

Executive Summary

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Program Name: *Capital Access Program (CAP) Consortium*

Real Estate Advisory & Development Services (READS), Nonprofit Finance Fund (NFF) and Boston Community Loan Fund (BCLF) as nonprofit Consortium Members propose the *Capital Access Program (CAP)* with the goals of: a) *assisting charter schools with practical real estate development and technical assistance* as well as *developing charter school facility projects directly via a nonprofit real estate developer*; b) *providing clear assessments on the education and organizational performance of applicant schools*; c) *enabling charter schools to access sufficient capital* and with favorable terms to undertake leasehold improvements for start-up schools and acquisition, renovations and ongoing improvements for growing and established schools; d) *expanding the supply of loan funds* through extensive networking and advocacy among traditional lenders and other sources of capital; e) *promoting education reform* by targeting the credit enhancement to communities in need due to chronically failing public schools; and f) *marketing and replicating the program* in other geographies to raise additional capital that can serve as credit enhancement to supplement the US DOE program. These goals all come with a commitment to the timely delivery of services and deployment of capital to charter schools to finance facility projects helping schools to achieve their academic and growth goals.

The expected outcomes for CAP against which we will measure success include: *achieving a leverage ratio of at least 8.5:1* on average (consistent with the USDOE program's history); *providing approximately 30 schools with feasibility studies and technical assistance* during the first three years of the program; *assisting at least six start-up schools and twelve to fifteen established schools with credit enhancement supported financing during the first three years*; *working with those same schools to develop detailed organizational, financial and academic assessments*; *providing flexible loan terms* including higher LTVs, below market equity requirements and a willingness to lend to start-up charters; and *leveraging the grant proceeds* to attract more and diverse sources of private capital to charter schools including banks, CDFIs, and foundations along with senior, traditional bank debt. We also expect to leverage grant dollars to facilitate the use of New Markets Tax Credits on at least three charter school facility projects.

The *Capital Access Program* is unique, and we believe highly replicable. It creates a facility financing Consortium linked with NFF and BCLF, two national nonprofit lending leaders, and READS, a nonprofit real estate organization, to provide technical assistance and direct development support to schools to successfully undertake, finance and complete facility projects. Moreover, by making a third-party academic assessment an integral part of participation in the *Capital Access Program*, READS, NFF and BCLF believe that schools will improve and that it will be easier to attract traditional lenders to the table. We hope that other lenders will begin to integrate an academic assessment into the facility financing process helping high-quality schools to access financing from greater numbers of potential funders and commercial lenders. Lastly, we believe this approach is readily replicable with nonprofit real estate development partners and nonprofit lenders in other parts of the country and particularly in the Midwest and West Coast where NFF already has a presence and key partners in those markets.