

INVESTING IN FAMILIES

OUR WORK SUPPORTS AND EXPANDS COMMUNITY SERVICES THAT ENABLE FAMILIES TO WORK AND BUILD ECONOMIC STABILITY



CHILDREN, YOUTH AND FAMILIES



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Child Care Facilities Development and Financing in California

Presented by:

Building Child Care Collaborative Partners

At the

Bay Area Resource and Referral Training

Thursday, April 10, 2003



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Building Child Care (BCC) Project

- **Purpose:** To provide a centralized clearinghouse of information and services designed to improve and increase child care providers' access to financial resources for facilities development projects in California.
- **Who:** National Economic Development and Law Center, Child Care Facilities Fund of the Low Income Investment Fund, Child Development Policy Institute Education Fund, and the California Child Care Resource and Referral Network
 - Funded by the California Department of Education, Child Development Division, and designed as the State's response to the need to bring resources together on a centralized statewide level.



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Presentation Overview

- **Part One:** What Questions About Facilities Development and Financing Do You Face From Providers?
- **Part Two:** How Can BCC Help Answer These Questions?
- **Part Three:** Where Else Can Providers Turn for Facilities Development and Financing Assistance?
- **Part Four:** Fitting the Pieces Together



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First Things First...

- How we define

Child Care Facilities Development:

- Renovation or Expansion to a child care center or family child care home
- Building or Purchase of a facility to be used as a child care center or family child care home



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Part One: What Questions Do You Face?

1. Where is there money to increase and/or expand quality programs?
2. Do providers have to have a certain income to qualify for financial help when setting up a program, or are there funds available for all incomes?
3. What is the best way to request small business loans?
4. Are there forms online or information websites that can prepare providers in writing a request for funds?
5. Where is there money to purchase a home, especially in high cost areas in the Bay Area?



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Part Two: How Can BCC Help Answer These Questions?

Building Child Care Project

Identify Resources – Improve Access to Resources – Expand Depth and Quantity of Resources Available

How do we do this?

- Referrals to TA, Funding Sources, Publications
- Interactive Project Website: www.buildingchildcare.org
- Toll-free help line: 888-411-3535
- Trainings
- Identify and Respond to Gaps in the field of developing and financing child care facilities in California



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Part Two: How Can BCC Help Answer These Questions?

1. Where is there money to increase and/or expand quality programs?
 - Loans
 - Grants



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Loan Resources:

Sources of Funding

- Conventional Institutions
- Alternative Lenders
- Government-Certified Small Business Lenders
- Government Resources
 - Federal
 - State
 - Regional/Local



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Loan Resources:

Where to Turn for More Information

- *The Matrix of Child Care Facilities Development Financial Resources in California* (also on Website)
- *A Resource Guide: Financing Child Care Facilities Development in California*
- **Other Resources for Identifying Loans:**
 - Small Business Administration TA Resources
 - Community Development Financial Institutions - TA
 - Local Government Programs (especially for home buying)
 - Local Banks



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Grant Resources:

Sources of Funding

- **Private Foundations**
- **Corporate Foundations**
- **Community Foundations**
- **Prop 10 – Children and Families Commissions**
- **Local Government** (e.g. Community Development Block Grants)

Note: Typically grants are only available to nonprofit organizations and not to for-profit programs or family child care homes. Also, a single grant is rarely large enough to cover an entire child care facilities development project and so grants are best when used in combination with other financing. See *The Benefits of Using Loans for Child Care Facilities Development on p.1 of The Matrix*.



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Grant Resources:

Where to Go for More Information

- **BCC document:** *Potential Grant Resources for Child Care Facilities Development In California*

- **Other Resources for Identifying Grants:**
 - Foundation Center www.fdncenter.org
 - Enterprise Foundation (MoneyNet) www.enterprisefoundation.org
 - The Grantsmanship Center www.tgci.com has information on Community Foundations
 - Local CDBG Funds (Community Development Block Grants)



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Part Two: How Can BCC Help Answer These Questions?

2. Do providers have to have a certain income to qualify for financial help when setting up a program, or are there funds available for all incomes?
 - What do Lenders Look For, p. 2 of *The Matrix*. The bottom line of all qualifying criteria is: Repayment Capability.
 - Lenders have varying criteria for making loans, and need to be contacted directly to find out what their requirements are and how they relate to particular proposals and loan amounts.
 - Loan Guarantees are a good option for many small businesses that cannot secure loans on their own.



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Part Two: How Can BCC Help Answer These Questions?

3. What is the best way to request small business loans?

With a well thought-out, clear, concise and financially sound business plan that has been developed with professional assistance.



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Part Two: How Can BCC Help Answer These Questions?

4. Are there forms online or information websites that can prepare providers in writing a request for funds?
 - **Building Child Care:** www.buildingchildcare.org (including access to Child Care Financial Planning and Facilities Development Manual: Chapter 3, Child Care Business Plan)
 - **SBA, Women's Online Business Center:** Child Care Module www.onlinewbc.gov/docs/ChildCare/ccm1.htm
 - **Foundation Center Online** – Grant Proposal Writing Short Course: <http://fdncenter.org/learn/shortcourse/prop1.html>
 - **Redleaf National Institute:** www.redleafinstitute.org



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Part Two: How Can BCC Help Answer These Questions?

5. Where is there money to purchase a home, especially in high cost areas in the Bay Area?

Types of Financial Assistance:

Down payment assistance (no-, low- or additional \$)	Tax credits	Lower than market rate interest on loans
Section 8 Housing	Limited equity	Sweat equity



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Part Two: How Can BCC Help Answer These Questions?

5 cont.

- Contact local program administrator(s) for details
 1. Local bank
 2. Mayor or city manager's office
 3. Local housing authority
 4. Community or economic development agency or redevelopment dept.
 5. Non-profit housing agency
- Upcoming BCC publication: Family Child Care Homeownership Resource Guide
- The Fannie Mae Foundation has many excellent resources for potential home buyers, including an *Index of Housing Counselors and Agencies* throughout the state.



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Part Three: Where Else Can Providers Turn for Facilities Development and Financing Assistance?

Community Resources: (Reference *Quick and Dirty Guide*)

- Resource and Referral Agencies
- Local Child Care Planning Councils
- Regional Resource Centers
- Small Business Development Centers and SCORE (Service Corps Of Retired Executives) Offices
- Nonprofit Management Assistance Programs
- Children and Families Commissions
- Specialists: Architects, Contractors, Project Managers, Developers
- Licensing and Zoning: Child Care Advocate Program, Licensing Specialists, Planning Departments, Fire Departments



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Part Three: Where Else Can Providers Turn for Facilities Development and Financing Assistance?

Statewide Resources:

- Child Care Law Center
- California Child Care Resource and Referral Network
- Affordable Buildings for Children's Development (ABCD) Initiative



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Part Four: Fitting the Pieces Together

In California, there has never been a central place linking child care facilities development and financing resources on a statewide level...

The [Building Child Care \(BCC\) Project](#) takes the first step in establishing such a place.



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Part Four: Fitting the Pieces Together

BCC is working:

To further the development of a TA system in which these varied resources for child care facilities development offer integrated and multi-tiered assistance to providers:

- **First:** from BCC at the statewide level;
- **Second:** from intermediary organizations on the local and regional level;
- **Third:** from one-on-one business assistance providers, and professional consultants.



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Part Four: Fitting the Pieces Together

An Example of How it Works:

1. R&R Staff receives a call from a local provider who wants to expand her family child care home
2. R&R refers provider to BCC toll free line for assistance
3. BCC talks with the provider about:
 - Where she is in the process and what steps she needs to take;
 - What local TA resources are available to help and how they help;
 - What financial resources might be available to fit her needs; and
 - Other informational resources available for assistance
4. Send packet of materials
5. Provider contacts R&R to gather info on the local child care market



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Building Child Care (BCC) Project

How to Contact BCC for follow-up information:

- Toll Free Line: 888-411-3535
- Website: www.buildingchildcare.org
- Email: Prudence@nedlc.org

