

## ED Abstract Narrative

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**Program name:** Expanding Charter School Opportunities Program

Nonprofit Finance Fund (NFF) respectfully submits this application for a \$12 million grant (the “Grant”) under the Credit Enhancement for Charter School Facilities Grants Program on behalf of a Consortium with two Members: NFF and Boston Community Loan Fund (BCLF, both experienced Community Development Financial Institutions and charter school lenders.

**Activities:** Our activities are in direct response to the purpose of the Credit Enhancement for Charter School Facilities Program. With a \$12 million Grant, we will provide a range of innovative, credit-enhanced financial products designed to meet the credit needs of early-stage charter schools (three or fewer years of operating history), as well as more mature schools. We will offer: **(i)** predevelopment loans; **(ii)** construction / term loans **(iii)** leasehold improvement loans; **(iv)** acquisition loans; **(v)** lease guarantees; and **(vi)** bond guarantees. Subordinate debt will be a primary offering. These products will allow schools to buy, renovate and build schools. We will offer better-than-market rates and terms for these products, which in many cases are simply not available to charter schools at any price.

**Goals:** Our goals are to (a) increase the number of charter school seats in poorly performing districts and/or low-income communities; (b) expand the amount of affordable financing for charter schools; (c) increase access to capital for early-stage schools and those in underserved states; and (d) improve charter schools’ real estate financing and project planning and management knowledge

**Expected outcomes:** Over five years, we project leveraging a \$12 million Grant to deliver \$129 million to charter school facility projects, including \$76 million of NFF and BCLF loan capital. We project to achieve a leverage ratio of 11:1 and meeting the credit needs of 27 schools, including as many as nine early-stage schools. At least 75% of our lending will serve schools that are located in a district where: (i) more than 40% of students perform below proficiency; (ii) more than 50% of schools have been identified for improvement, corrective action or restructuring under Title I; or (iii) 50% or more students are eligible for free or reduced-price lunch.

**Contributions:** We anticipate a low loan loss experience on these products, consistent with the historic track records of BCLF and NFF. We believe that our successful deployment of this Grant will demonstrate the creditworthiness of the charter school market to a broader range of lenders, as well as the value of flexible underwriting that looks beyond collateral values and charter renewal cycles to more meaningful indicators of charter school success.