

**Name of Project: THE NATIONAL HISPANIC UNIVERSITY (“NHU”), San Jose**  
**Name of CDE: LCD New Markets Fund III, LLC**

**Demographics and CDE Business Strategy:**

The LCD New Markets Fund’s business strategy is to provide financing with non-conventional for high visibility projects in low income communities, with a high community development impact.

NHU’s program’s beneficiaries include: the 68 low income children enrolled in their childcare center, El Nuevo Mundo Center; the 400 students (100% low income, 93% minorities) enrolled in the Latino College Preparatory Academy; the 1,275 high school students (66% first generation low-income) assisted through their Esperanza Educational Talent Search; and the 640 students enrolled in The National Hispanic University. With 92% of the University’s students working full or part time, 85% are Hispanic, 81% low- or moderate-income.

**Project Description**

As one of only three accredited universities in the US specializing in Latino education, The National Hispanic University is a private university, with 550 students (primarily minority low income), a charter school, and a bilingual childcare center, located in an urban low income census tract in East San Jose. With the support of foundations, government, and corporate sponsors, NHU offers credentials in Business Administration, Computer Information Systems, Bilingual Teacher Education, Liberal Studies, and Math and Science (through a partnership with the NASA/Ames Center). While private, NHU’s tuition is less than the local public state university.

In the 1990s, this 24 year old private, non-profit institution purchased their current location, an abandoned elementary school constructed in 1958. NHU’s strategic plan called for a new campus facility to expand their educational program. They launched a major capital campaign, culminating in approaching LCD for new facility financing. LCD and Comerica Bank provided interim construction financing. More than 40% of their old campus was demolished to make room for this new 66,000 square foot state-of-the-art facility. The project was completed in August 2004, with “take out” financing provided by LCD’s New Markets program in November 2004.

While clearly the most important part of this project is the thousands of low income students that will be helped by this wonderful facility; the physical juxtaposition of the “before” (funky elementary school) facility and “after” (new facility) is truly stunning.

The terms of the NMTC financing included unconventional features such as below market interest rate, interest only payment and a substantial sharing with NHU of the residual receipts at the conclusion of the tax credit period (estimated to be \$800,000). There were two upper tier equity investors (banks) and four debt investors (banks, CDFIs) in this project.