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## **LISC Surveys Landscape for Financing Charter School Facilities, Reports on Success of Public and Nonprofit Programs**

NEW YORK (June 28, 2010)—The Local Initiatives Support Corporation (LISC) has published a definitive guide to charter school facilities financing that offers detailed analysis of state and federal policies, private funding opportunities and historical data that identifies charters as a high-performing sector of community development lending.

The *2010 Charter School Facility Finance Landscape* is being released as part of LISC's presentation to the **Charter Schools Facilities Institute** on **June 28** in Chicago. The 2010 guide is the first time this information has been updated since 2007, and it provides expanded data on experience, particularly as regards loan performance and access to the tax-exempt bond market through the economic downturn.

"Charter schools across the country often lack access to high-quality facilities. This is particularly the case in disadvantaged communities," commented Scott Pearson, associate assistant deputy secretary with the U.S. Department of Education's Office of Innovation and Improvement. "While there are many reasons for this, one important one is a lack of good data. This has long hampered charter schools' ability to leverage existing public and philanthropic funds. LISC's *2010 Charter School Facility Finance Landscape* offers a roadmap for policymakers, charter school operators, and the financing community by cataloging existing resources, providing historical data on performance, and demonstrating that charter school financing can be an attractive opportunity for private lenders and investors."

Reena Bhatia, director of LISC's Educational Facilities Financing Center, noted that one of the most significant barriers to charter school operations and expansion is operators' ability to find quality and affordable facilities. That challenge has been magnified by the tight lending market, with private-sector funding sources largely unavailable since the economic decline took hold in 2008.

"The irony is that charter schools represent strong financing opportunities for private lenders," Bhatia stressed. "Nonprofits have provided \$1.1 billion in facilities financing to operators since 1993, and the default rate on those loans is just 1 percent, resulting in only 0.3% in actual losses to lenders," she noted. "These are sound lending and investment opportunities—even

for nonprofits, which tend to focus on what are considered riskier loans. But private financing is virtually nonexistent right now and neither philanthropic commitments nor public programs can fill the resulting gap," she noted.

That makes expanding the universe of quality charter schools much more difficult. "In many low-income communities, charter schools represent their best chance for improving the educational outlook for local kids," Bhatia noted. "Even beyond that, though, good schools are central to healthy neighborhoods. We can't help families or communities recover from economic dislocation if there aren't safe, strong schools in place to help secure their future."

Since 1997, LISC has provided \$127 million in charter school financing through direct loans, credit enhancement and New Markets Tax Credit investment authority. LISC is one of 29 private nonprofit groups providing facilities financing to charter school operators. Supporting quality local schools is part of LISC's *Building Sustainable Communities* initiative, a comprehensive strategy to help transform distressed neighborhoods into good places to live, work, do business and raise families.

The full Landscape report can be accessed at : <http://www.lisc.org/effc/2010landscape>.

### **About LISC**

LISC combines corporate, government and philanthropic resources to help nonprofit community development corporations revitalize distressed neighborhoods. Since 1980, LISC has raised more than \$9.7 billion to build or rehab more than 271,000 affordable homes and develop 40 million square feet of retail, community and educational space nationwide. LISC support has leveraged \$31.1 billion in total development activity. For more information, visit [www.lisc.org](http://www.lisc.org).

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