



CHILDCARE EXCERPT FROM

A Guide to Leasing Space

November 2025

INFO@VEREP.ORG



Catalyze Coaching and Consulting

Considering an Early Learning Tenant Partner at your church

Overview

Partnering with an early learning program can bring life, vitality, and a renewed sense of mission to a church campus. During the week, classrooms that might otherwise sit empty can become places of joy, laughter, and meaningful community engagement. Even renting space at market rate can provide a benefit to the wider community, because available space to open a new early learning program is typically in critically short supply most places.

A well-designed partnership can support families with young children in the community, provide stable revenue to the church, and align with a congregation's mission of hospitality and welcome. However, this kind of tenant partnership requires careful discernment, thoughtful structure, and ongoing attention to both logistics and relationships.

This appendix is designed to help church leaders understand what early learning programs are, the significant changes that have shaped the field in recent decades, how to find a high-quality provider, and how to evaluate a potential tenant.

Why Early Learning Matters

Research in neuroscience shows that more than 80% of brain development occurs before age five. High-quality early learning experiences support lifelong outcomes in health, education, and social well-being. Early education also strengthens family stability by supporting working parents. Thirty to forty years ago, early childhood education was often regarded as babysitting. Today, it is recognized as vital to a critical stage of human development, laying the foundation for lifelong learning, health, and social-emotional well-being. By leasing to an early learning provider, a congregation contributes directly to community resilience and child well-being.

Evolving Models of Church-Based Early Education

From the 1970s through the 1990s, many churches founded and operated their own preschools. However, increasing state regulations, higher expectations for teacher qualifications, changing needs of families who now primarily need full day programs and complex liability requirements have made it challenging for churches to run programs directly. The current best practice is to lease space to an independent early education provider—either a nonprofit organization or small business—that holds its own license, hires staff, and assumes all operational responsibilities. This structure minimizes risk and

administrative burden for the church freeing time for attention and connection among church, staff and families.

Types of Early Learning Programs

Early childhood educators are professionals who often hold degrees in education or additional certifications specific to early childhood education. High-quality programs typically include systems for evaluating teaching practice and supporting ongoing professional development. These strategies ensure that educators create nurturing, engaging, and developmentally appropriate environments for young children.

Early learning organizations use a variety of terms to describe themselves—such as *preschool, child care, early education center* or *Head Start*. While the terminology may differ, all of these are forms of **early childhood education (ECE)**. Old terms no longer in use by high quality programs is *day care* or *nursery school*.

Full-Day Child Care or Early Education Center:

Full-day programs operate for extended hours, often from 7:00 AM to 6:00 PM, meeting the vital needs of working families. These programs are state-licensed and typically the most financially sustainable model for the potential tenant. They require more square footage, options for parking and outdoor space but also provide steady rent revenue and a vibrant weekday presence.

Part-Day Preschool:

Once common in churches, part-day programs (usually mornings only) have become less viable. Because most families need full-day, full-week care, afternoon classes often sit empty, and part-time staffing is difficult to maintain. In many areas, only affluent communities can sustain this model.

Head Start or State-Subsidized Programs:

These programs serve low-income families and are federally and/or state funded. Partnering with a Head Start or subsidized center can be a powerful form of outreach, especially for congregations already engaged in ministries such as food pantries, meals for families or support for foster care.

Opportunities for Ministry

Leasing to an early learning program can expand to a ministry of hospitality or as a pathway to drawing early education program families to church. Churches can offer support to the families and children in the center, such as hosting an optional chapel for children (and/or their parents), serving free coffee to parents and caregivers at drop-off or snacks at pick-up, or inviting families to child-centered church events. Congregations can host joint outreach opportunities for children and families to join members of the parish in existing church outreach ministries activities such as creating holiday meal food baskets or toy drives.

Key Discernment Questions

The decision to engage an early childhood education tenant should be done prayerfully and in close partnership between vestry and rector. If it looks promising to key church leaders, mentioning it in key communication venues with the congregation can surface additional information relevant to the decision. It's also important to touch base with the Diocesan staff to let them know you are considering this. [insert any more info on the Diocesan piece of this from VEREP]

First, there are some practical questions to evaluate:

Have we assessed market demand for child care in our area? Is there enough demand to justify another center?

Does our space have suitable plumbing so child friendly toilets and classroom sinks can be installed, and is there outdoor playground space near classrooms?

Can we accommodate at least three classrooms, a director's office, kitchen or break area, and adequate parking?

Would engaging an early childhood tenant affect any other ministries currently using the space during the week or on an on-going basis (like storage)?

Then, there are some discernment questions you might want to consider including:

Do we want to bring weekday activity and life to our campus, or is it already active during the week?

Are we seeking community outreach, income generation, or both?

Do we have members who might volunteer or support the program?

Once you are far enough down the path, engage the congregation more fully to ensure shared understanding and buy-in.

Risks and Considerations

Any potential tenant introduces risks as well as rewards and an early childhood tenant is no exception:

Even with separate governance, the church's reputation may be affected by any incident at the child care center. You can mitigate the risk of this happening by choosing an experienced, high-quality provider with a stable history of licensing compliance.

Taxes consequences can be significant. Consult tax professionals to understand any unrelated business income implications and effect on the church's non-profit tax status.

Use of space, especially when affecting existing ministries, can lead to misunderstandings and conflict. Establishing clear agreements and maintaining regular communication are key.

How to find a potential tenant

If you decide to pursue an early education partner, here are key steps to follow.

1. Learn about the Local Early Learning Landscape

Begin by understanding the early learning ecosystem in your community. Contact your:

- local affiliate of the National Association for the Education of Young Children (NAEYC),
- your regional Child Care Resource and Referral agency, and/or
- your state's child care licensing office.

These organizations can help you identify programs that are licensed, high-quality, and possibly seeking expansion opportunities. They may also be able to publicize the fact that the space is available.

Also, ask people in your congregation and people you and your vestry know in the community who they would recommend reaching out to. Publicize space availability through diocesan networks, local nonprofit forums and standard places to publicize rental space availability like craigslist and nextdoor.

2. Prepare Your Site Information

Gather detailed information about your available space:

- Number of classrooms and total square footage
- Access to restrooms
- Outdoor areas with easy access to potential classrooms for the playground.
- Parking, drop-off, and pick-up logistics
- Any kitchen or multi-use spaces

Include photos or a simple floor plan if possible. This helps potential partners quickly determine whether your space fits their needs. If you've never rented to an early childhood program before, consider asking the local office of the state licensing agency to visit and evaluate your space for renovations likely required to meet licensing standards.

3. Reach Out to Potential Partners

Send a brief email describing your church, your available space, and your interest in leasing to or partnering with a licensed early learning program. Emphasize your interest and hopes for an early childhood tenant partner, especially if you'd like to develop a real ministry partnership with the center.

Considering limited to accredited centers because an accredited operator will likely adhere to strict health, safety, and educational standards, reducing risk to children and liability to the church.

This initial contact may lead to exploratory conversations that help clarify alignment in mission, scale, and operational capacity.

4. Schedule a Site Visit

Invite potential partners to tour your space. During this visit:

- Walk through every classroom and outdoor area together.
- Discuss practical issues such as security, maintenance, storage, and weekday access.
- Explore shared use possibilities (e.g., classrooms, kitchen, hallways, parking, or fellowship hall) and what the boundaries and expectations are for shared use.
- Talk about how weekday child care activity will coexist with church programming.

Ask the provider about their curriculum philosophy, teacher support systems, family engagement practices, expectations of their landlord and experience working with landlords or faith communities.

5. Visit the Provider's Existing Site

Before committing, visit one or more of the provider's current locations with a team from the church, including one or more vestry members. During your visit, look for:

- Warm, responsive interactions between teachers and children
- Classrooms that feel safe, clean, and welcoming
- Organized materials and evidence of children's learning
- Teachers who encourage curiosity and use language that builds understanding
- Clear communication with families displayed through newsletters, photos, or documentation panels

Children should appear curious, calm, and emotionally safe. These are hallmarks of a high-quality learning environment.

6. Check Licensing History

Conduct thorough vetting of potential tenants: check references, licensing records (inspection citations, compliance history), insurance coverage, and financial stability. Use your state's online child care licensing database to review the provider's record.

- **Minor citations** (e.g., paperwork errors) are common and not necessarily concerning.
- **Repeated or serious violations**, particularly those related to supervision or safety, are red flags.

Ask the provider about any past citations and how they were resolved.

Next Steps

Once you have identified one more promising tenants, and both parties have visited each other, the vestry should vote on a Letter of Intent to move forward with the tenant. This gives the potential tenant the comfort to spend resources on architect's fees if needed and develop clarity on renovation costs. Both the church and the potential tenant will sign the Letter of Intent which should outline any contingencies that might prevent the leasing arrangement from being completed.

As part of the negotiations, align expectations for child safety and supervision policies. The tenant should not only meet state minimums for staff background checks but embrace best practices (e.g. two-adult rule, abuse prevention training). Consider encouraging or requiring the tenant's staff to take the Episcopal Church's Safe Church training or equivalent child abuse prevention orientation. Establish communication protocols for any safeguarding concerns (so the church is alerted to any incidents on site, and vice versa).

Child care tenants typically need to complete renovations and get the property fully ready for children before the state licensing process can begin. The time it takes for licensing to be complete varies substantially across local offices, typically from two to nine months. This timing is something both parties should be aware of before lease negotiations begin. Early learning programs typically do not pay rent while licensing is underway.

1. Formal Lease or Contract

Include:

- Rent schedule
- permitted use of space, including days/hours of operation, access rules, and any other conditions
- maintenance responsibilities
- cost sharing plans for utilities like water and electricity, which are significant in child care operations
- general access arrangements (details will be spelled out in the program and operating agreement described below)
- insurance requirements:
 - the tenant should show proof of adequate coverage before start-up.
 - Get recommendations on minimum general liability insurance coverage which should include child abuse/molestation liability coverage and property insurance for the tenant's own equipment.
 - The church should be named as an additional insured on the tenant's liability policy.
 - The church should also review its own insurance with CPG or its own carrier to confirm that hosting a child care center tenant does not violate coverage terms and that the church carries abuse liability coverage for any church personnel interaction with children. If the church's insurer requires any

specific coverage (e.g. umbrella liability or vehicle liability if the provider transports children), ensure those are in place.

- indemnification which requires the tenant to assume liability for its activities and protect the church if accidents occur
- termination clause (with reasonable notice or for cause)- crucial in case the relationship fails or the church needs to reclaim its space.
- reference to the Program and Operating agreement

2. Program and Operating Agreement

While an early education program brings life and energy to a campus, sometimes that life and energy causes situations that are uncomfortable or challenging for the church. Many church-early education tenant arrangements falter over day-to-day friction: noise, mess, scheduling clashes, or wear-and-tear. A clear understanding prevents misunderstandings. Therefore, in addition to the lease, a separate Program and Operating Agreement should define how the two organizations will communicate, make decisions, and handle day-to-day issues. It should include points of contact, calendar of times to review how things are going, dispute resolution procedures, and annual review expectations. This should be a living document, especially in the first year, as life together unfolds.

Concrete questions should be addressed, including:

- **Shared Space Protocols**

Anticipate and agree on how space will be shared or scheduled to avoid conflicts. Develop a calendar or schedule for any spaces that serve dual purposes (e.g. a parish hall used for indoor play area in case of inclement weather and church events on weekends). Include specifics in the agreement such as:

- How will classroom setups be handled before Sunday worship?
- Who has priority for occasional events (funerals, holiday programs)?
- How will keys/access be managed and who is authorized onsite?
- How will cleaning responsibilities be defined? Shared classroom space generates cleaning issues, so it's very important to specifically define cleaning roles – e.g. early education program cleans daily and does a Friday reset of rooms to a certain layout; church sexton can do a weekend cleaning check. Consider charging a cleaning fee in rent or hiring a cleaner for transition times.
- What are storage arrangements (so that church's materials and the tenant's supplies are secure and organized).

Discuss and develop a plan for potential cultural differences and needs.

Security and Access is typically a big deal for early education programs who often require the building to be secure during its hours for child safety – doors locked to outsiders.

Church staff or volunteers might need in during the day, or unexpected visitors (deliveries, etc.) could conflict with security protocol. Develop agreements on what access looks like, who locks up when and what security agreements will be necessary.

- **Contingency Planning**

Prepare for various scenarios:

- emergency closures (who has authority to close – e.g. in severe weather or pandemic),
- damage repairs (e.g. if the early education program causes damage to facilities and how repairs are arranged for and paid), and
- exit strategy if either party needs to end the arrangement. Define notice periods for termination by either side (e.g. 90 days notice without cause, immediate termination for egregious violations).

Unexpected events can strain or end a partnership, so it's best to agree on procedures upfront. For instance, a well-drafted agreement will include provisions for early termination if the tenant loses its' license or fails to maintain insurance. Additionally, because child care is a highly regulated business, there should be clarity about who bears the cost or decision to comply if new regulations require facility changes (e.g. new playground fencing standard), Planning for emergencies (like a child injury or an abuse allegation) is also crucial: the church and provider should coordinate on response – including notifying the diocese in cases of serious incidents on church property.

Having contingency and communication plans in place ensures both parties respond consistently and protect children and the church's interests even under duress.

In the first year, review Program and Operating agreement quarterly and update as needed. It's important to update it in case anyone in the key leadership roles change. Walk through the space to notice what more frequent wear and tear might require in terms of preventative maintenance.

Over time, review the lease and the Program Operating Agreement annually to ensure the partnership remains healthy and aligned with both parties' goals.

Build and Sustain the Relationship

Establish a joint liaison or small oversight team that meets regularly with the child care director to review operations and maintain mutual understanding. Address concerns promptly and celebrate shared successes.

Conclusion

A thoughtfully designed early learning partnership can extend your church's ministry, support local families, and provide sustainable income. The key is to approach the process thoughtfully—learning about the early education landscape, carefully vetting potential partners, and creating clear, respectful agreements. Through intentional discernment, clear agreements, and ongoing communication, your congregation can create a thriving relationship that nurtures children, families, and faith community life.

With the right partner, your church can play a vital role in strengthening families and supporting the healthy development of young children in your community.

Please note: Chat GPT was used to edit and add to early drafts of this document. The final version included a careful review to eliminate all errors and incorrect nuances.