

ED Abstract Form

Organization Name: Raza Development Fund, Inc. (“RDF”)

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Project Title: RDF Washington State Initiative

RDF is requesting \$3,250,000 of Credit Enhancement Program (“CEP”) funds to make \$50 million of capital investments in 13 charter schools’ facilities in high-need areas of Washington State (the “RDF Washington State Initiative”) possible.

These investments are expected to generate at least 3,700 charter school student seats over the next five years. Grant funds will be leveraged over 15x with private capital and philanthropy grants during the five years of the grant. Washington State does not have a history of supporting school choice, nor is it yet known as a champion of charter schools; or for holding charter school operators accountable for delivering academic outcomes that demonstrably outperform those of the state’s failing traditional public schools. This history and the recent challenges to the state’s recently enacted charter school legislation have stunted the development of a healthy, charter school infrastructure and ecosystem, making it difficult to attract investment capital to the sector from traditional sources of charter school facility financing, including most CDFIs. CEP funds will be used to credit enhance RDF’s charter school investments in Washington State, the affordability of which are being maintained through blended capital pricing partnerships with the Bill & Melinda Gates Foundation and the JP Morgan Chase Foundation. Capital will support emerging charter schools, charter management organizations (“CMOs”) and local independent charter schools that serve low-income students in areas where educational choices are in dire need of improvement. To help build-out the Washington State charter school environment, RDF is establishing a local presence in Seattle, providing charter school borrowers with easy access to unsecured tenant improvement loans, acquisition/predevelopment loans, secured real estate loans, construction financing, mezzanine/subordinate loans, and long-term capital with flexible terms and below-market rate financing structures.