

To: David Creery, Chief Administrative Officer
From: Brad Hammond, Development Officer
Re: Opportunities of Increasing Childcare Spaces in Woodstock

AIM

To provide Council with options to consider for increasing childcare spaces in Woodstock.

BACKGROUND

On June 20, 2024 Woodstock City Council passed a motion directing staff to prepare a report outlining ways in which the City of Woodstock could partner with various stakeholders to support and facilitate the creation of additional childcare spaces in the community. In the report, staff were requested to include the potential for Zoning amendments as well as the use of existing and future municipal real estate.

Woodstock, like many other communities across Canada, faces challenges related to the availability and accessibility of childcare and daycare spaces. With a growing population, changing demographics, and a rising demand for quality childcare services, it is wise for the City to explore options available to expand childcare capacity in the community.

Locally, the County of Oxford is the Service System Manager, a provincial government term which identifies the agency that holds the central role in the planning, funding, administration and operation of licensed childcare services. As the designated Service System Manager the County is responsible for planning and managing licensed child care services as well as EarlyON Child and Family Centres. The County is provided with funding to develop and support local plans that reflect the “provincial interest” for childcare and early years programs and services in this region.

The County government is charged with administering Children’s Services within the geography of the County and its 8 lower tier municipalities. Oxford County Children’s Services acts as a facilitator and encourages collaboration between children’s service providers in Oxford, the federal and provincial governments, and local school boards. The County also manages the waitlist for those parents seeking a licensed childcare spot for their child.

At present, Oxford County has the lowest number of licensed childcare spots in the province, measured on spaces per capita of childcare-aged citizens (or greater need than anywhere else in Ontario). This statistic is due in large part to high population growth (10% between 2016-2021) and increased in-migration of younger families. In Woodstock growth pressures have been even greater with 13.6% population growth in the last census and significant in-migration. The County's Comprehensive Review estimates Woodstock will experience an additional 40% population growth over the next 20+ years (2046), which will exacerbate the issue without the creation of new childcare spaces.

Roughly estimated, 2,600 children are on waitlists for licensed childcare spaces in Oxford County. A proportional majority of these children are assumed to reside in Woodstock. Although the number may be somewhat inflated as it includes children still in utero or children of parents still on maternity/parental leave, the demand is very significant. Because the difficulty in finding childcare is well known, parents tend to join the waitlist for licensed childcare early into a pregnancy and may not actually be able to accept an open childcare space when it becomes available.

Ready access childcare plays a crucial role in supporting the economy by enabling greater workforce participation, fostering economic growth, and contributing to the well-being of families and children. Reliable childcare not only enables more parents to enter and remain in the labor force, but also reduces absenteeism among working parents which in turn enhances productivity and reduces costs for employers. Further, quality early childhood education, often provided by licensed childcare, is linked to better educational outcomes. This can lead to a more skilled workforce in the future, boosting long-term economic growth.

This report examines best practices and strategies aimed at supporting the creation of childcare spaces. The report will identify those supports which are currently working well in Woodstock and areas where the City may use tools at its disposal to encourage the growth of new childcare spaces.

COMMENTS

Before exploring strategies to expand childcare spaces in Woodstock, it is important to understand the current landscape. Demand for licensed childcare in Woodstock currently far exceeds the supply of available spaces, a common issue in many Ontario municipalities. This gap affects parents' ability to participate in the workforce and children's access to early childhood education. Many parents of young children must now rely on the willingness of grandparents, other family members, and neighbours to cobble together an ad hoc childcare program to be able to return to work or school. This approach often creates additional stress on all those involved. Likewise, many parents on a waitlist or licensed childcare will choose to place their child in unlicensed childcare

and forgo the reduced fees available through the Canada-wide Early Learning and Child Care (expected to be \$10 per day by 2026).

Locally there is a range of childcare options which includes licensed childcare centers, licensed home-based childcare, and unlicensed daycare providers. Licensed childcare refers to childcare services that are regulated and monitored by the provincial government to ensure they meet specific standards of safety, care, and education. These services are provided in either licensed childcare centres or licensed home-based businesses and are required to follow the guidelines set out by the Province under the Child Care and Early Years Act, 2014 (CCEYA). Currently there are approximately 7 licensed childcare centres in Woodstock, and about 30 licensed home-based childcare businesses.

By contrast, unlicensed childcare facilities have a reduced level of oversight but are still required to follow certain basic legal requirements such as the maximum number of children in the facility and can still be investigated by regulators based on complaint. Unlike licensed providers, unlicensed childcare providers are not required to meet specific health and safety, and educational standards set by the government. Because the operations are unlicensed the exact number of these businesses is unknown.

It is important to note that only licensed childcare spaces offer parents the opportunity to benefit from a “reduced fee” as part of the Canada-wide Early Learning and Child Care (ELCC) agreement. Childcare spaces in unlicensed childcare facilities are subject to market rate fees and can be as much as \$50 or \$60 per day per child.

1. Local Childcare Stakeholders/Partners

Direct local childcare stakeholders are comprised of municipal governments, education, and non-profit or private childcare providers. In order to have a robust childcare system, all of these partners have a role to play through cooperating to meet the needs of the community.

The County of Oxford is the principal local government stakeholder as they act as the Service System Manager and administer licensed childcare in Oxford. The County’s role involves county-wide childcare planning and administration, facilitating childcare licensing and funding licensed childcare services.

The City of Woodstock also plays a vital role in the local childcare system by creating an environment that removes barriers and encourages the creation of childcare spaces necessary to meet local demand. The City does this through a progressive zoning bylaw and efficient business licensing process.

Provincially funded educational providers such as the Thames Valley District School Board or the London District Catholic School Board have a role to play

when it comes to operating space for childcare facilities. In Ontario, school boards are not required to host childcare centres, but they are encouraged to collaborate with childcare providers to make childcare services available on school premises. The Child Care and Early Years Act, 2014 allows for childcare centres to be housed in schools, and many school boards work with third-party childcare operators.

Finally, it is the childcare operators themselves who play perhaps the most important role in satisfying the needs of the local market. These operators can range from licensed and unlicensed childcare centres and licensed and unlicensed home-based childcare.

2. Childcare Funding

Current funding for childcare related services in Ontario comes primarily from the federal and provincial governments. This money flows through the respective Service System Manager (in Woodstock's case, County of Oxford, Human Services) and is distributed to childcare providers, based on eligibility and program parameters.

Two principal government funding programs currently are the Canada-Wide Early Learning and Child Care Plan (CWELCC), a federal program that aims to create 86,000 new childcare spaces. And the Ontario Child Care Expansion Plan, a provincial initiative which provides funding to municipalities to create new childcare spaces. The new CWELCC Cost-Based Funding Guidelines will come into effect January 1, 2025 to support operating costs for licensees participating in CWELCC for the delivery of child care to children aged 0-5. Additional local priority funding will be provided to support school age care, additional fee subsidies, special needs resourcing and EarlyON Child and Family Centres, among other initiatives. These funding streams flow through the Service System Manager and typically fund operational costs or capital costs associated with equipment.

In addition, programs such as the Ontario Trillium Foundation and Canada Small Business Financing Program have offered grants and loans to non-profit and private childcare providers that could support the creation of new childcare spaces. However, this type of funding does not center exclusively around childcare alone.

Some communities have accessed capital funding to build or renovate childcare facilities. Typically bricks and mortar-type funding has been associated with a larger project (e.g. library, arena, etc.) in which childcare space has been incorporated.

3. Applicable Provincial Legislation and Regulations

Not surprisingly, childcare in Ontario is heavily regulated in the province in order to protect a very vulnerable population. Creating a new licensed childcare centre requires the operator to not only satisfying local municipal zoning and licensing requirements but more importantly to satisfy provincial Acts such as the Fire Code and Building Code as well as the provincial operating requirements dictated through the Child Care and Early Years Act. Licensed childcare operations are subject to surprise inspections and are expected to be compliant with legislation at all times.

Unlicensed childcare businesses are less heavily regulated but are still required to comply with local zoning and licensing legislation as well as other basic legal requirements. Unlicensed childcare operations are not inspected, and the onus is on parents to report concerns to the proper authorities.

For a physical space requirement, licensed childcare centres must provide a minimum of 30 sqft. (2.8m²) of unobstructed interior play space per child as well as at least 60 sqft. (5.6m²) of unobstructed fenced outside play space per child. In addition, licensed centres must require additional space for eating, resting, food preparation, laundry, storage, staff area, and office space. The space must also be located no higher than the 2nd floor of a building and have the equivalent of at least 10% windows compared to floor space. When applied, these criteria quickly eliminate many potential sites within the City's current built inventory.

In addition, if a licensed childcare centre intends to occupy a property that was previously used for a different purpose, a Record of Site Condition (RSC) is likely required. A RSC is required when there is a change of use of a property to a more sensitive use. In Ontario, whether a Record of Site Condition is required for a childcare centre depends on various factors, primarily related to the history and current condition of the property. However, generally speaking if a business is planning to establish a childcare centre on a site that was previously used for industrial, commercial, or other non-sensitive purposes, a RSC is likely needed.

All of this is to say that finding a suitable property from which to operate a licensed childcare centre is a considerable challenge given the physical requirements that must be met. In fact, finding suitable real estate is likely the single greatest barrier to creating a new licensed childcare centre.

Local authorities also play a key role in the regulation of childcare businesses. Municipal building departments, zoning enforcement and fire departments, as well as the local health units, enforce a broad range of legislation, regulations

and by-laws, and therefore play a significant role in the oversight of licensed and unlicensed childcare in Ontario.

4. Best Practices Currently in Place in Woodstock (Oxford County)

As part of this report, staff conducted a review of initiatives from other jurisdictions that are in place to facilitate the development of childcare spaces. Below are local practices and processes that are seen to be functioning well and create a supportive environment for creating childcare spaces within Woodstock.

- i. **Collaboration with School Boards:** Collaboration with School Boards is often referenced as a strategy which can be used to create new licensed childcare facilities. In Oxford County a collaborative relationship already exists between the local school boards and Oxford County Children's Services. There are currently 2 childcare centres operating within Woodstock schools and 2 more planned in the near future.

In addition, schools in Ontario are generally required to ensure that before- and after-school programs are available in all elementary schools serving students in Kindergarten to Grade 6, provided there is enough demand from parents and guardians. Currently there are 14 before- and after-school programs operating in Woodstock.

- ii. **Streamlined Planning Processes:** Although a new childcare centre may not need a zone change if it is considering a site which is already zoned for childcare, a responsive planning process may be helpful in some instances. Historically Woodstock has been well known within the development community for having a fair and quick planning process within the requirements of provincial legislation.
- iii. **Expedient Municipal Business Licensing:** Compared to other communities, the current City of Woodstock Business licensing process is not particularly onerous. Although the service standard for business licensing is 21 days, on average, applicants receive their business license within 14 days. The caveat to this statement is that there can be no outstanding permits to the property related to legislative requirements such as Building Code or Fire Code.
- iv. **Supportive Zoning Bylaws.** The Woodstock Zoning Bylaw allows for childcare facilities in five different zones including C3, C5, C6, NI (neighbourhood institutional) and CF (community facility). Further, home-based childcare is permitted as a home-based business in all residential zones. Industrial properties are also allowed to have a childcare centre under

the current zoning provided the centre is for the children of the company's employees. A re-zoning application would be required if a childcare centre is established on an industrial property and accepts children from the general public.

A housekeeping bylaw was recently passed that increased the number spaces in a home-based childcare from 5 to 6 to match the provincial maximums. Likewise, parking requirements were relaxed to remove the requirement of 2 parallel parking spaces in a residential laneway with childcare.

- v. **Training and Professional Development:** Oxford County Children's Services offers professional development opportunities for home-based childcare providers, ensuring they have the skills and knowledge needed to offer high-quality care, which in turn supports the growth and sustainability of home-based childcare.

5. Practical Options for Woodstock to Consider

Based on a review of practices in other Ontario communities, and opportunities currently within the City's control, 6 policy and program initiatives are proposed below for Council's consideration. Some of these options could be implemented within current departmental budgets, while other options would require additional funding through the City's budget process

- i. **Small Business Support for Home-based Childcare** - The Oxford Small Business Centre (SBC) functions as part of the City's Economic Development Department. The office receives funding from the City of Woodstock, County of Oxford, and Provincial governments. The Centre offers free counselling, access to resources, and business coaching to individuals interested in starting a small or home-based business. As such, the SBC is a ready vehicle through which to provide workshops and counselling on the steps involved in starting a home-based childcare business.

For the SBC to offer appropriate advice on home-based childcare it would be critical to have Oxford County Children's Services as a partner in any workshop. The Small Business Centre is the subject matter expert when it comes to starting a small business in Oxford but it is Oxford County Children's Services that is the expert when it comes to the legislative requirements of childcare.

Likewise, it is the County that is the System Service Manager for licensed childcare and the conduit through which the various childcare grants and

subsidies flow. Further, Oxford County Children's Services manages the waitlist for families seeking licensed childcare spaces.

A robust marketing initiative would be critical in ensuring potential operators are aware of the availability of specialized information around home-based childcare and the opportunities provided by licensed home-based childcare. To be effective, programming should be offered multiple times a year and focus on potential new operators as well as existing unlicensed operators.

- ii. **Incentive-based Support for Home-Based Childcare:** The City is currently in the midst of amending its Community Improvement Plan (CIP) to offer City-wide incentives to address areas of critical shortage such as housing and family physicians. Incentives for home-based childcare could certainly be added to this list of new incentives.

The focus of CIP incentives for home based childcare would be to provide grants or loans to homeowners who create home-based childcare within their property. A CIP program for home-based childcare would be intended to offset the initial start-up costs associated with establishing a home-based daycare. The program could cover items such as capital costs for fencing, renovations and equipment, and municipal licensing fees. Included in the suite of programming for home-based childcare CIP could be design grants, capital grants, and grants in lieu of municipal application and permit fees.

The County of Oxford has its own Community Improvement Plan which is currently limited to providing tax grant backs to properties that have an approved CIP project within the downtown area of a lower tier municipality. The County CIP also provides financial incentives for affordable housing projects County wide. However, like Woodstock's CIP the County plan does not currently offer any incentives for the development of childcare.

Given that the City and County are partners in the local childcare crisis it may be appropriate for City Council to request the County consider amending its CIP to match childcare initiatives offered by lower tier municipalities across Oxford. Like the proposal above to City Council, County CIP funding could include the grant back of County review and approval fees as well as matching capital grants offered by municipalities.

An amendment of a CIP program will simply provide the opportunity for the City and County to implement childcare funding within their respective programs. To actually implement CIP funding staff will need to develop program guidelines (eligibility, requirements, terms, etc.) and request an addition to base budget through the normal budgeting process.

Municipal Development Fee Rebate Program: Some Ontario communities have implemented municipal fee rebate programs for licensed childcare centres. to rebate costs such as development charges and municipal building permit fees. Fee rebates would help to reduce the costs of establishing new facilities by rebating the fees that would normally be paid during the construction of new spaces.

The City's Community Improvement Plan could be used as the vehicle for rebating municipal fees. In order to increase the impact of CIP programming for licensed childcare centres, Council could request that the County of Oxford also add similar support to its programming to its CIP.

- iii. **Disposition of Municipally-owned Real Estate:** From time to time the municipality disposes of surplus real estate that is not required for ongoing municipal operations. These properties range from vacant land to physical buildings which the municipality has either historically owned or acquired through happenstance.

When disposing of real estate, the City of Woodstock has frequently used a request for proposal (RFP) process. An RFP offers the municipality the opportunity to test a broad market interest and evaluate proposals against factors which are in the City's best interest or match strategic objectives goals.

It would be within Councils prerogative to require, either by policy or on a case-by-case basis, that each property be evaluated based on its suitability for a childcare centre. If suitable, Council could require that the RFP clearly identify the City's desire for additional childcare spaces and give priority or a heavier weighting to those proposals that incorporate a childcare centre.

- iv. **Utilizing Public Spaces:** Some municipalities have leveraged public buildings or community centers to create new childcare spaces. These initiatives have utilized several different approaches such as converting unused or underutilized municipal spaces to childcare centres, incorporating childcare space into building additions, and including allowances for childcare space in new construction. Obviously not all municipal buildings are suitable hosts for childcare centres (e.g. a public works yard), but buildings such as administrative buildings, libraries, arenas and community centres are typically a good fit.

Council could require, either by policy or on a case-by-case basis, that underutilized buildings and municipal construction projects include an analysis as to the building's suitability for childcare space.

A key component of incorporating childcare space into a municipal building would be to identify a suitable licensed operator in advance of commencing construction.

- v. **Engaging Employers to Provide On-Site Childcare:** In some cases, larger employers in other communities have opted to provide childcare space within the workplace. Those businesses offering workplace childcare see it as part of a strategy to attract and retain good employees, improve employee satisfaction, and reduce absenteeism.

Development staff could work together with Oxford County Children's Services to make employers aware of the possibility of workplace based childcare and provide guidance and advice on the considerations and steps necessary to establishing this type of childcare. It is not necessary for the employer to be the childcare provider themselves as it is common for businesses to provide a suitable childcare space and contract the actual childcare service to a suitable 3rd party.

If the childcare centre only services a business's employees a zone change may not be necessary. If the Centre also serves the general public then site specific zoning may be required.

- vi. **Partnerships with Developers:** The city could encourage partnerships between childcare providers and developers in order to integrate childcare spaces into new residential and commercial projects. City staff, along with staff from Oxford County Children's services could work together to educate developers on the benefit of having a childcare centre within their development and provide connections to childcare operators who are interested in starting a centre, or expanding their presence within Woodstock.

6. Conclusion

The need for additional childcare spaces in Woodstock is significant and expected to grow considerably over the next 20 years. Many factors within the City's control are working well and do not create a barrier to the creation of additional childcare spaces. However, the availability of suitable real estate is a significant barrier to the development of new licensed childcare centres.

By working collaboratively with Oxford County Children's Services, and offering additional incentives which are within control of the City, Woodstock can have a positive impact on creating additional childcare spaces in the community. Expanding childcare spaces will not only support local families but also contribute to the overall economic growth and social well-being of the community.

A focus on creating licensed childcare spaces should be a priority. Increasing the number of licensed childcare spaces will encourage an increase in high quality childcare spaces and allow Woodstock parents to access reduced fee childcare, expected to be \$10 per day by 2026.

RECOMMENDATION

That Woodstock City Council direct staff at the Small Business Centre to develop programming, in conjunction with Oxford County Human Services, aimed at increasing the number of home-based childcare businesses in Oxford County;

And further that financial incentives for home-based childcare and licensed childcare centres be added to the City's Community Improvement Plan, and referred to budget for consideration;

And further that City Council request that the County of Oxford amend its Community Improvement Plan to match childcare incentives offered by lower tier municipalities;

And further that all non-industrial City land dispositions provide positive consideration for proposals which include childcare space;

And further that City staff consider opportunities for new childcare space when expanding existing municipal buildings or designing new municipal buildings, where appropriate;

And further that Council direct staff in the Economic Development Department to create programming to encourage residential and commercial developers, as well as larger employers, to consider incorporating childcare space into new developments.

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