



LSC

BUILDING INNOVATION FOR CHILD CARE (BIC)

Policy Recommendations Report

COMMUNITY-INTEGRATED CHILD CARE CO-LOCATION FOUNDATIONS FOR SUCCESS

Child care co-location refers to the integration of child care facilities with commercial, residential, and community spaces. This report advocates for an enhanced definition of **community-integrated child care co-location that goes beyond mere proximity to support the holistic development of communities and embraces a promising opportunity for intertwining child care supply building with community and economic development.**

The report examines the foundational elements required for successful child care co-location projects, identifying opportunities and strategies for effective integration. In doing so, it underscores the essential role of partnerships in ensuring that child care facilities meet community needs while seeking operational sustainability. With a focus on best practices and opportunities, this report also highlights the challenges faced by child care providers and community development partners in implementing co-location projects, concluding with recommendations for the supportive policies needed to fully realize the potential of community-integrated co-location.

BACKGROUND

To understand the opportunity of co-location, it is essential to recognize the challenges within the current child care landscape. It is well established that the United States is experiencing a critical shortage of licensed child care. This shortage undermines workforce participation, family well-being, and access for under-resourced communities. Child care sustainability is challenged by a broken business model, with the true cost of providing care far exceeding what families can pay and providers facing structural barriers to expansion and access to capital.

Shortages have been exacerbated in the last few years, increasing the need for investments in child care supply building. The development of child care infrastructure in the form of spaces that are healthy, safe, and conducive to responsive and supportive care is a critical component of expanding access.

Community-integrated co-location offers a potential solution by embedding child care within broader community and economic development. This model not only leverages economies of scale and resource sharing to increase access to child care but also aligns with good planning practices by engaging with the community to locate critical and responsive services where they are most accessible to residents' homes or workplaces.

It is the potential of this opportunity that led Local Initiative Support Corporation (LISC) to the creation of the Building Innovation for Child Care (BIC) program. BIC funds and coordinates a cohort of 19 project teams from across the country. It seeks to explore how co-location can integrate childcare into

the fabric of a community and push the boundaries of how child care space has historically been thought of and developed, encompassing co-location not just with affordable housing, but also with community spaces, health services, transitional housing, workforce training, and other integrated community services. The information in this report was primarily gathered from BIC grantees, and examples of their work are shared throughout.

The experiences of BIC grantees demonstrate that co-location projects create new opportunity, and they also require compromise, particularly with regards to space. Child care facilities are expensive to develop, and licensing and regulation can add time and cost to a co-location project. Co-locating child care with other community assets has great potential for unlocking new opportunities for funding, but it is important to note that co-location rarely is able to fully address the challenges experienced in the child care business model, and gaps in both start-up and operating capital remain.



CULTIVATING COMMUNITY

Co-location projects' greatest potential benefit is furthering effective community development. The American Planning Association has long recognized that "child care is a critical component of livable communities for many families in urban, suburban, and rural areas, and that local planning policies can play an important role in ensuring adequate child care." Embedding co-located child care near where parents live or work enables workforce participation and serves to strengthen neighborhood fabric.



One thing that both the developer and I wanted to make sure we were doing was getting neighborhood input. It was very important to us to make sure we weren't going into the neighborhood and telling families, 'Hey, this is what you need, and this is going to be great for you.' We asked the questions, 'Is our concept going to work? What do you want to see?'

Bobby Ludwick, Kalamazoo YMCA
(Zone 32 co-location project)

THE PROMISE OF PARTNERSHIPS

Inherently, child care co-location projects are built on cross-sector partnerships, with each partner bringing unique strengths to the project. When these partnerships are robust and productive they can create unique opportunities. The range of potential community development partners is broad and may include affordable housing or other developers, Community Development or Economic Development Corporations, family services organizations, employers, community institutions like churches or schools, and others.

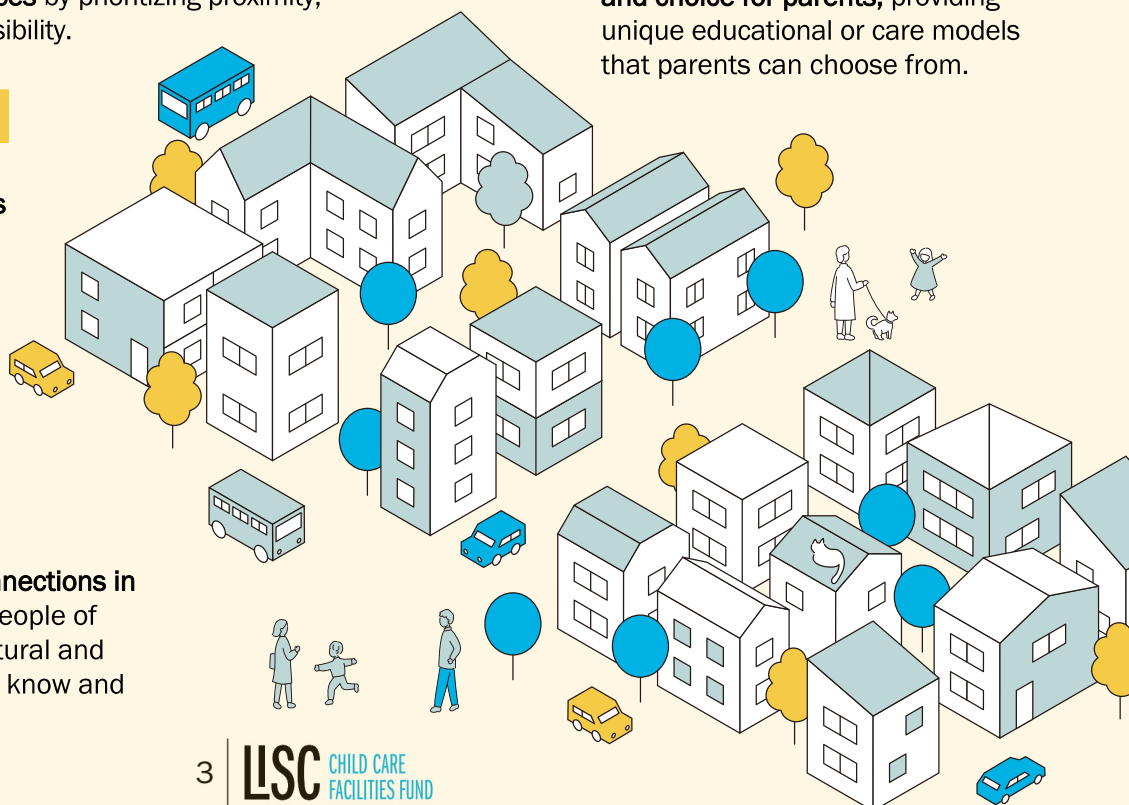
Co-location inspires innovation and creativity with space and services by prioritizing proximity, accessibility, and feasibility.

Co-location projects create access and choice for parents, providing unique educational or care models that parents can choose from.

CO-LOCATION

Community-integrated co-location is designed with support for the community in mind, focusing on impacts such as community engagement, increased workforce participation, or other prioritized outcomes.

Co-location projects strengthen connections in the community, bringing together people of different backgrounds, bridging cultural and linguistic gaps, and hiring staff who know and represent the community.



CHARACTERISTICS OF PRODUCTIVE PARTNERSHIPS

Key characteristics	Community development partner	Child care provider partner
<i>Community orientation</i>	- View child care as a core service, not just a revenue source - Have a vision that commits to child care for the community - Understand that child care is critical for economic development, poverty alleviation, and increased workforce participation	- Providers are of the community they serve, building a critical foundation for the success of any co-location project - Committed to delivering safe, effective, responsive, and culturally relevant care in high-performing spaces
<i>Complementary technical expertise</i>	- Skilled at identifying and managing resources, handling large, complex projects, and navigating construction and development requirements - Experience in government processes (e.g., rezoning)	- Understands programmatic needs and how a space can work most effectively - Has experience with licensing to provide insight to architects, developers, and contractors on building or remodeling a space for child care - Understand local supply and demand for early education services as well as the operating subsidy environment
<i>Flexibility</i>	Child care providers and community development partners typically bring different understanding, expertise, and orientation to a project. Developing child care facilities is challenging, and navigating the complexities of co-location can add to this challenge. Partners who are flexible in their approach find significantly more success than those who are rigid and unwilling to adapt. Co-creation of plans works best when partners are brought together early in the project timeline.	

BENEFITS

Co-location creates a unique opportunity for a level of resources that may be prohibitive to a standalone child care facility. For example, the level of architectural services or regulatory navigation in a co-location project often exceeds what a child care provider would access on their own. This gives the provider tools to creatively consider the use and repurposing of spaces by exploring innovative design concepts.

Child care providers bring their own technical expertise to co-location projects. Providers work together with their partners as well as architects and contractors to share their expertise about what a space conducive to developmentally supportive learning experiences looks like. A provider who understands child care licensing requirements also provides important context and information in the process of facility development. Bringing providers into a project early on maximizes on their expertise, allowing them to support all phases of development and help to proactively identify any issues around licensing or design.

COMPLEXITIES

While co-location projects benefit from robust partnerships, there are some additional complexities as well. These might include:

- *Identifying the right partner.* Community development partners may hire consultants with expertise in early childhood education to help them understand how to identify the right provider partner. Some understand the importance of a community-connected provider, but struggle to find a provider with the capacity to participate in the complex requirements of a co-location project.
- *Bridging the knowledge gaps between child care and development professionals.* Few professionals have both development and child care experience, and co-location projects may need to spend predevelopment funding to help connect the dots.
- *Modeling costs for child care facility development.* Housing and other developers have a lot of experience and skill in understanding and



estimating costs and cost-modeling for the types of projects they build – they are able to quickly and easily identify how changes will affect the cost of a project. However, there are not many professionals who have this same type of expertise for child care facility development, which can create challenges for navigating project design and budget revisions.

- **Developing legal agreements.** Co-location projects require legal agreements between partners. These may include MOUs, lease agreements, etc. The development of these agreements may require navigating the cost-benefit of long-term commitments by each partner, long-term affordability, and responsibility for costs such as buildout, maintenance, etc. Partners in co-location projects often feel that they are doing this work without precedents or examples to draw from.
- **Differing financial constraints.** The financial constraints on a child care business can feel foreign to developers. For example, one BIC grantee shared that project changes would have caused a \$200,000 budget overrun for the provider, which didn't feel significant to the developer but would have been impossible to absorb in the provider's tight budget.
- **Regulatory requirements.** The regulatory environment for child care facility development is complicated, with providers navigating multiple layers of agencies, sometimes with contradictory or confusing requirements, and is often increased when exploring co-location. Co-location partners have to navigate child care licensing, planning and zoning, health code, and building and fire codes, and are often interacting with regulators who are housed at state, county, and municipal levels. This complexity adds time and expense to the development of child care projects, and co-location projects may be stalled or abandoned due to these requirements.

NAVIGATING FUNDING

Child care co-location can help to support financial sustainability by unlocking unique opportunities for reducing costs, raising additional revenue, or both. However, creating quality, affordable child care while also paying a living wage to teachers is nearly impossible to achieve without significant external subsidies. While child care providers are very familiar with this challenge, community development partners are often surprised at how little funding is available for child care and how tight the business model is.

Co-location creates unique funding opportunities.

Funding sources for co-location projects can be diversified beyond those typically available for a standalone child care facility. Co-location with affordable or supportive housing, education, commercial business activity, or family services, for example, may allow for unique funding opportunities. Co-locating with affordable housing often allows for creative leveraging of various funding streams such as Low-Income Housing Tax Credits (LIHTC) or other affordable housing money. New Markets Tax Credits are a good fit for child care, and larger scale co-location projects make the administrative costs more economically feasible. Other co-location projects use charter school funding, community or economic development incentives, and other state and local funding in addition to private fundraising. Co-location projects create the opportunity for a multi-pronged fundraising strategy that can tap into these various sources and layer sources to support the project.



I'm an affordable housing developer primarily. I can tell you with very high level of certainty exactly how much it's going to cost to heat, cool, provide water and sewer to a one-, two-, or three-bedroom apartment. I've done it so many times, I can look at a set of numbers and tell you if it passes the smell test. I do that all day every day. I have yet to encounter somebody who does that when it comes to early childhood... We're missing out on that other piece and when we're co-locating, we need to know things like: how much can a center afford to pay in rent?

Matt Hollander, Edison Development Partners
(Blue Light co-location project)



Additionally, **the vision of community-embedded child care realized by co-location is exciting and compelling** to many donors and both public and private funding partners, creating new opportunities for fundraising. Several BIC grantees shared that their asks of donors were well-received because of the innovative opportunity provided by co-location.



Getting funding for child care is a concern. Most of our families are covered by some sort of subsidy, and often it can be months or years before families get off the wait list to access these subsidies. Child care is not a money-making operation unless you are full private pay center in an affluent area of the city.

Francesca Rattray, YWCA San Antonio

(Women's Live, Learn and Work Center co-location project)

Finally, **co-located child care projects benefit from economies of scale** as well as the ability of a community development partner to absorb some costs. When community development partners are able to provide ongoing support in the form of cost-sharing or subsidies, splitting or absorbing operational expenses or charging below-market rent, co-located child care projects are more sustainable in the long term.

While co-location creates new opportunities for financial support for child care operations, co-location projects still contend with a funding gap for the child care portion of the project – especially buildout and white box expenses. The responsibility of private fundraising typically falls to the provider, which can inadvertently exclude many smaller community-connected providers from participating in co-location projects. Funding and financial incentives for co-location and additional navigation supports for providers and community development partners are needed.



One of the surprising elements early on in the process was understanding the difficulty of reaching that holy grail trio of quality, good pay, affordability.

Sunshine Mathon, Piedmont Housing
(Friendship Court co-location project)



RESOURCE HIGHLIGHT [Child Care Co-Location Impact Calculator](#)

GRANTEES SPOTLIGHT

Co-location projects create access and choice for parents

Wildflower Schools started with a “shopfront” school in **Cambridge, Massachusetts**, and now have over 80 schools across the country. The Wildflower model focuses on serving those furthest from opportunity with the creation of teacher-owned Montessori microschools (1-2 classrooms). **Colorado Wildflower Schools** recently opened a co-located school in a church and continues to explore additional possibilities to co-locate with charter schools, affordable housing, and other community spaces.

Community-integrated co-location is designed with support for the community in mind

The **Kansas City Area Transportation Authority (KCATA)** works in partnership with major employers, industrial park developers, and the Full Employment Council (FEC) to integrate transit, child care, and employment access. For over 20 years, KCATA has offered a centrally located transit center that is anchored by a 15,000 square foot child care center. Most recently, they have initiated feasibility analysis to explore the co-location of child care services with public transit facilities at two new strategically located Transit Oriented Development (TOD) sites in **Kansas City, Missouri**.

Co-location inspires innovation and creativity with space and services

In **Buffalo, NY**, the **BNMC Early Childhood Initiative** is working to co-locate child care on a large medical campus where the child care operation will partner with other organizations located on the campus for STEM curriculum, mental health support, and other innovative integrated programming. The project plan was developed through a robust needs assessment process that deeply studied the child care needs of both employees and local residents, building excitement, interest, and support for the project.

Co-location supports focus on impacts such as increased workforce participation or other prioritized outcomes

San Antonio YWCA is renovating and remodeling a former convent into the Live & Learn Campus which will offer transitional housing and services to about 30 young individuals. This campus will incorporate child care to serve both the residents and the surrounding community.

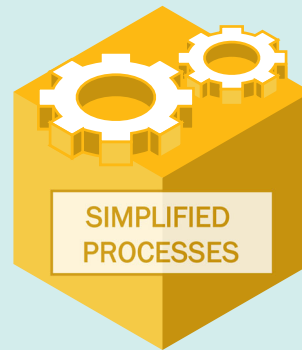
Co-location creates a unique opportunity for a level of resources that may be prohibitive to a standalone child care facility

Greater Dwight Development Corporation (GDDC) in **New Haven, Connecticut** is redeveloping a historic home to serve as an expansion site for their Montessori School. The remodeled home will serve up to 16 infants and toddlers with two apartments for teachers above. The remodeling of a historic home allows for the creation of an infant and toddler space that feels more like a warm, homey environment than the typical center-based setting.

BIC Project Sites:

- Bay Area
- Western New York
- Greater Kansas City
- Indianapolis
- Battle Creek
- San Antonio
- Toledo
- Twin Cities
- Rural Colorado
- Houston
- Louisville
- Virginia
- Kalamazoo
- Connecticut
- Newark
- New York

RECOMMENDATIONS



The building blocks for successful co-location projects include community connections, strong partnerships, simplified processes, and access to capital. With this in mind, the policy recommendations below focus on both formal, legislative-type policies and programmatic recommendations and supports that will help pave the way for impactful community-embedded co-location projects. Recommendations may be implemented by public or private entities at the federal, state, tribe, or territory, or local levels.

Recommendation:	Implementation Level:	Sector:
Include child care in community and economic development planning Economic Development Corporations (EDCs) and Community Development Corporations (CDCs) exist at the local or regional level across the country. These organizations focus on wealth creation and improved quality-of-life outcomes. While child care is critically important to both economic and community development, not all EDCs and CDCs are engaged in this area. At the micro-level, co-location in partnership with an EDC or CDC is a promising practice for supporting co-location projects and the supply of child care more generally. EDCs and CDCs can also support child care on a macro-level by incorporating it as a core piece of community and economic infrastructure. Specific recommendations for implementation include: - Recognize child care as a core infrastructure priority equivalent to transportation, utilities, public schools, etc.; - Utilize local, state, and federal level data to determine child care facility needs in each community and identify appropriate locations; - Include child care expertise in leadership and decision-making in planning efforts; - Add child care to <u>Federal Comprehensive Economic Development Strategy (CEDS) planning guidance</u>; - Provide resources to CDCs and EDCs to support including child care in planning. Resources may include technical assistance or tools for assessing child care needs and economic impact; - Support CDCs and EDCs with implementation of child care planning efforts with incentives and other supports such as capital grant funding (including predevelopment funding) and technical assistance; and - Utilize community benefit agreements to facilitate the development of co-located child care, ensure projects are meeting community needs, and measure and evaluate impacts.		

Implementation Level: Federal State, Tribe, Or Territory Local Philanthropic

Sector: Public Private

Recommendation:	Implementation Level:	Sector:
Conduct child care facility needs assessments	   	
One of the significant challenges of supporting child care facility development is that there is a lack of publicly available data on child care facility condition, quality, and availability. As a result, most public and private sector entities are unable to adequately assess how the condition and service capacity of facilities affect health, safety, and program quality, or where there are opportunities to increase access to care. In order to fully integrate co-location and other child care facility projects into community development plans, needs assessments are critical. National, state, and/or local child care facility needs assessments would provide critical data to help to identify areas of greatest need and opportunity for child care facility development and would help public and private funders, child care providers, development partners, and other interested stakeholders identify and target resources for child care facilities projects.		



RESOURCE HIGHLIGHT [How to conduct a landscape analysis](#)

Recommendation:	Implementation Level:	Sector:
Recommendation: Simplify and align the regulatory environment for the development of co-located and other child care facilities	 	
The regulatory environment for child care is in need of updating and modernization. A thorough review of all of the regulations that co-located and other child care projects must navigate needs to happen in order to simplify and align regulations without compromising the health and safety of children. This will open the door for more child care co-location projects.		
Opportunities for support include: ▪ Review cited violations to identify places where barriers might be removed; ▪ Convene child care providers and co-location partners and conduct site visits and collect feedback on the barriers they have experienced; ▪ Review and modernize regulations with a lens of child care as critical infrastructure; ▪ Prioritize regulations that address critical health and safety requirements and consider opportunities for quality improvement separately; and ▪ Reposition regulatory agents to serve in supportive or coaching roles with an identified goal of helping child care programs to meet regulatory requirements and operate successfully.		



I think our first big challenge was finding consultants who know this landscape. I interviewed I think 15 different people to take on this consulting role, and it was extremely difficult to find people who know the licensing, know the financials, can develop the pro formas and understand what high quality is. It really took us a long time just to get started because we couldn't [find the right person].

Lauren Calderera
(My Connect Community co-location project)

Implementation Level:  Federal  State, Tribe, Or Territory  Local  Philanthropic

Sector:  Public  Private



There are certain zoning classifications that allow for affordable or multi-family housing, but you need a special use permit if you're going to do an early childhood center. And we ran into that early on, so we had to get a variance, which we do regularly. It wasn't a big deal to get a variance, but it's something that could trip up a less experienced housing developer.

Matt Hollander, Edison Community Partners
(Blue Light co-location project)



Recommendation:	Implementation Level:	Sector:
Recommendation: Support providers who want to expand and grow their businesses with the tools and resources they need to partner on co-location projects	  	 
For child care providers whose business goals include expansion and growth, co-location can create a transformational opportunity. As detailed above, community-connected providers are the ideal choice for a co-location project. Providers who are interested need to be identified and supported. Support may include building the expertise of providers in skills such as navigating licensing requirements, understanding the components of high-performing child care facilities, and financial modeling and business planning. Resources and training for community development partners are also important for creating strong partnerships where the burden of these efforts is shared.		
Specific implementation of this recommendation could include: ▪ Incorporate facilities into quality improvement planning and coaching to identify providers who have a strategic focus on business growth and then connect them with resources; ▪ Utilize Small Business Development Centers to provide training; ▪ Expand investments in Business Support Centers; ▪ Recognize child care providers as small business owners and create a “no wrong door” effort by equipping existing small business resources to support child care providers; and ▪ Connect providers and community development partners with Child Care Resource and Referral (CCR&R) agencies as well as Community Development Financial Institutions (CDFIs) with a child care focus for wraparound supports and resources including referrals to community-centered child care providers.		

Implementation Level:  Federal  State, Tribe, Or Territory  Local  Philanthropic

Sector:  Public  Private

Recommendation:	Implementation Level:	Sector:
Connect potential projects with partners and resources	 	 
Community development partners may conceptualize a child care co-location project before connecting with a provider. To facilitate the successful implementation of projects, several types of resources would be helpful: ▪ Connections between interested providers and potential co-location projects; ▪ Aggregated information about accessing various funding streams and how to weave them together; ▪ Information on the technical and legal components of co-location projects; ▪ Accessible information on licensing and other regulatory requirements for child care; ▪ Training and information on child care business operations; and ▪ Knowledge about the aspects of a high-performing child care space. Specific actions include: ▪ Fund the establishment of a national repository of information for physical child care infrastructure development, including resources for providers and community development partners; and ▪ Facilitate connections between community development partners, CCR&Rs, and CDFIs by educating community development partners about these resources and helping CCR&Rs and CDFIs find potential co-location projects to support.		



RESOURCE HIGHLIGHT:

[LISC Child Care Resource Guide Series](#) | [Child Care Aware of America: CCR&R Search](#) | [LIIF Bridge Housing Child Care Co-Location Guide](#) | [Opportunities Exchange Financial Management Toolkits](#)



The Y was able to do some of the design work and have input. The architects are very knowledgeable, but at the same time, they're not preschool teachers. I remember we were doing the water plan for the whole project and they were going to put a spigot on one side of the building versus the other. And I said, 'Why don't we move it over here so we have access for water games and things like that?' It made sense to them! So that was definitely a benefit—to provide our ideals for what the space would look like.

Bobby Ludwick, Kalamazoo YMCA
(Zone 32 co-location project)

Implementation Level:  Federal  State, Tribe, Or Territory  Local  Philanthropic

Sector:  Public  Private

Recommendation:	Implementation Level:	Sector:
Expand access to capital for co-located child care facilities	  	 
Capital funding for child care is needed. Across the country, child care is in short supply, and many existing facilities are suffering from long overdue maintenance needs. While co-location can leverage economies of scale for cost savings and open some new doors for funding, there remains a need to create and expand funding to support co-location projects.		
Create a dedicated funding source to support property acquisition, renovation, and construction of early care and education facilities Currently, there is no dedicated funding source to support the development or ongoing maintenance and repairs of child care facilities at a national level and state and local funding is sparse. Federal pandemic relief created a significant opportunity for innovation and success in funding facilities. As this funding expires, available resources are expected to drop off sharply. An infrastructure grant program for child care facilities is necessary to ensure that co-location and other child care facility development projects move forward to support families and communities.		
Support co-location with community development financing resources Additionally, funding to support the integration of co-location projects is needed. Currently, child care providers or their community development partners are funding co-located projects through an assortment of individual donors and public and private grant funds. This means that generally those providers with significant existing fundraising capacity have more access to the opportunity for co-location. Often, the child care portion of a development or project is such a small piece of the overall project that it is easy for it to become an afterthought. Co-location projects are also challenged by restrictions on who is eligible to receive specific funds (a developer may not be able to receive funds for a child care facility, for example). By integrating co-located child care into community development funding sources, and allowing flexibility for any partner within a co-location project to manage funding that ultimately benefits the child care operation, these projects will become more feasible and desirable for all potential partners.		
Identify funding sources to support predevelopment costs There is also a specific need to identify funding sources for predevelopment costs. Predevelopment is one of the most critical, yet often underfunded, stages of work in co-location projects. In a construction project, predevelopment builds the foundation for success, and co-location is no exception. Predevelopment work might include site selection, land acquisition, financial planning, architectural design, regulatory approvals, determination of occupancy requirements, environmental assessments, etc. For child care co-location projects there may also be a need for provider selection, operational planning, needs assessment, and feasibility assessment. Providers and community development partners find that predevelopment funding is some of the most difficult to identify and access. There is a need for public and private entities to identify and promote funding that can be used for this critical stage of project planning as well as ensuring that timelines for spending funding allow adequate time for predevelopment activities.		
Pair funding with technical assistance Child care providers are small business operators who face unique financial challenges and barriers to entry. The majority of child care businesses have historically faced barriers in accessing financial services. Providers need access to technical assistance and capacity building resources that level the playing field, allow them to grow their organizational resources to a sustainable level and partake in the real estate process. Entities that fund child care facilities need to pair financial resources with technical assistance to help to ensure the sustainability of child care businesses.		



RESOURCE HIGHLIGHT [Improving Child Care Facilities with Federal Relief Funding](#)

Implementation Level:  Federal  State, Tribe, Or Territory  Local  Philanthropic

Sector:  Public  Private



It's disheartening that it is virtually impossible to build a standalone child care center in this neighborhood.

Meredith McNair, Cypress Hills Local Development Corporation
(Cypress Hills Child Care Corporation co-location project)

Recommendations for Expanding Access to Funding

The chart below details recommendations for utilizing new and existing funding sources to better support child care co-location and other facilities development projects. The possible uses identified may reflect current practice or recommendations for promising future practice within each funding source. Note that some funding sources may have additional restrictions that limit the expenditures that could be covered. For example, predevelopment covers a wide range of activities, and some funding sources may only be able to support specific types.

Funding source	Level	Sector	Recommended Activity	Possible Uses	Example(s) and References
Preschool Development Grants Birth through Five (PDG B-5)	 		States use PDG B-5 grants to support co-located child care facilities.	Predevelopment, technical assistance	Rhode Island Preschool Development Grant Facilities Planning Grants
Child Care & Development Block Grant (CCDBG)	 		States utilize existing authorities for new CCDBG rule to address predevelopment and minor renovation activities in CCDBG plans. Include facilities funding in CCDBG.	Predevelopment, development, technical assistance	Child Care and Development Block Grant (CCDBG) Reauthorization Act of 2024 Improving Child Care Access, Affordability, and Stability in the Child Care Development Fund (CCDF) Overview of 2024 CCDF Final Rule
CDFI Community Development Financial Assistance (FA) awards CDFI Capacity Building Technical Assistance (TA) awards Emergency Capital Investment Program (ECIP)- generated funding	 	 	United States Department of the Treasury directs resources to support child care financing activities. CDFIs request funding for child care priorities.	Predevelopment, development, technical assistance	CDFI Program Community Development Financial Institutions Fund CDFI Program (FA&TA) - CDFI Coalition
State or local funds	 		Utilize state or local funding for child care facilities.	Predevelopment, development, technical assistance	Washington, D.C.'s Access to Quality Child Care Fund
Private foundation funding			Dedicate private funding to co-located and other child care facilities.	Predevelopment, development, technical assistance	Building Innovation for Child Care
New			Create a grant program for co-locating child care with affordable housing.	Predevelopment, development, technical assistance	Build Housing with Care Act
New			Establish dedicated funding for child care facility acquisition, construction and renovation.	Predevelopment, development, technical assistance	Child Care is Infrastructure Act
Tax credits: Low-Income Housing Tax Credit program (LIHTC); New Markets Tax Credit program (NMTC); Neighborhood Homes Investment Act (NHIA)			Adopt legislation strengthening tax credits that can be used to support child care facility co-location projects.	Development	Affordable Housing Credit Improvement Act New Markets Tax Credit Extension Act Neighborhood Homes Investment Act

Implementation Level:  Federal  State, Tribe, Or Territory  Local  Philanthropic

Sector:  Public  Private



CONCLUSION

Community-integrated child care co-location presents an innovative and promising approach to expanding child care access and supporting community development. By embedding child care in community alongside other services, the promise of co-location expands beyond proximity to create an interconnected environment that supports the needs of families. This approach not only provides essential support for working families but also fosters workforce participation and strengthens community ties.

The success of child care co-location requires strong, flexible partnerships, an explicit commitment and vision for community well-being, and robust technical and financial support. Partnerships between providers and community development partners benefit from a shared vision and complementary skills, enabling providers and community development partners to navigate regulatory challenges, coordinate resources, and ultimately develop more sustainable child care operations.

To fully support successful community-integrated co-location, dedicated funding, streamlined processes, and other policy supports are needed. With strategic investments and improved policies, child care co-location can become a cornerstone of community development, providing lasting benefits for families, providers, and communities across the country. Continued investment and collaboration can shape a future where child care is readily accessible, sustainably operated, and deeply integrated.

ABOUT LISC

LISC is one of the country's largest community development organizations, helping forge vibrant, resilient communities across America. LISC works with residents and partners to close gaps in health, wealth, and opportunity so that people and places can thrive. Since its founding in 1979, LISC has invested \$35 billion to create more than 530,000 affordable homes and apartments, develop 83 million square feet of retail, community, and educational space, and help tens of thousands of people find employment and improve their finances. In the fields of early childhood facility policy, financing, and practice, LISC has been an advocate, thought leader, and resource for more than two decades. Leveraging our national network of partners, we offer new models, partnerships, and funding streams to connect providers to the right capital and resources, with an eye towards increasing access within the child care and early education system.

ACKNOWLEDGEMENTS

This publication was made possible by Building Innovation for Child Care (BIC) program funders, Pivotal Ventures and Salesforce.

Community-Integrated Child Care Co-Location – Foundations for Success was authored by Beth Melton of Melton Strategic Solutions, LLC with support from Nicole Barcliff, Bevin Parker-Cerkez, Regina Phillips, and Megan Ressler of Local Initiatives Support Corporation, under the leadership of LISC's Child Care & Early Learning and Policy Teams. Special thanks to our BIC grantees for your commitment to building a resilient child care system and the grantees who were interviewed for this report: Francesca Rattray, YWCA San Antonio; Sheri Scavone, Western New York Women's Foundation; Bobby Ludwick, YMCA of Greater Kalamazoo; Mikhila Pingili, Greater Dwight Development; Meredith McNair, Cypress Hills Local Development Corporation; Debbie Frison, Wayman Palmer YMCA; Sunshine Mathon, Piedmont Housing Alliance; Lauren Caldarera, My Connect Community; Matt Hollander, Hollander Development Corporation; and Rachel Kelley-Cohn, Wildflower Schools.