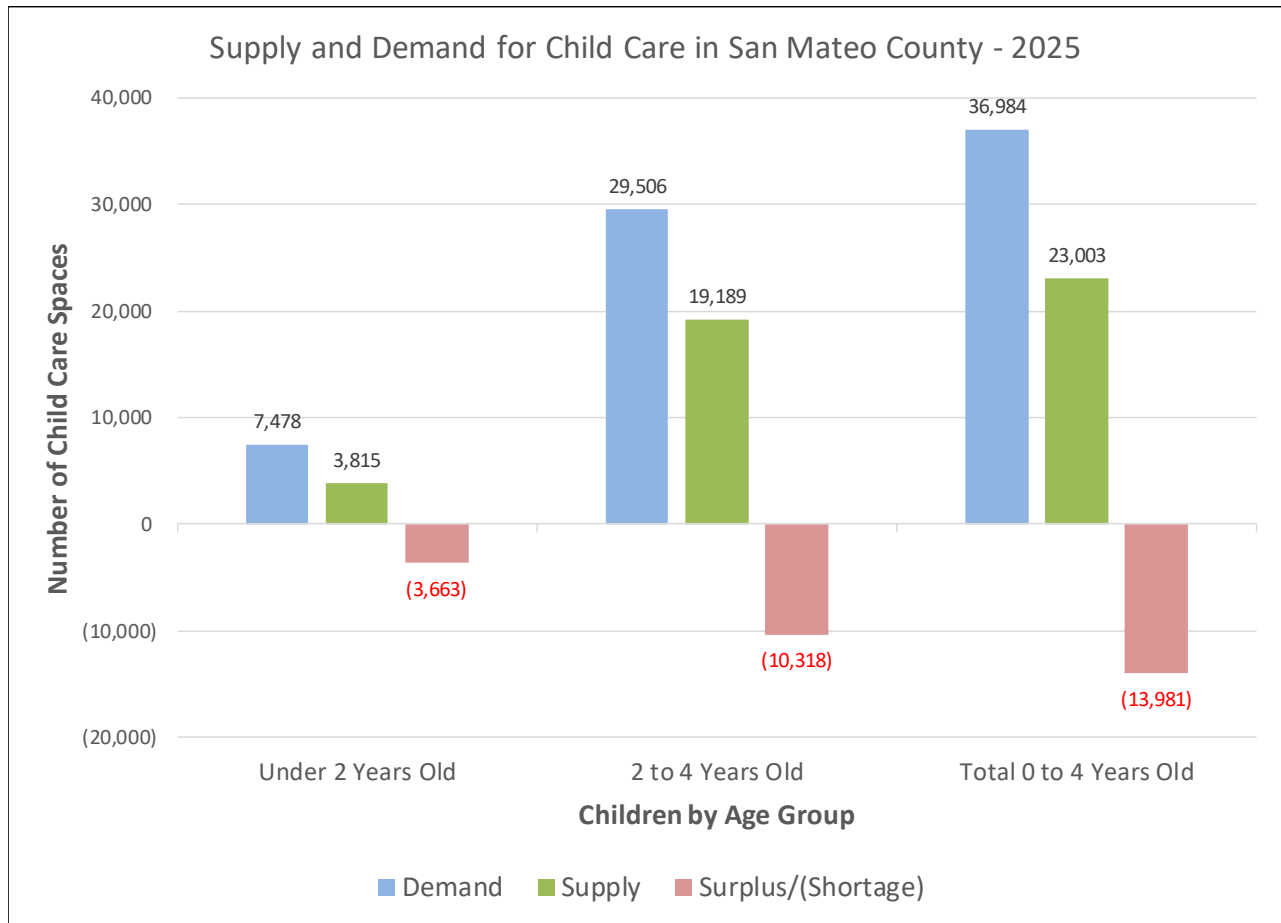
- **Demographics:** In 2015, there were an estimated 47,700 children ages birth to four-years-old in San Mateo County. Overall, 33,800 or 71% of those children require licensed or license-exempt care, based on labor force participation rates and demand factors.

- **Current ELF Shortfall:** In San Mateo County, there is currently a shortage of 3,000 infant spaces and almost 7,800 preschool spaces. Overall, 68% of demand across both age groups is currently met.¹
- **Future Demographics:** Overall, San Mateo County will see an increase in population of 60,200 residents between 2015 and 2025 for a total of 805,600 in 2025. For children birth to four-years-old, there will be an increase of 4,400 for a total of 52,100.
- **Future ELF Demand:** By 2025, it is estimated that the demand for infant spaces will be 7,500 and demand for preschool spaces will be 29,500. Based on the current supply of spaces, 62% of demand will be met, leaving a shortfall of almost 14,000 spaces overall.
- **Net New ELF Demand:** Between 2015 and 2025, there will be an increase in demand totaling 3,200 spaces, or a 9.4 % increase. About 77% of these spaces are assumed to be met by formal center-based facilities; the remainder, by family child care homes.

The following charts summarize current and future ELF supply and demand conditions.



¹ Demand for or shortage of infant and preschool spaces refers to licensed or license-exempt spaces.



Methodology

- Population:** Population estimates for cities, and San Mateo County as a whole, were based on U.S. Census data from 2010 and ABAG *Projections 2013*. Census data was used to estimate the number of children by age, based on the population breakdown in 2010 (most recent data available). This breakdown was then applied to current population estimates from ABAG's *Projections 2013* for jurisdictions and their spheres of influence.
- Demand:** Demand for child care varies by age. For infants (up to 2 years old), it is assumed that 37% of infants with working parents² demand licensed child care. For preschool, it is assumed that 75% of two year olds with working parents require licensed child care spaces. The analysis assumes that 100% of three- and four-year-olds, regardless of their parents' working status, require child care. This is in support of the County's overall policy to promote Universal Preschool.

² The definition of working parents is based on labor force participation rates from the U.S. Census. It includes two working parents or a one-parent household in which the parent works.

2. ONLINE SURVEYS OF EXISTING PROVIDERS AND STAKEHOLDERS

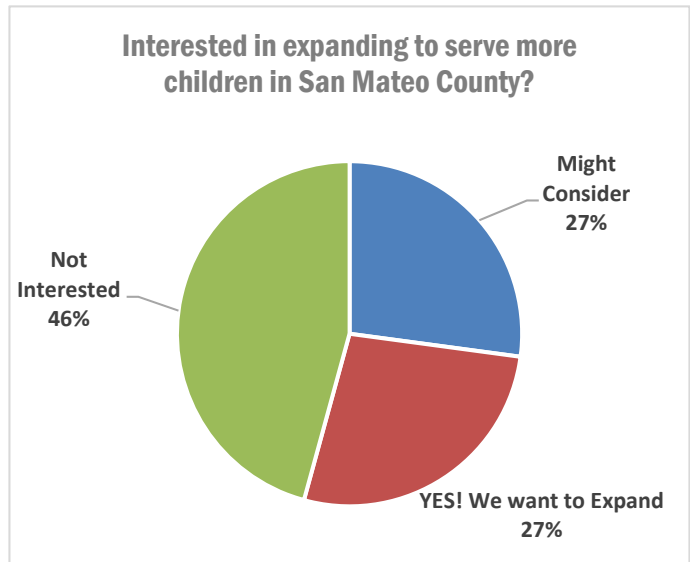
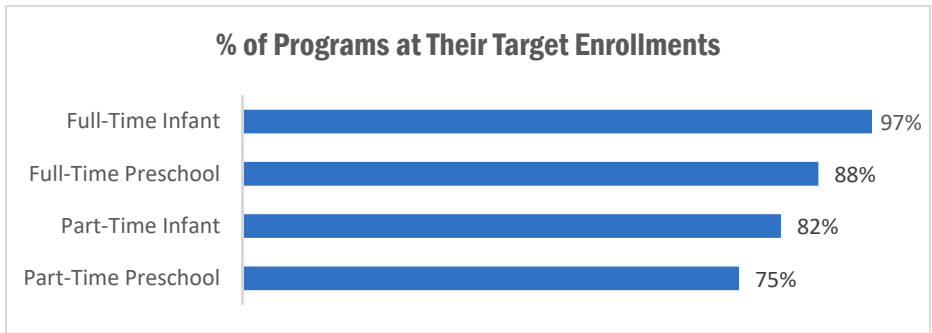
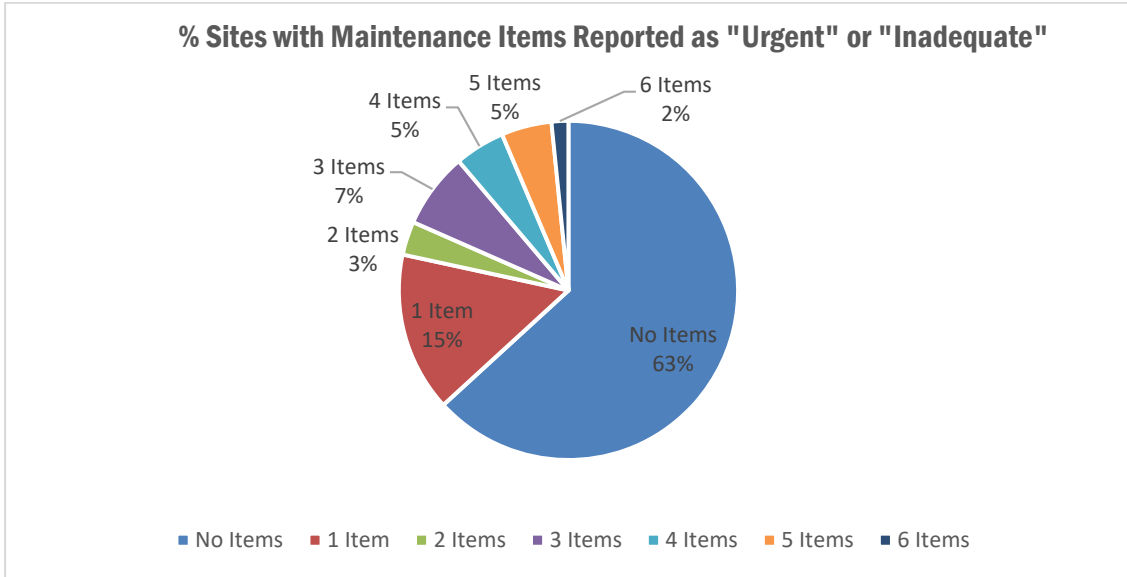
Provider Survey

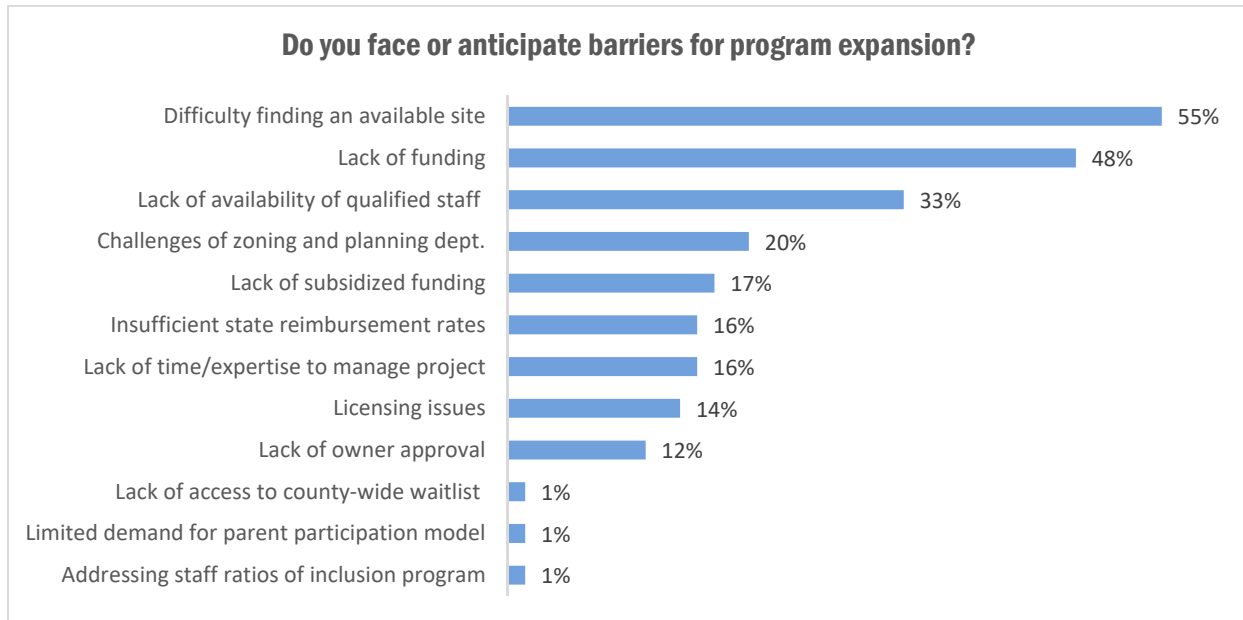
The Davis Consultant Network, Brion Economics, and the San Mateo County Early Learning Facilities Needs Assessment Committee developed an online survey of licensed or license-exempt early education and child care centers serving children ages 0 to 5 years. The goal was to understand the status of their facilities, program demand and supply, and providers' interest in program expansion. There was an initial survey and a follow-up survey for multi-site administrators.

- A total of 232 site administrators representing 330 child care and preschool programs were invited to participate.
- Between March 24, 2016 and April 21, 2016, 121 administrators (52% of those contacted) initiated the survey, reporting for a total of 154 unique licensed or license-exempt early learning locations³ in San Mateo County.
- The reported sites served 1,080 children under age two and 8,467 children ages 2-5 for a total of 9,547 child care spaces reported (54% of the total licensed and license-exempt spaces in San Mateo County).
- The average number of years of operation at the current site was 25 years, with responses ranging from 4 months to 77 years.
- Half of providers own their own building, with an average ownership tenure of 30 years.
- Facility locations consist of: faith-based sites (29%), school district campuses (23%), converted commercial buildings (16%), converted residential buildings (16%), city owned facilities (11%), and a few sites built specifically for childcare (4%) or as an adjunct to an apartment building (3%).
- Of the 63 providers which rent their facilities:
 - 11 sites anticipate issues renewing their lease or know they will have to relocate;
 - 4 reported that increased rents were forcing them out of their current location; and
 - 2 reported that their hosting school districts were no longer offering space.

The following charts provide highlights of the Provider Survey results.

³ Some multi-site administrators or those with separate licenses for their infant/toddler and preschool programs aggregated their responses.





Stakeholder Survey

The purpose of the stakeholder survey was to build awareness of the shortage of child care in San Mateo County; to understand existing strategies in place to address the shortage; to obtain perceptions of where responsibilities lie; and to identify real properties with potential to house early learning programs. The survey was open from May 23 to July 18, 2016.

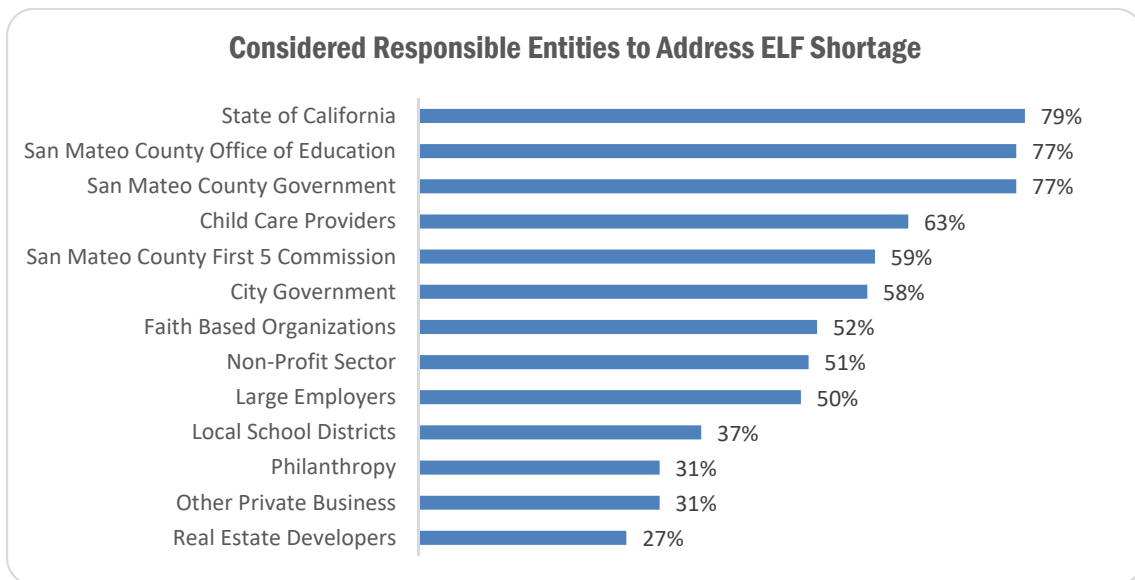
The initial email lists were developed to include community informants from the following sectors: faith-based; education; local government; non-profit; real estate developers; other business; and interested community members. A total of 527 email addresses were assembled through community networks, personal contacts, and web searches. In addition, four web collectors were used which generated an additional 41 responses, including a general public link, social media links, a San Mateo County Economic Development Associate link, and a San Mateo County Office of Education link. Responses were collected from: representatives of 80% of the county municipalities and from the County of San Mateo; 29 faith-based organizations; 22 school districts; two real estate developers; and over two dozen non-profits or non-affiliated organizations.

Survey Findings

- Local Government's** role in land use planning and permitting makes it instrumental in the development of new facilities and offers potential funding and policy strategies to address early learning facilities shortages. Early policy implementers include: Redwood City, which offers incentives to businesses and multi-family housing developers; and both San Mateo and South San Francisco, which have child care development impact fees. These cities have also

addressed child care in their general plans. Naturally, these policies are only helpful when implemented, which requires ongoing leadership. Representatives from over half of the responding local governments thought they would be likely to participate in a county-wide ELF task force.

- **Faith-Based Organizations** have been and are likely to continue to be a significant host of early learning programs. They own their own facilities and have complementary facility uses. They are a willing partner, but have budgetary constraints that prevent them from fully addressing building upgrades and expansion related to meeting city and State child care licensing codes. Creative solutions to support faith-based sites should be developed.
- **School Districts** remain a strategic partner. Even though school districts must prioritize facility use for their TK-12 programs, representatives from half of the districts thought there were possible facilities or land which could be made available for early learning programs.
- **Real Estate Developers** have concerns about meeting the various child care regulatory requirements and seek incentives to include early learning facilities in their projects.
- **Leadership** that is cross-jurisdictional and from multiple sectors will be needed. There is some optimism for a collaborative task force to develop funding strategies for early learning facilities in San Mateo County and an opportunity to educate policy makers and community leaders about specific funding mechanisms. It is clear to local leaders that multi-sector approaches are needed to address early learning facilities shortages in San Mateo County.



3. EVALUATION OF SEVEN POTENTIAL ELF SITES

During the months of August and September 2016, the BEI team reached out to individuals who responded to the *San Mateo County Early Learning Facilities Stakeholder Survey* and *Provider Survey*, both of which were conducted earlier in the year. This outreach resulted in the identification of 19 possible sites that could be developed with a new early learning facility. These sites were investigated further; the team and study committee members ranked these sites and identified seven sites for additional assessment. The 19 sites included:

**Ranking of Potential Sites for New Child Care Centers
 San Mateo Countywide ELF Study - 2016**

No.	Name	City	Location	Strong	Medium	Low
1	Oddstad School	Pacifica	Coast	X		
2	Cabrillo USD	Half Moon Bay	Coast	X		
3	Heather Dog Park	San Carlos	Mid Co			X
4	Arundel	San Carlos	Mid Co		X	
5	Transfiguration Episcopal	San Mateo	Mid Co			X
6	1st Presbyterian Church	San Mateo	Mid Co	X		
7	Peninsula Sinai Cong.	Foster City	Mid Co			X
8	Belmont-RW Shores SD	Belmont-Redwood Shores	Mid Co			X
9	487 Seaport Ct	Redwood City	Mid Co	X		
10	Redwood Baptist Church	Redwood City	Mid Co			X
11	Canada College	Redwood City	Mid Co			X
12	St Elizabeth's Episcopal	South San Francisco	No Co			X
13	St Andrew's Episcopal	San Bruno	No Co			X
14	Jefferson Elementary SD	Daly City	No Co	X		
15	Midway Village	Daly City	No Co	X		
16	Pescadero HS Campus	Pescadero	So Co		X	
17	Fair Oaks Center	Menlo Park	So Co	X		
18	Creative Montessori	East Palo Alto	So Co			X
19	Ravenswook City SD	East Palo Alto	So Co		X	
	Count			6	4	9

Sources: Brion Economics, Inc.

Several criteria were used to choose the seven sites, including:

- Location in the County;
- Ranking in terms of local need, or unmet demand;
- Type of agency or owner, e.g., school district, faith-based organization, etc.;

- General interest or enthusiasm of contact individuals;
- Need for major land use and other permit changes; and
- Local knowledge of the site, its' history and prior use.

The consultant team and study committee members discussed each site and prepared a detailed discussion of each site, including its strengths and challenges, and selected the seven sites, based on this analysis. The selected sites, the findings and cost estimates for each site are presented below. This represents the consultant team's assessment of what could be developed at each site, including cost estimates; it does not necessarily represent what may happen on each site.

Summary of Potential ELF Capacity

The follow represents our findings regarding potential development of new ELF capacity at each site.

1. Daniel Webster Elementary School, Daly City

This site has potential for a child care center serving 124 children, including infants, toddlers, and preschoolers. The Superintendent of the Jefferson School District understands the current and future need for early childhood facilities in Daly City. Although the district currently runs a preschool program for 3- and 4-year-olds, there is an additional 1 acre that could be available for infant and additional preschool slots. It is important to the Superintendent that the facility's design compliments the exterior of the existing school building; a facility comprised of multiple portables with a unifying façade would be most cost-effective. Based on very general cost estimates, this site is expected to cost at least \$3.1 million or \$25,400 per child care slot, excluding outdoor play yards, site work, and infrastructure needs.⁴

2. Fair Oaks Center at St. Anthony's Church, Menlo Park

The Institute for Human and Social Development (IHSD) currently leases land from St. Anthony's Church and has three portable buildings that provide care for 60 children through their Head Start program. They would like to expand to serve an additional 40 children. The new classrooms would need to fit on currently leased land, as no additional land is available to lease. The most cost-effective way to increase capacity would be to add a new 2-classroom portable building in one of the current outdoor yards. The cost would be approximately \$1.0 million or \$25,400 per space, excluding site work and the replacement/reconfiguration of the existing outdoor yards.

⁴ Overall site work includes water and sewer lines and connections, storm drainage, access such as parking or driveway repairs, and landscaping, all of which must be evaluated by a civil engineer. Outdoor space costs can vary from \$15 to \$25 per sqft or more, depending on site conditions. Outdoor space can be created at minimal cost with fencing, play structures, and lighting but can also require site work such as drainage and landscaping.

3. Midway Village, Daly City

Midway Village is an affordable housing development operated by San Mateo County's Housing Authority. Peninsula Family Service currently runs a child care center on the site, housed in deteriorating portables. Beginning in 2017, the Housing Authority will begin a multi-year plan to rebuild all of the housing on the site, including a shell for a new child care facility. Peninsula Family Service is very interested in expanding the number of children served at this location. They currently serve 108 children in the new facility and would like to serve 124. The warm shell is assumed to be provided by the county as part of the housing project renovations. The tenant improvements for the child care center are estimated at \$3.9 million or \$31,000 per space, excluding outdoor yards.

4. First Presbyterian Church, San Mateo

First Presbyterian Church has underutilized space and support from the parish to lease space to a third party to operate a full-time child care program. They currently run an infant, toddler, and preschool program one day a week for less than four hours. As such, it is not required to meet full-day licensing standards. In order to license this space for full-day child care, it will need to meet additional State licensing requirements and current fire codes. Because the building is older, bringing the space to current code requirements would be costly. In addition, operating a full-day childcare program would require a Special Use Permit due to zoning, which can be difficult to obtain. There are two options worth noting that could work. There are at least 3 possible options for this site. Option 1 would be a center for 10 infants/toddlers and 15 preschoolers. Option 2 would serve 10 infants/toddlers and 39 preschool children. The costs for Option 1, with 25 children, range from \$256,400 to \$775,800 depending on the amount of work required and the specific building code requirements that need to be met. For Option 2, with 49 children, it would cost approximately \$2.0 million or \$41,800 per space.

5. Cañada College, Redwood City

Building 22 on the Cañada Community College campus was built as an early learning facility in 2002 but was never used for child care. Instead it was turned into college classrooms and offices. The College is now interested in converting it back to its original intended child care use as the College's Child Study Lab, which could serve 84 children. It is estimated that it will cost \$2.6 million or \$31,000 per slot to renovate the building to serve as the Child Study Lab.

6. Various Sites, Cabrillo Unified School District

Based on survey responses and an initial phone interview, Cabrillo Unified School District stated that they had some empty lots in El Granada and some potential sites in Half Moon Bay that could serve as potential early learning facilities if there was demonstrated need and funding available. The one site that was evaluated would require the relocation of

school district offices; however, there is no apparent location for this office space. Thus this site was eliminated from further assessment. The other sites are in locations where there is not sufficient demand.

7. Oddstad School Site, Pacifica

Pacifica Unified School District hired a consulting firm in 2016 to work on developing a proposal for workforce housing on the vacant Oddstad Elementary School site. At the time of our initial conversation with the district in August 2016, the superintendent stated that the consultant had two upcoming community meetings in the fall, and that incorporating child care on the site could be a possibility. However, when we followed up in November 2016, the plan review for workforce housing had been approved by the school district board and an RFP had been released for a developer. While it is possible that some portion of the site could be set aside for a child care center, district staff seemed focused on housing for this site.

Cost Estimates for Potential ELF Case Study Sites

Site	Jurisdiction	Facility Type	Type of Development/ Construction	Estimated Number of Slots	Estimated Cost Per Slot	Estimated Total Cost in Millions
1. Daniel Webster Elementary School	Daly City	School District Site	Portables	124	\$25,400	\$3.1
2. Fair Oaks Center at St. Anthony's Church	Menlo Park	Faith Based Organization	Portables	40	\$25,400	\$1.0
3. Midway Village	Daly City	Affordable Housing Development	Warm Shell & TIs	124	\$31,000	\$3.9
4. First Presbyterian Church	San Mateo	Faith Based Organization	Remodel with options	49	\$41,800	\$2.0
5. Cañada College	Redwood City	Community College Campus	Remodel	84	\$30,700	\$2.6

Overall Lessons Learned from Site Assessments

- **Cost and Funding:** Most organizations do not have available resources to fund the development of child care centers. While there are potential sites, those contacted do not have the resources to build new child care facilities or classrooms, although they are very interested and positive about the prospects.
- **Building Codes:** Many sites that are potentially available are older buildings and may trigger building code upgrades, which can be costly. Upgrades can include emergency access, disabled access, and/or general building code changes from the last 20-plus years.

- **Zoning and Permits:** Some sites will need some sort of zoning change, change of use permit, or a new conditional use permit (CUP) or special use permit.⁵ These entitlements are expensive, time consuming, and are not guaranteed. Neighborhood opposition can be strong due to parking, traffic, and noise concerns, even when the site would be ideal.
- **Licensing:** Some sites may require Community Care Licensing waivers for outdoor space requirements, etc.
- **Multiple parties and approvals:** Most sites will require multiple city approvals and permits, which make child care, with its very low profit margin, challenging to develop.
- **Lack of Available Land:** Given the need for affordable housing and housing in general, finding sites for child care has proven very difficult. San Mateo County is in the heart of the high-tech economy. Demand for market rate housing and office development is strong and prices child care out of the market.
- **School Districts and Faith-Based Organizations:** These two entities appear to be the most readily available organizations to provide new child care facilities. Both entities have either building space or land available to support child care. Their missions and values also align with the provision of child care and early learning.
- **Interest and Need:** In all cases, people we contacted for this study felt there was a need for additional child care, regardless of the location. People were interested in figuring out how they could help but were not always sure who would pay for new facilities.
- **Challenges:** There are multiple challenges facing the child care industry that are widely understood by providers and agencies supporting child care, but not necessarily commonly known in the broader planning and policy world. The cost of development and land relative to the income generated by child care renders it financially infeasible in a hot real estate market such as San Mateo County. On top of cost, there are issues including NIMBYism, planning and building code requirements, licensing issues, fire and access issues, etc., all of which combined can make putting together a new child care center project a daunting prospect. Our research bears out these issues.

⁵ Each city may have a different label for a change of use, conditional use, or special use permit; these are basically required when the zoning allows for a use but under certain conditions or discretionary review by the city staff and decision makers. In this study, we use the term Conditional Use Permit or CUP to refer to all of these possible permits.

4. ELF FINANCING STRATEGY

This portion of the study evaluated different financing strategies that can be utilized to help fund the development of early learning facilities in the County to alleviate the current and future shortage of licensed child care spaces. Given the high costs of land and construction, combined with the low profit margins associated with the child care industry, providing quality licensed care is a challenge faced by communities throughout California. Understanding different financial mechanisms that can help offset costs is important in trying to create additional licensed spaces in early learning facilities. The costs presented below assume 100% public financing is used; in reality, some private funding and projects will occur and total costs will be less.

This study evaluates possible funding mechanisms and solutions that could be utilized to meet the unmet need for new child care facilities in San Mateo County. There are many combinations of mechanisms that could be employed to meet existing shortfalls in the county and future growth through 2025. Each city could adopt a different approach or the cities could partner with the County and prepare a Countywide Developer Fee Nexus study similar to the one recently prepared in the County for Affordable Housing. For this analysis, the following qualifications should be kept in mind:

- The study takes a “worst-case” approach and assumes all unmet demand is met by some sort of public funding mechanism, countywide. Actual costs will be less.
- Some child care will be provided by the private sector and employers, and thus the unmet need will be less.
- Some child care center projects may cost less, due to individual circumstances.
- If more “pay-as-you-go” methods are used, financing costs and bond issuance costs will be less.
- Some mechanisms such as community benefit programs or foundation funding could be utilized, which would reduce costs.
- If cities and the County were to reduce the land use and building barriers to developing child care, this could also reduce costs.
- The cost estimates are based on real project costs for various recent child care center projects (by type), adjusted for inflation. Actual costs may vary, and land costs are excluded.

The average cost per child care space in San Mateo County varies depending on the type of construction project. The need for new spaces is broken down as follows with these average costs per space by building type:

- 40% - New building construction – Average cost \$43,183 per space
- 20% - New or existing commercial space – Average cost \$53,800 per space
- 15% - Expanding existing centers – Average cost \$37,003 per space
- 20% - Portable buildings – Average cost \$25,412 per space
- 5% - Employer-based centers – Average cost \$41,033 per space

How many children are served with 1 new space?

- Average \$40,717 per space
- 30-year life
- Attendance - 4 years per child
- 7.5 children served over 30 years
- Average cost per child: \$5,429

Of the total shortfall and future growth, 73% is assumed to be provided in formal child care center-based care; the remainder would be provided in licensed Family Child Care Homes.

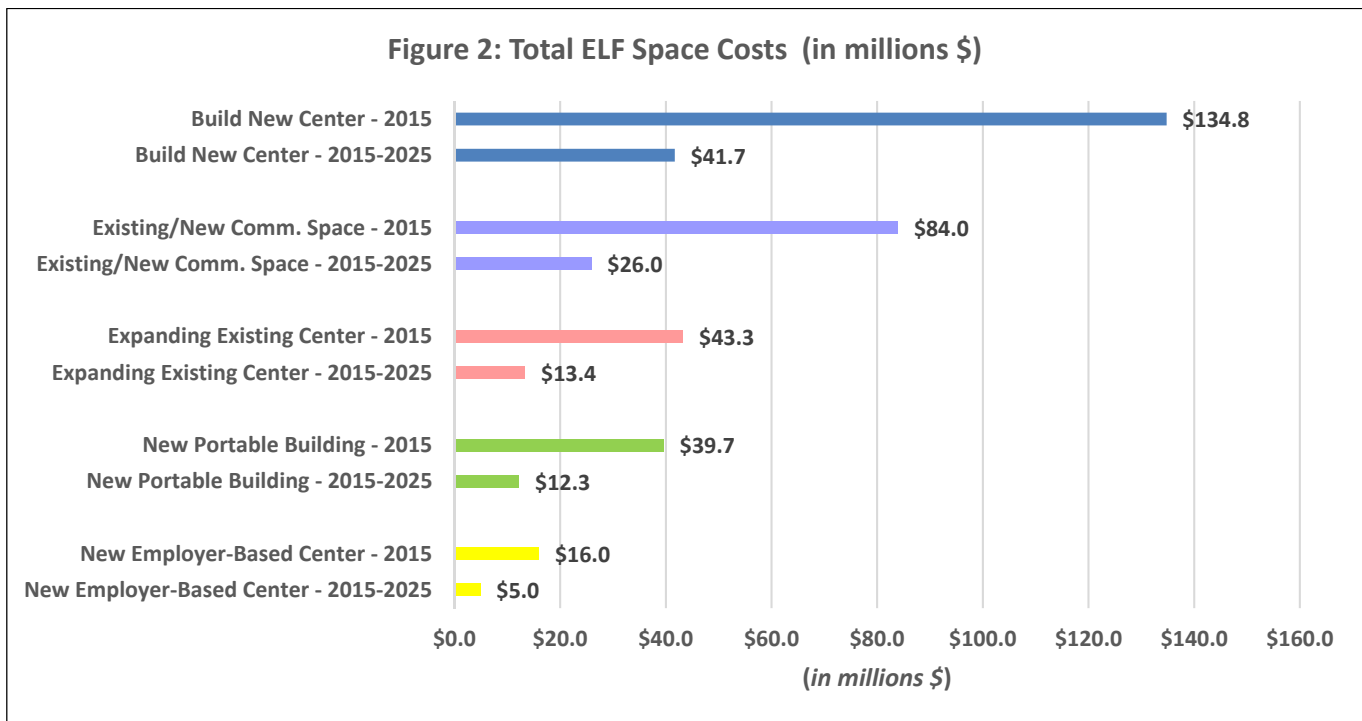
Funding required to cover expansion to meet existing need is estimated at \$327.2 million, and to cover future need is \$101.2 million (including administrative costs). The overall average cost for all types of spaces is \$40,717 based on the distribution above. The total cost of existing shortfalls and future need by type of building or child care is summarized below. In total, it would cost approximately \$428.4 million to meet the unmet demand, including 3% administrative costs.

The following mechanisms or methods are considered:

- Sales Tax Add-Ons – which require two-thirds voter approval
- Parcel Taxes – which require two-thirds voter approval
- Developer Impact Fees – which require a nexus study and city or County adoption
- Employer-Based Care – privately funded
- Grants and Foundations – charity based
- State Child Care Facilities Revolving Fund – no-interest loans to Providers with contracts with the California Department of Education to provide subsidized child care
- Community Benefits Programs (CBP) – new development – optional for developers⁶

⁶ Not all cities have CBPs and it is often optional for developers to participate in these programs.

- Development Agreements – new development – optional for developers⁷



Each of these approaches is unique and requires distinct actions or conditions. For some, it is not possible to estimate how many spaces could be developed. For this analysis, we assume that public finance mechanisms are used, including the first three listed above. In reality, some of these other methods would be used and publically funded costs would be less.

Sales Tax Add-Ons and Parcel Taxes would require the County or city to issue revenue bonds, which have high interest costs and issuance costs. However, they are a common way for local government to fund public facility needs. Under State law, developer impact fees can only be used for new development and cannot fund existing shortfalls. The following cost distribution is assumed:

- Sales Tax Add-Ons – 75% of existing shortfalls
- Parcel Tax – 25% of existing shortfalls
- Developer Impact Fees – 100% of new growth’s demand

In conclusion, there are many possible combinations of mechanisms that could be used to fund child care. This analysis presents one possible combination at the county level. Individual cities may choose to use other methods or combinations. For instance, a city could choose to use just a

⁷ Not all projects warrant a Development Agreement and it is voluntary; normally only large projects that will be built over a long period of time have a DA.

parcel tax for existing shortfalls and a developer impact fee for costs associated with new growth. The key purpose of this analysis is to start to frame the possible financing tools that can be applied to fund the significant need for child care that exists in San Mateo County currently, and which will only increase over time.

Potential Funding Strategy by Source (in millions)
San Mateo Countywide ELF Study - 2016

Development/Method	Child Care Spaces Needed	Cost of New Spaces	Funding Mechanism			Total Funding
			Sales Tax	Parcel Tax	Impact Fee	
Existing Development	7,802	\$327.2				
Percent Funding			75%	25%	0%	100%
Sales Tax Rate or Assessment/Parcel Funding			0.25%	\$42		
			\$245.4	\$81.8	\$0	\$327.2
New Development	2,414	\$101.2				
Residential Impact Fee					100%	100%
Impact Fee/New Unit Funding					\$4,658	
					\$101.2	\$101.2
Total Need & Funding	10,216	\$428.4	\$245.4	\$81.8	\$101.2	\$428.4
Percent of Need			57%	19%	24%	100%
Total Finance & Adm Costs			\$263.38	\$88.0	\$2.9	\$354.3
Total Costs/Financing			\$508.8	\$169.8	\$104.2	\$782.8

Sources: Brion Economics, Inc.

This study presents a comprehensive cost estimate and assumes public financing of all existing need, and future need over the next 10 years. In reality, other methods and funding mechanisms may be employed to meet the existing and future demand for child care. These include employer-based and financed care, low or no-interest loans from the State, grants or other foundation funding, private child care funding, school district funding and other development contributions through CBPs and DAs. The purpose of this analysis is to show the totality of the need and costs, and to demonstrate that if the County and cities were to employ these three common funding mechanisms, it is possible to fund child care. And in addition, none of the mechanisms represent a huge burden. To summarize, the funding mechanisms would result in the following rates:

- **Countywide Sales Tax Add-On** – average of \$96 per household per year⁸
- **Countywide Parcel Tax** – \$42 per residential parcel⁹

⁸ This rate would be less because businesses and visitors generate sales tax as well, which would go towards the funding of child care.

⁹ This rate could be less as well, as the costs could be spread over commercial properties.

- **Countywide Development Impact Fee** – about \$4,600 per residential unit.

The County could decide to use one of these mechanisms or adopt policy to fund 50% of need or some reduced amount, with the assumption that others will step in to fund the rest. It is difficult to predict how many spaces would be provided with the many mechanisms and funding sources discussed in this memo, but we illustrate that there are ample methods available.

RECOMMENDATIONS

This study has identified a number of issues and challenges facing the ELF industry in San Mateo County. Most of these challenges are not new and have been identified in prior studies and research. What are the impacts of the growth in San Mateo County on the ELF industry, and the demand for land for new office and residential development? Land and space are at a premium and scarce. In the course of this study, at least 6 child care providers went out of business, some due to significant increases in rental rates, or the loss of their lease. However, the study also identifies several sites that are strong candidates for new ELF centers. Our recommendations are as follows:

- **Advocacy:** A coalition of individuals, organizations and agencies should be formed to continue to lobby for ELF funding and ELF-friendly policies, including land use and development policies. The Silicon Valley Community Foundation has started a similar process with their ELF Task Force.
- **Cities:** This study identifies the child care needs and future demand for each study in a series of profiles. This information should be shared with each City's City Manager, and with their planning commissions and city councils. Communicating the need and challenges faced by child care providers is an important step. Cities have the ability to change permitting processes and requirements, adopt local funding mechanisms, and integrate child care into their capital improvement planning.
- **County-wide Funding Measures:** A "grand nexus" study for child care could be prepared and used as a model for cities to adopt a child care development impact fee program. This has been a successful approach with affordable housing in the County.
- **Larger Employers:** Outreach to and education of large employers should be undertaken to encourage them to provide child care for their employees. Many of the larger companies have the financial capacity, land, and building space to meet some of the needs of their employees and to provide additional spaces for the community, particularly for low-income residents.
- **Partnering with School Districts and Faith-Based Organizations.** These two entities have the most interest and ability to provide new ELF spaces, and centers. School districts in particular have the most land available. The community college district is also interested in providing

child care. Several strong potential sites have been identified in the Site Assessments. Follow up with these sites should be undertaken by the County to ensure new ELF centers are developed.

- **New Development.** Community Benefit Programs and Development Agreements for larger projects are an excellent way to garner resources for new ELF centers. Developer impact fees are also preferred by developers as they are a simple and straightforward way for them to meet their requirements.
- **Zoning and Permits:** These two issues continue to be a major hurdle for ELF providers. Providers do not have the resources to weather a long and involved public review process. Nor can they afford costly permit fees. Streamlining the approval process can significantly reduce the development costs of new ELF centers. Waiving or reducing permit fees for child care would be a significant benefit that is easy for the County and cities to implement. In addition, it sends a message that child care is a valued community service and economic benefit.

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Study Committee Members – This group oversaw the entire project on behalf of their departments or agencies.

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¹⁰ Sarah Kinahan is now an independent child care consultant.

LIST OF DOCUMENTS PREPARED FOR STUDY

The following documents were prepared for this effort by the Brion Economics Team.

1. *Final San Mateo County Child Care Needs Assessment – 2015 and 2025 – Supply and Demand Analysis*, June 12, 2016

[http://www.smcoe.org/assets/files/learning-and-leadership/early-learning/Facilities/2513-Final%20SMC%20NA%20Report%20and%20Tables-June%202016\[1\].pdf](http://www.smcoe.org/assets/files/learning-and-leadership/early-learning/Facilities/2513-Final%20SMC%20NA%20Report%20and%20Tables-June%202016[1].pdf)

2. *San Mateo County Early Learning Provider Facilities Survey Findings*, June 2016

<http://www.smcoe.org/assets/files/learning-and-leadership/early-learning/Facilities/Early%20Learning%20Provider%20Facilities%20Survey%20Findings%20June%202016%20Final.pdf>

3. *San Mateo County Early Learning Facilities Stakeholder Survey Findings*, September 2016

<http://www.smcoe.org/assets/files/learning-and-leadership/early-learning/Facilities/Final%20Stakeholder%20ELF%20Stakeholder%20Survey%20Findings.pdf>

4. *Early Learning Facilities – Seven Site Assessments*, February 2017

Link to come

5. *Early Learning Facilities Financing Strategy for San Mateo County*, February 2017

Link to come

6. *GIS Maps of Supply and Demand by Location*

Link to come