

Strengthening the Child Care Ecosystem in the Strafford Region

Executive Summary

This report represents the second phase of the Strafford Regional Planning Commission's (SRPC) Regional Child Care initiative and builds directly on findings and recommendations from the first phase. Persistent gaps in childcare availability and affordability continue to constrain labor force participation and limit businesses' ability to attract and retain employees, making accessible and affordable child care essential for workforce participation and regional economic growth in the Strafford Region.

As of 2025, the SRPC region had 76 operational child care programs with licensed child care capacity of 4,638 slots. However, based on analysis that is later expanded upon in this report, it is estimated that the demand for child care in the SRPC region is approximately 5,579 children. The challenges are multi-layered: providers face high operating costs driven by staffing and operational requirements, low wages and intense labor that make it difficult to recruit and retain qualified educators, and there is limited access to capital for expanding or maintaining facilities. Furthermore, regulatory barriers, such as restrictive zoning and complex licensing processes can slow or discourage the creation of new child care slots, particularly for home-based providers. At the same time, families face high child care costs, which limits what providers can charge and reduces their financial stability.

To address these challenges, SRPC partnered with NYU Wagner through the NYU Capstone program to advance several key initiatives:

- **Zoning and regulatory analysis**, including a municipal zoning audit and development of a model ordinance in collaboration with the NH Office of Planning and Development (OPD), to support home-based child care and compliance with HB 1567;
- **Community and child care stakeholder outreach**, conducted with the Community Development Finance Authority (CDFA), to assess the accessibility and effectiveness of existing child care business resources;
- **Child care business financing tools**, developed in collaboration with the Strafford Economic Development Corporation (SEDC), to present funding opportunities for child care providers; and
- **Supply and demand data analysis**, to better understand regional child care needs.

By advancing these strategies, SRPC and partners have aimed to identify gaps in child care supply and accessibility, assess regulatory & zoning barriers, evaluate support resources for providers, and develop a financing resource guide to improve child care providers' access to capital.

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1. Introduction

Accessible, affordable child care is a foundational piece of regional economic development. When families cannot find reliable child care, parents will reduce their working hours, lose job opportunities, or leave the labor market entirely, which in turn limits the ability of employers to hire and retain workers. Regional analysis conducted by SRPC has identified that the lack of available and affordable housing and child care contributes to challenges in labor participation and the ongoing recruitment and retention difficulties faced by employers.

On the supply side, the availability of child care services remains a significant challenge. As of 2025, there are 76 various operational child care programs in the SRPC region. However, many census tracts still fall under the category of “childcare deserts,” where the number of children under the age of five exceeds three times the capacity of qualified child care services. For families, these gaps affect commuting patterns and household stability. For communities and the region, this affects their ability to sustain a strong labor force and attract new families and employers.

In response to these challenges, SRPC collaborated with NYU Wagner through the NYU Capstone Child Care Project. The team from NYU and the staff of SRPC unified the research, stakeholder coordination, and outcomes with the regional priorities of SRPC through a structured collaborative process.

This project was structured around three coordinated components in partnership with regional organizations, as highlighted below:

1. In collaboration with the NH Office of Planning and Development (OPD), we developed a model ordinance and conducted a zoning ordinance audit across SRPC municipalities to assess compliance with HB 1567 and identify regulatory barriers to home-based child care.
2. Working with the NH Community Development Finance Authority (CDFA), we conducted community outreach to better understand the usefulness, accessibility, and gaps in existing child care business resources, particularly for Family Child Care (FCC) providers.
3. In partnership with the Strafford Economic Development Corporation (SEDC), we examined child care business financing pathways and developed a user-friendly financing guide, focusing on helping providers navigate alternative lending options and technical assistance resources.

This report is the second phase of the SRPC Regional Child Care program. It focuses on carrying out action items modeled based on key actions and recommendations from last year’s child care project, forming an action plan, and producing deliverables, all with the

expectation of expanding the coverage and accessibility of child care services within the 18 municipalities of the SRPC region.

This report synthesizes research findings, policy analysis, stakeholder input, and financing insights to provide actionable recommendations to increase child care supply, reduce regulatory barriers, and improve access to business support resources across the region. The individual deliverables for each of the three components of the project (model ordinance, CDFA outreach summary, and the funding guide) can be found as Appendices.

2. Team Bios

Annisa Zahra

Annisa is currently a graduate student at NYU Wagner Graduate School of Public Service, specializing in public policy analysis. Previously, she worked as a budget analyst for the Ministry of Finance of Indonesia. She is passionate about exploring green and sustainable budgeting through her studies at NYU Wagner.

Jody Chen

Jody is a full-time graduate student at NYU Wagner School of Public Service. Prior to her studies, she worked as a paralegal in intellectual property law and has conducted fertility research in China. She is currently interning with the American Red Cross Greater New York as an intake specialist. Through the NYU Wagner program, she is seeking to pivot her career toward policy and research that supports communities and social services.

Sherry Wei

Sherry is a graduate student at NYU's Wagner School studying public policy. She has experience in economic policy research and analysis through several research and policy-focused internships. Her work has involved analyzing economic trends, contributing to policy reports, and supporting research on regional economic development. Sherry is particularly interested in how data-driven policy analysis can inform effective economic development strategies and improve public decision-making.

Tianle Fang

Tianle is currently a graduate student at NYU Wagner School of Public Service, specializing in non-profit management and policy. Before pursuing his graduate studies, he had experience working in the non-profit sector. He had worked at organizations such as the Women and Children Foundation and the Disability Services Center, and also had an internship at the visa center under the foreign affairs office in his hometown, thus having extensive experience in interacting with different people. Tianle hopes to devote himself to such work in the future that can help those in need. Through this program, he

gained more opportunities to deeply participate in this kind of work from various perspectives.

3. Background, Supply, and Demand

3.1 The Regional Context

Accessible and affordable child care is a critical component of economic stability and regional growth. In the SRPC region, limited child care availability has been identified as a key barrier to workforce participation, employer retention, and long-term economic development. When families are unable to secure reliable child care, parents may reduce working hours or exit the labor force entirely, creating ripple effects across local economies.

3.2 Defining Effective Demand and Supply

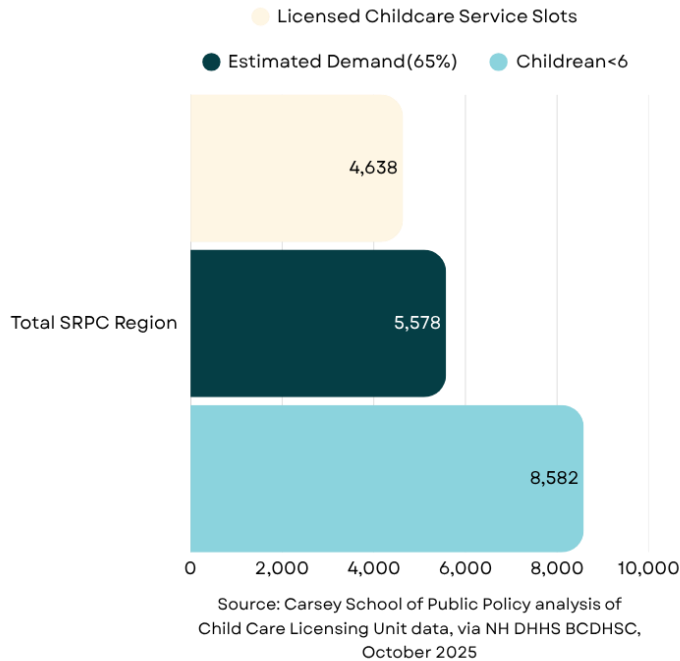
To assess child care needs across the Strafford Regional Planning Commission (SRPC) region, this analysis estimates effective demand by combining population data with expected child care utilization rates.

The total number of children under the age of six was drawn from the American Community Survey (ACS) 5-year estimates (2024). Across the SRPC region, there were approximately 8,582 children under age six as of 2024. However, not all children require formal child care, as some families rely on parental care or informal arrangements.

To better approximate the number of children likely to need licensed child care, a 65% participation rate was applied. This rate reflects the share of children who typically rely on non-parental care and is consistent with methodologies used in child care demand analysis, including approaches by the Carsey School of Public Policy and other national benchmarks.

Based on this method, the estimated effective demand for child care in the SRPC region is approximately 5,579 children, compared to a total licensed child care capacity of 4,638 slots, indicating an overall regional gap. Licensed child care capacity data were sourced from analysis conducted by the Carsey School of Public Policy, using data from the New Hampshire Department of Health and Human Services Child Care Licensing Unit.

Estimated Childcare Demand vs Licensed Childcare Capacity



Source: Carsey School of Public Policy analysis of Child Care Licensing Unit data, via NH DHHS BCDHSC, October 2025, American Community Survey (ACS) 5-year estimates (2014–2024).

At the county level, the analysis reveals significant variation in how well supply aligns with demand. Carroll County faces the most pronounced gap, with an estimated demand of two hundred children compared to only 49 licensed slots, meeting roughly one-quarter of need. Rockingham County shows a similar imbalance, with 819 children estimated to need care and 403 available slots, covering about half of demand. In contrast, Strafford County, which accounts for the majority of the region’s population, has an estimated demand of 4,560 children and 4,186 licensed slots, suggesting a closer alignment between supply and demand at the aggregate level. However, even in Strafford County, localized shortages and differences in program availability may continue to limit access for families.

It is also important to note that licensed capacity does not always reflect operational capacity. Due to workforce shortages, some child care providers are unable to operate at full enrollment. According to the New Hampshire Fiscal Policy Institute, child care facilities in the state were operating at approximately 85% of their licensed capacity as of 2024.

This suggests that the effective availability of child care may be even more constrained than licensing data indicates.

Overall, these findings suggest that while the region may approach equilibrium at a high level, significant disparities exist across counties, and supply does not consistently align with demand at the local level.

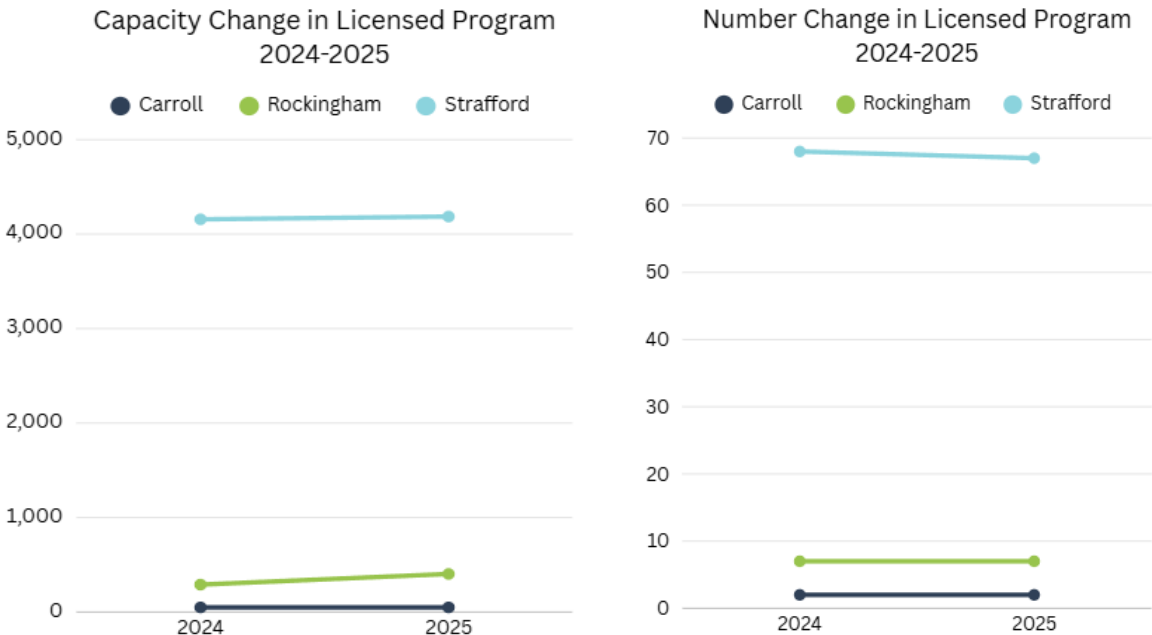
3.3 Supply Trends

A closer examination reveals important nuances. Between 2024 and 2025, growth in child care capacity has been modest. Family-based care, in particular, has seen minimal growth, with a slight 0.7% increase in capacity but a 7.7% decline in the number of providers. In contrast, center-based care has experienced a small 3.2% increase in capacity without an increase in the number of programs, indicating expansion within existing facilities rather than the addition of new providers.

Rockingham County is seeing growth in center-based programs (33% increase) and capacity (46%), while family-based programs are declining. Strafford County remains relatively stable, with slight changes in both program types, and Carroll County shows little change. Overall, center-based expansion alone may not fully address the regional child care gap, particularly as family-based care declines in some areas.

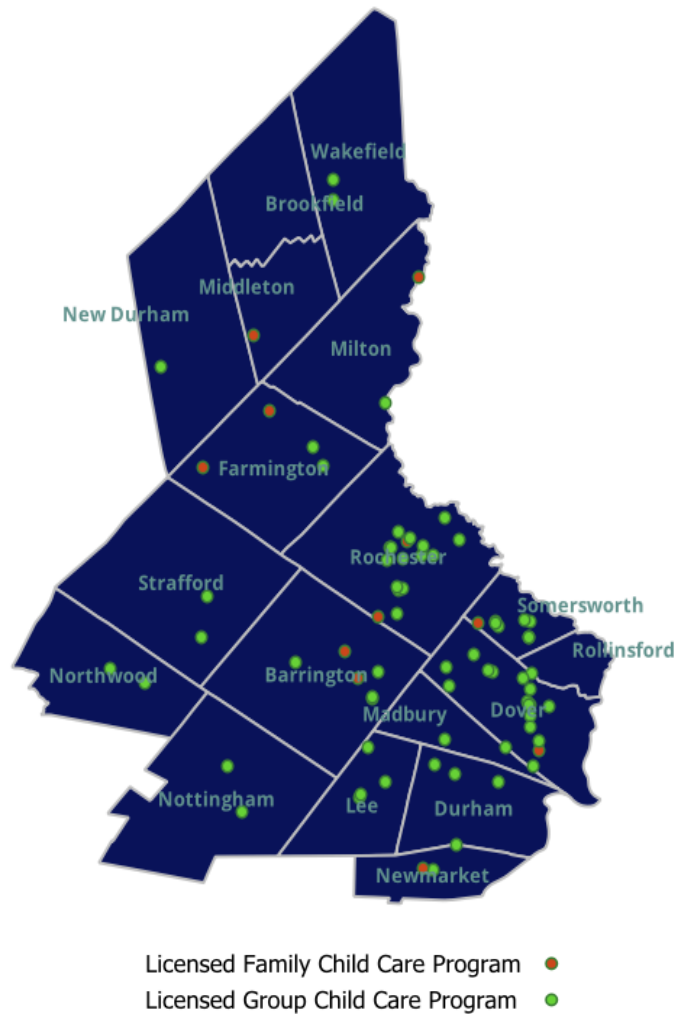
These trends suggest that while overall capacity appears stable, the system is not expanding in a way that meaningfully increases access, particularly at the local level.

It is important to note that there is no meaningful data available to track unlicensed child care providers, which creates a blind spot in understanding the true scale of child care supply in the region.



3.4 Provider Distribution

The SRPC region faces both a shortage of child care capacity and an uneven distribution of providers across municipalities, further exacerbating access challenges. Analysis of provider locations highlights clear differences between municipalities, resulting in variable access for families.



The above map of Licensed Family and Group Child Care Programs shows that child care services are more densely concentrated in more urbanized areas, particularly in cities such as Rochester, Dover, and Somersworth, where population density and demand are higher.

In contrast, more rural municipalities -including Wakefield, Brookfield, and Middleton- have few or no licensed providers. Similarly, towns such as New Durham, Northwood, and Strafford have only a limited number of providers, which constrains local child care options.

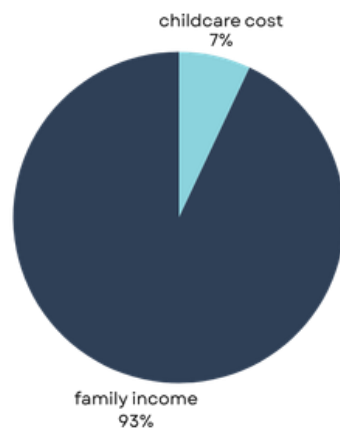
This uneven geographic distribution intensifies existing supply gaps, as families in areas with fewer providers may need to travel to neighboring municipalities to access care. These additional time and transportation burdens can further limit access to child care and affect families' ability to participate in the workforce.

3.5 Affordability Constraints

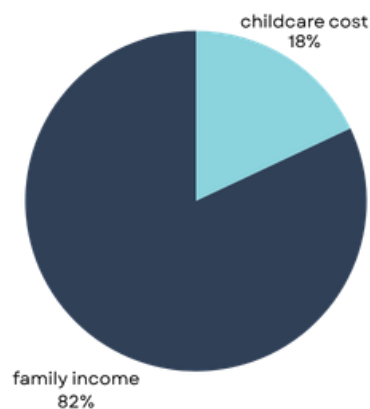
Affordability remains a significant barrier to accessing child care across the region. Nationally, the cost of child care in most settings and for most age groups exceeds commonly accepted affordability benchmarks, and New Hampshire reflects this broader trend.

According to data from *Child Care Aware of America (2024)*, the average annual cost of child care in New Hampshire is substantial across both family-based and center-based settings. For family child care, the average annual cost is approximately \$11,708 for infants and \$11,432 for toddlers. Costs are higher in center-based settings, averaging \$16,040 for infants and \$14,870 for toddlers.

When compared to household income, these costs represent a significant financial burden. The median household income in Strafford in 2024 was \$88,570, which means center-based child care for an infant would use 18% of family income. For single-parent households, with a median income of approximately, the cost burden is significantly



Recommended Income Spent on Child Care by Dept of Health and Human Services



Percentage of Median Income Strafford Co Households Spend on Child Care

higher. These figures exceed the commonly used affordability benchmark of 7% of household income (as established by the U.S. Department of Health and Human Services), indicating that child care is unaffordable for many families - particularly single-parent households.

At the same time, affordability challenges are not limited to families. Providers must set tuition rates that cover operating costs, including staffing, insurance, licensing, and facility expenses. This creates a structural tension in the child care market: prices are often too high for families, yet not sufficient to support sustainable business operations for providers.

Finally, child care challenges in the region are not only a matter of affordability and access, but also workforce dynamics. The child care sector is highly labor-intensive, yet wages remain relatively low. In Strafford County, the median wage for child care workers was approximately \$32,048 annually (or \$15.40 per hour) in 2024. These conditions contribute to high turnover rates and staffing shortages, which in turn limit providers' ability to operate at full capacity.

3.6 Implications for the Child Care System

Together, these factors highlight a central challenge: in addition to the SRPC region having insufficient child care capacity overall, underlying issues related to distribution, growth, and affordability exacerbate access in practice.

Addressing these challenges requires a more comprehensive approach that considers not only the number of available slots, but also the regulatory, financial, and operational conditions that shape the child care ecosystem.

4. Model Childcare Ordinance and Municipal Zoning Review of HB 1567 In the SRPC Region

4.1 Context and Regulatory Purpose

The primary objective of HB 1567 is to increase the supply of affordable, flexible child care in New Hampshire while reducing the administrative and financial burdens on both municipalities and providers. Importantly, the law mandates that these programs cannot be subject to local Site Plan Review from the Planning Board or Special Exceptions from the Zoning Board of Adjustment. While the law allows municipalities the option to require a Conditional Use Permit, this model ordinance recommends permitting these uses by right to further streamline the process.

As of November 2025, an analysis of the SRPC region indicates that most of the 18 member municipalities will need to adjust their local zoning to reach compliance with RSA 674:16, VI as amended by 2024 HB 1567.

4.2 Findings from Zoning Audit

An audit of zoning ordinances across the 18 municipalities in the SRPC region reveals that compliance with HB 1567 varies significantly, and that non-compliance is driven by several recurring patterns.

First, a number of municipalities continue to require discretionary approval processes, such as Site Plan Review or Special Exceptions, for home-based child care. These requirements directly conflict with the intent of HB 1567, which seeks to reduce administrative barriers and allow child care more freely.

Second, in several cases, child care is not explicitly permitted or is defined unclearly within the zoning ordinance. Because zoning operates on an explicit-use basis, the absence of clear authorization can effectively prohibit child care, even if not explicitly stated.

Third, some municipalities do not allow child care across all residential contexts. Instead, child care is limited to certain districts or housing types, such as single-family dwellings, which restricts where providers can operate.

Finally, even where child care is technically permitted, it is often regulated under home occupation or home business provisions. While permitted, these frameworks introduce additional operational constraints, such as parking requirements, traffic limitations, or restrictions on employees, that may conflict with state licensing standards and limit the practical feasibility of operating child care.

Together, these findings highlight that while HB 1567 establishes a clear regulatory intent, municipalities vary in how they implement the law in practice, and in many cases, barriers remain embedded within local zoning structures.

4.3 Best Practices for Child-Care-Friendly Zoning

The model language incorporates best practices from the NH Office of Planning and Development (OPD) that go beyond the minimum legal requirements. Key recommendations include:

- Permitting child care by right in all districts where residential uses are allowed.
- Separating child care from "Home Occupations" to avoid restrictive standards regarding signage, floor area, or parking that typically apply to home businesses.

- Avoiding additional parking or outdoor space requirements beyond what is already required for the primary residence, as DHHS rules (He-C 4002) already establish sufficient standards for safety and space.

4.4 Additional Considerations

4.4.1 Regulating Family and Group Family Child Care Programs as Home Businesses

While HB 1567 does not prohibit municipalities from regulating family and group family child care programs from being regulated as a home business, it is important to note that doing so can create barriers. Therefore, it is recommended that family child care and group family child care are treated as separate accessory uses from home occupations. This will minimize additional requirements (signage, parking, storage, floor area, etc.). As an alternative:

- A community can list family and group family child care programs under their permitted uses, separate from their home occupations, and provide guidance specific to that use.
- In addition, communities will want to add a cross-reference to the “Home Occupation” section clarifying that child care uses are excluded from home occupation standards and are instead regulated under the standards for family and group family child care established in this ordinance.

4.4.2 Municipal Oversight

Compliance with zoning, public health regulations, building codes, and fire codes are still applicable (and required as part of the NH Department of Health and Human Services Child Care Licensing Rules), allowing municipalities to still have oversight.

4.4.3 Licensing

Child care program licensing, processed by the NH Department of Health and Human Services Child Care Licensing Unit, is required and means that other regulations must still be followed. These include, but are not limited to, regulations around:

- Health and safety
- Staffing requirements
- Water testing and sewage disposal
- Requirements around indoor and outdoor spaces
- Sanitation
- Space requirements
- Lead safety (Lead Safe Certificates must be obtained for newly licensed child care facilities that plan to be in pre-1978 structures)
- Noise and hours

4.5 Model Ordinance Guide

Model Ordinance Guide can be found in the Appendices section of this report.

5. Community Outreach

5.1 Survey Overview

In an effort to better support Family Child Care Providers (home based child care providers), the NYU Wagner Capstone team partnered with the New Hampshire Community Development Finance Authority's (CDFA) to help assess the effectiveness of CDFA's Small Business Resources for Family Child Care Providers. To do so, the NYU Wagner Capstone team developed and distributed a survey to current and potential child care providers, community partners, and stakeholders across the Strafford Region. The survey evaluated the accessibility, clarity, and usefulness of CDFA's resources designed to support individuals starting or sustaining family child care businesses.

Participants were also invited to participate in follow-up one-on-one conversations to provide additional feedback and elaborate on their experiences navigating the resources. Together, the survey responses and stakeholder discussions provided insight into how the existing materials are used, the barriers users encounter, and opportunities to strengthen CDFA's support for family child care providers.

5.2 Key Findings

Survey responses indicate that several CDFA resources are valuable for individuals exploring or starting family child care businesses. In particular, respondents identified the Guide to Becoming a Family Child Care Provider, Managing Business Finances, and Business Operations as the most helpful tools for understanding the process of establishing and managing a child care business.

Most respondents indicated that they would recommend CDFA's resources to current or prospective family child care providers. However, some noted that they would primarily recommend the main CDFA guide rather than the full set of materials, particularly for individuals who are new to starting a business.

Respondents also emphasized the importance of financial support for new providers. Stakeholders suggested that small grants between \$5,000 and \$10,000 could meaningfully support startup expenses and operational improvements for family child care businesses. Some respondents noted that larger startup costs, such as facility improvements or licensing requirements, may require higher levels of financial support,

and that the current resources may underestimate the realistic costs associated with starting a family child care business.

5.3. Key Barriers

Despite the value of the resources, respondents identified several barriers that limit their accessibility and effectiveness.

First, many respondents noted that the materials can be difficult to navigate, particularly when information is spread across multiple documents or external links. Some resources also contain broken or incorrect links, which can make it challenging for users to locate relevant information.

Second, stakeholders highlighted that many materials are lengthy and highly technical, which may discourage potential providers who already face significant time and capacity constraints. Long documents may be overwhelming for individuals who do not have prior business experience.

Third, respondents noted that some materials do not adequately reflect the realistic startup costs associated with establishing a family child care business. Expenses such as fencing, insurance, licensing requirements, and equipment can significantly increase startup costs.

Finally, some respondents pointed to limited language accessibility, as most resources are only available in English. This may create additional barriers for potential providers from diverse backgrounds.

5.4 Recommendations

Based on the survey responses and stakeholder feedback, several opportunities exist to strengthen the accessibility and effectiveness of CDFA's Small Business Resources for Family Child Care Providers.

1. Simplify Resource Materials

Reducing the length and complexity of existing materials could make them more accessible to potential providers. Developing concise guides, visual diagrams, and step-by-step roadmaps could help users better understand the process of starting and sustaining a family child care business.

2. Improve Website Navigation and Accessibility

Converting existing documents into web-based resources with clearly organized pages for each stage of the business development process could improve usability. Ensuring

that links are functional and that resources are mobile-friendly would also enhance accessibility.

3. Provide More Realistic Financial Guidance

Updating financial estimates and startup cost information would provide prospective providers with a more accurate understanding of the resources required to establish a family child care business.

4. Expand Technical Assistance and Mentorship Opportunities

Connecting prospective providers with consultants, experienced providers, or mentorship networks could help them navigate licensing requirements, financial planning, and business operations more effectively.

5. Explore Grant and Funding Opportunities

Stakeholders emphasized the importance of financial support for family child care providers. Combining grant funding with business training or technical assistance may be particularly effective in helping providers successfully start and sustain their businesses.

5.5. Survey Report

The full survey report can be found in the Appendices section of this report.

6. Child Care Business Financing Guide

Past outreach to child care providers and technical assistance partners has highlighted persistent challenges in navigating funding sources, particularly for providers who already face significant capacity constraints. To address this, the NYU Wagner Capstone team partnered with the Strafford Economic Development Corporation to develop an easy-to-navigate resource guide that provides child care providers with clear information on available financing options, eligibility requirements, and steps for accessing technical assistance.

The child care financing guide can be found in the Appendix of this report.

7. Appendices

Appendix 1: Model Ordinance Guide

Appendix 2: CDFA Child Care Resources Outreach Summary

Appendix 3: Funding Guide for Child Care Providers in the Strafford Region

8. References

Carsey School of Public Policy. (2025). *Analysis of Child Care Licensing Unit data, via NH DHHS BCDHSC*. University of New Hampshire.

Childcare Aware of America. (2025). [2024 Child Care Affordability](#).

Municipal zoning ordinances for the following communities were reviewed as part of this analysis: Barrington, Brookfield, Dover, Durham, Farmington, Lee, Madbury, Middleton, Milton, New Durham, Newmarket, Northwood, Nottingham, Rochester, Rollinsford, Somersworth, Strafford, and Wakefield. Ordinances were accessed through municipal websites and the New Hampshire Office of Planning and Development.

New Hampshire Department of Health and Human Services. *He-C 4002: Child Care Licensing Rules*.

New Hampshire Fiscal Policy Institute. (2025). [The Economic Impact of the Granite State's Child Care Shortage](#).

New Hampshire General Court. (2024). *HB 1567: Relative to zoning for family and group child care homes*

New Hampshire General Court. *RSA 170-E: Child Care Licensing*.

[NH OPD August 2025 PLAN webinar recording, Supporting Family Child Care Through Zoning Changes](#) for an overview of the local regulatory barriers to family child care and ways they can be addressed/minimized through zoning.

Strafford Regional Planning Commission. (2025). [Regional Comprehensive Economic Development Strategy](#).

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9. Acknowledgments

We would like to express our sincere gratitude to the Strafford Regional Planning Commission for their guidance and partnership throughout this project. In particular, we thank Natalie Gemma for her ongoing support, coordination, and thoughtful feedback. We also extend our appreciation to Rachel Dewey for her assistance with data and methodology.

We also thank Jessica Carson from the UNH Carsey School of Public Policy for her support with data obtainment.

We are grateful to Noah Hodgetts from the Office of Planning and Development for his guidance on the model zoning ordinance development, and to the staff at the Strafford Economic Development Corporation for their assistance in developing the funding guide for child care providers.

We extend our appreciation to all interviewees who took the time to complete the survey and share their experiences in child care, which greatly enriched this report.

Finally, we would like to thank our professor, Margaret Egan, for her support and guidance throughout this project.