

Application for 2014 Credit Enhancement for Charter School Facilities Grant Community Loan Fund of New Jersey, Inc. Project Abstract

Community Loan Fund of New Jersey, Inc. (CLFNJ) respectfully requests an \$8 million charter school credit enhancement grant from the U.S. Department of Education to diversify its provision of loan and lease guarantees for the development, expansion, and/or improvement of charter school facilities, with an emphasis on disadvantaged districts of New Jersey. Studies show that students in charter schools in urban areas of New Jersey outperform their traditional public school peers, especially students in poverty and Black and Hispanic students. However, the facilities in which these schools operate are usually smaller per student, outdated, and lacking in amenities as compared to other schools. Further, New Jersey charter schools typically spend over \$1,400 per student from their operating budgets to pay for facility needs.

With the support of this grant, CLFNJ will in the next five years empower 40 charter schools in need to a) either move into improved new facilities or expand or upgrade their current facilities and b) access more affordable loans and leases that reduce the amount of operating revenues they spend on facilities, thereby increasing the funds they are able to dedicate to instruction and program design. CLFNJ will target loan and lease guarantees to approximately 25 high-performing early-stage and independent charter schools in four of New Jersey's most underserved and underperforming school districts: Newark, Jersey City, Camden, and Trenton. CLFNJ also intends to provide guarantees to approximately 5 such early-stage and independent charter schools in other underserved and underperforming areas of New Jersey, as well as 10 such charter schools in friendly markets outside of New Jersey that need facility support .

The overarching goals of this program are to increase the long-term operational capacity and financial strength of the charter schools it serves, to increase opportunities and achievement for new and existing low-income charter school students, and to demonstrate the social value and financial viability of charter schools to public and private investors on a state and national scale. By achieving these goals, CLFNJ will meet the purpose of the Credit Enhancement for Charter School Facilities program as stated in the Notice Inviting Applications for New Awards. Using its recently enhanced impact assessment capacities and methodologies, CLFNJ will measure, evaluate, and broadly disseminate its success using the following performance targets:

- Provision of \$12.5 million in loan and lease guarantees to improve the facilities of 40 high-performing charter schools in underserved and underperforming markets
- Provision of financial guidance to all 40 charter schools and real estate guidance (e.g. project feasibility studies, lease negotiations) to 10 via CAPC, its real estate arm
- Leverage of over \$140 million in private sector financing for facility development
- Reduction of rent payments for recipients by approximately \$1 per square foot
- Creation of 6,000 new charter school seats and improvement of facilities for 2,500 existing charter school students, 70% of whom will be low-income.

CLFNJ is the foremost nonprofit community development financial institution in New Jersey—with over \$300 million in assets under management—and is the state's leading charter school lender. Since 2004, CLFNJ has provided loans to 22 charter schools totaling \$51.5 million, leveraging over \$225 million and creating or preserving 10,800 charter school seats. CLFNJ is located at 108 Church St, New Brunswick, NJ 08901. The contact person for this project is Joseph Palazzolo, who can be reached at 732-640-2061 x202 or jpalazzolo@njclf.com.