

### Rehabilitating a charter school facility

#### PROJECT BASICS

Type:  
**Real Estate – Community Facility**

Total Development Cost:  
**\$26.6 million**

LISC New Markets Tax Credit Allocation:  
**\$14 million**

#### PROJECT STAKEHOLDERS

LISC Program:  
**Educational Facilities Financing Center**

Investor:  
**Bank of America CDC**

Lenders:  
**Bank of America, N.A.**

Sponsor/Developer:  
**KIPP DC**

#### COMMUNITY NEED

- **51.7% Poverty Rate**
- **Unemployment rate 5.86 times the national average**
- **Family income 21.1% of the area median**
- **Washington DC Enterprise Community**

#### COMMUNITY IMPACT

- **137,700 sq ft of community space**
- **81 Permanent Jobs**
- **300 Construction Jobs**
- **1,500 seats for students**

#### Project Snapshot:

- The project included the rehabilitation of KIPP DC's Douglass Campus to provide a modern teaching environment to 1,500 students.
- The project involved the renovation of a seven acre site to include installation of new mechanical, electrical, plumbing, window, roofing, and



flooring systems; reconfiguration of open space into a fully functioning childhood center; and substantial improvements to the exterior of the building and the site itself. The new campus is designed to obtain LEED certification for schools. Highlights of the sustainable design include recycling pavement, bio-retention areas, energy efficient mechanical and electrical systems.

#### Project Background:

- KIPP DC is a growing network of high performing public charter schools in Washington DC which is part of the national Knowledge is Power Program.
- The Knowledge is Power Program is a network of free open-enrollment college preparatory public schools in under-resourced communities throughout the United States. KIPP strives to build partnerships among parents, students, and teachers that put learning first by providing outstanding educators, more time in school learning, and a strong culture of achievement.
- In 2002, KIPP DC opened its first school in Washington DC – KEY Academy Middle School. Based on the success of its flagship school KIPP DC sought the approval of D.C. Public Charter School Board to open additional schools using the Douglass Campus site.
- The Douglass Campus site was built in 1952, sits on seven acres of land, and contains approximately 140,000 square feet of school space. The structure had been largely neglected and had water damage to the top floor that rendered the space unusable until it underwent major renovations.
- The Douglass Campus houses four different schools that serve 1,500 students in pre-kindergarten through twelfth grade.

#### Leveraging Solutions through New Markets Tax Credits (NMTC):

- Historically, KIPP DC schools have been located in a variety of temporary spaces with facilities that did not adequately meet the needs of the students and faculty. The Douglass Campus had all the facilities necessary to meet the needs of the students however obtaining financing for leasehold improvements was more difficult for KIPP DC. LISC and Bank of America were able to provide NMTC financing to cover the gap in fundraising for these leasehold improvements.
- \$14 million in NMTC allocation authority provided a custom product with non-traditional/favorable terms including: debt with equity features, subordinated debt, a below market interest rate, a lower than standard origination fee, a longer interest-only payment period, and a longer than standard amortization period.