



## ***Child Care Facility Site Selection***

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Choosing an appropriate site is one of the primary challenges in opening a new child care center. There are numerous reasons for this. First, child care is a strictly regulated business, and centers must comply with space and design requirements in order to become licensed. These requirements make many commercial or informal spaces unsuitable. In addition, child care operators depend on local families to support their business. They, therefore, must determine whether there is neighborhood demand for child care specific to the age groups they intend to serve, and whether families will be able to pay their fees. Last, child care is a business that operates on an extremely low profit margin. As a result, child care providers often can neither pay full market rents nor easily access the funds to purchase or renovate a facility. The challenge is thus to find a suitable site in an appropriate neighborhood at a cost that is affordable. It is important to remember that “one size does not fit all” – each project is unique, and site decisions will be impacted by different forces. Nonetheless, site selection has some common variables. This document will review some basic considerations and strategies for selecting a site for a new child care center.

## I. PRELIMINARY STEPS

Identifying a suitable site for your center may be a time and labor consuming process. It is important to assemble a reliable development team. You may add members down the road, but you need a core group of committed people from the start. If you are working under time constraints (e.g., if you are losing an existing lease) you may need to mobilize extra initial support or even hire professionals to assist with the process. While the center director is an important team member, remember that he or she already has a full-time job. Provide as much additional support as possible in the form of board committees or members, parents, other staff, and experts such as architects.

There is no single formula for identifying a site, but as a rule of thumb it is a good idea to cast a wide search net. Let as many people as possible know exactly what you are looking for. Make sure that you have funds available for your feasibility and selection process, which may require paying professional consultants or a retainer to secure a site while you perform due diligence. Initial search steps are to:

- Explore existing contacts for potential spaces or leads. Examples include school districts, religious institutions, neighborhood groups and city/county/state government entities. Community or public resources are likely to be lower-cost than commercial buildings. Be creative (e.g., contact your library or recreation and park agencies for possible collaborations). Commercial real estate brokers can also be very helpful if you are clear with them about your space needs and cost limits.
- Decide early whether you want an independent center or whether you would like to be part of a mixed use development. Typical site options include:
  - a. Independent commercial space.
  - b. Space in community facilities, such as churches, schools or multi-purpose social service centers.

- c. Co-locate with new housing or mixed use developments. If this option interests you, you should contact local non-profit housing or community developers, or government agencies that finance community or affordable housing development, to identify potential sites and partners.
- d. Construct a new stand-alone.
- e. Place a modular structure on vacant land.

Any of the first three options are likely to involve substantial renovation or build out of an existing space. New construction is the most ambitious undertaking. Modular placement also requires extensive site preparation and design work. Factor in your organization's capacity to develop each type of site into your selection process.

## II. **SITE SEARCH**

As you begin your search, there are several factors used to evaluate potential sites. These include:

### 1. Program criteria

Before you start looking, define your basic program criteria. While you may ultimately change parameters in small ways to fit an available site, it is crucial to maintain a list of your operating requirements. These include:

- a. Capacity – This is the number of children of specific ages to be served at your proposed facility. It may be a range, e.g., 40 – 60, but be sure to have operating projections that will work for your new center.
- b. Program space - This includes classrooms, nap rooms, bathrooms (both adult and child), administrative spaces, kitchen, storage, outdoor space, etc. Itemize all spaces your new center will require and generate the total square footage you will need, both indoors and outdoors.
- c. Accessibility Criteria - Document all accessibility requirements. For starters, you will need accessible entrances, exits, bathrooms and parking.
- d. Target neighborhood(s) – This may be narrow or broad depending on your program and geographic area.

### 2. Code Compliance

Your search team will need to be thoroughly familiar with local zoning and building codes as well as child care licensing requirements. A site which seems promising on initial inspection may have code compliance obstacles that prevent it from being licensed as a center, or add substantial cost to the renovation. An architect can help you perform this analysis.

### 3. Budgets

It may seem obvious, but before you begin your site search you must have rough development and operating budgets. The development budget will show how much funding you have available to pay for acquisition and/or renovations. It will also show the sources of your funding, which may include restrictions. For example, not all funds may be used to pay debt service, some may require matching funds, and some may need to be spent within specific time frames. The operating budget will project income and expenses for the center, and will show how much rent and/or debt service you will be able to cover.

### 4. Site Evaluation

Once a potential site has been identified, you must undertake a thorough and objective analysis of its suitability. Take a *step back* to evaluate its fit for your needs based on several factors:

- a. Market analysis – While you performed a general neighborhood market analysis before beginning your search, now look at the actual supply and demand immediately around your site. Examine both center and licensed family child care availability. Two good sources for market information are your local Resource and Referral agency and/or your Local Child Care Planning Council. Answer the question, “Is the neighborhood a good “fit” for your program based on demographics, income and philosophy?”
- b. Location – Does the site have good access via public transportation or other appropriate routes of travel? Is it visible for marketing purposes? Are there suitable drop-off and pick up areas? Is there sufficient parking? Is it near heavy traffic or other hazards?
- c. Environment – Investigate the previous uses of the property to ensure there are no environmental contaminants on the land, in the building or the general proximity. If hazardous materials remediation is needed, it will add substantial cost to your project.
- d. Interior Size – Is the site large enough to reach operating economies of scale? Is it appropriate for the number/ages of children you plan to serve? Is it large enough to provide a minimum of 50 square feet of usable program space for child? While California Community Licensing requires 35 square feet of indoor program space per child, nationally recognized quality standards call for 50 square feet per child. As a broad measure, 100 square gross feet will translate to 50 net square feet. If you don’t have funds for a major renovation, can the current space configuration be adapted for your program?
- e. Outdoor Space – Does the site have adequate adjacent outdoor play space? California licensing standards require 75 square feet of outdoor space per child. While children may play outdoors in shifts, it is best not to plan on more than two shifts per day. Will the use of outdoor space be exclusive during operating hours? If you are exploring co-location with a school or housing development, it is important to discuss outdoor space

needs early in the process. Child care providers often negotiate shared outdoor space use with residents, allowing the center to have exclusive access during operation and permitting resident use on weekends. Also remember that the best outdoor space is an extension of the classroom. If there isn't direct access from each classroom, determine whether there will be suitable access routes.

- f. Code Compliance - Will the facility be able to meet all zoning, licensing and building code requirements? How difficult will it be? How expensive? Points to consider include: is the type of construction suitable for child care center occupancy; can fire codes be met (exiting, structural fire ratings, sprinklers); Americans with Disabilities Act (ADA) compliance; light and ventilation; children's and adult bathrooms; and nap rooms, if needed. Also determine whether a community hearing will be required for zoning approval, and if so, is there a likelihood of community support or opposition.
- g. Building Conditions – The architect should perform an evaluation of the building's structural and systems conditions.
- h. Plans and Cost Estimate – The architect should prepare preliminary schematics, a preliminary scope of work and a cost estimate for the site. This will ensure sufficient funding to proceed with the project. It will also enable your team to present the site to others involved in its approval. In addition, plans and a cost estimate are needed to secure most financing, whether public or private.

## 5. Modular Buildings

Modular buildings are an increasingly popular child care center option due to their relatively low cost and simplicity of installation. Modular tradeoffs include reduced permanence and durability and limited design flexibility. Special site considerations for modular buildings include:

- a. Ability to physically bring unit on to the property (access, overhead wires, etc)
- b. Cost of preparing site for placement (grading, surfacing, etc.)
- c. Cost of bringing utility lines on to property
- d. Liability concerns for the property owner

There is an effort underway in California to better adapt modular buildings for child care uses. Excellent resources on design solutions can be found at [http://www.designchildcare.com/pdfs/Final%20Report.7\\_03.pdf](http://www.designchildcare.com/pdfs/Final%20Report.7_03.pdf) and <http://www.designchildcare.com/pdfs/TITLE%20P.%20WI%20COPYRIGHT.pdf>

## 6. Securing the Site

After deciding to proceed with a site, you need to legally secure it. This may take the form of a lease negotiation, a purchase contract, or a Memorandum of Understanding with a partner. It is crucial that you have expert legal help for this process. You will need to negotiate the best terms possible, and a professional simply must do this. Some localities have pro bono legal assistance available through a bar association or another

legal entity. This is one area, however, where it is often wise to pay for qualified experts to ensure you have the best representation possible.

Secure the site for a number of months while you coordinate your financing, design and construction plans. Make sure you have budgeted for this period, and negotiate an exit strategy in case you encounter insurmountable obstacles.

In conclusion, child care center site selection is just one step in the process of center development. Do a great deal of research and planning before beginning a site search, including writing a business plan, securing initial financing and assembling your development team. There are many additional resources available to help you understand and plan the financing and development process on the Building Child Care website at [www.buildingchildcare.org](http://www.buildingchildcare.org).