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GAP FINANCING

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New School Building Financed with NMTCs Writes Code for Comp Sci High's Future

NICK DECICCO, SENIOR WRITER, NOVOGRADAC

A computer science-based charter high school in New York City is primed for relocation to the Bronx borough's Mott Haven neighborhood after receiving \$44 million in new markets tax credit (NMTC) allocations from five different community development entities (CDEs) and \$29.5 million in debt from three Community Development Financial Institutions (CDFIs).

Six-year-old Urban Assembly Charter High School for Computer Science (Comp Sci High) temporarily operates within a NYC Department of Education (DOE) building in the borough's Soundview neighborhood. Soon, the school will move to a more transit-oriented location in the South Bronx to occupy a new \$47.5 million, six-story, 46,000-square-foot facility owned by Civic Builders (Civic), the nonprofit developer leading the endeavor.

Serving more than 500 students, the new building will host 20 full-size classrooms, four half-size classrooms, two outdoor classrooms, a science lab, art room, computer lab, multipurpose room, gymnasium, co-working space and more. The new school will sit atop what was once an auto body shop and two abandoned residential structures.

James Kale, the school's founding chief strategy and operations officer and director of special projects and a South Bronx native, said Comp Sci High exists to teach children the technical skills and economic skills that put them on a path to success in life and in their careers, ultimately striving to help children achieve the national household median income by age 25.

"The South Bronx has always been innovative," said Kale. "[The school exists] because the South Bronx and the Bronx are left out of conversations in correlation to the tech hub aspect of New York."

Image: Courtesy of Civic Builders

Students are depicted crossing the streets outside the future Comp Sci High school building in the Bronx in New York City. Five community development entities allocated new markets tax credits for the endeavor.



Image: Courtesy of Civic Builders
A classroom at the future Comp Sci High in the Bronx borough of New York City. New markets tax credits helped make the school's new facility a reality.

Comp Sci High and its forthcoming new campus aim to change those conversations. Kale described the school's goal to empower students to pursue college degrees and/or workforce opportunities. Students are encouraged to apply for colleges and universities and all do, with 90% of graduates matriculating. Other alternatives for students are job placement programs that provide a fast track into a career.

Whether they further their academic studies or enter the workforce, the opportunities created are invaluable for the students and aligned to who they are and what they want to accomplish in life.

"One thing that's amazing about working in tech is you don't have to go to college," said Kale. "This is truly important for our student demographics and community. Our students graduate with certifications and can start their careers in high school or directly after. The workforce has changed and we are preparing our kids for the world they interact with."

The new Comp Sci High facility is scheduled to open this fall.

Bronx Keeps Creating It

Founded in 2002, Civic has a track record in the NMTC space as both a qualified low-income community business (QALICB) and as a CDE, receiving seven awards totaling \$288 million in allocation. Civic brings educational opportunities to under-resourced communities through the development of public charter schools. The NYC-

based firm partnered with Comp Sci High charter school to develop its permanent school facility.

David Umansky, co-founder and CEO of Civic, said that wearing so many hats allowed the organization to bring together the numerous lenders, CDEs and tax credit equity investor needed to turn the vision of a permanent home for Comp Sci High into a reality.

"Because we're an active CDE, we understand what CDEs are interested in," said Umansky. "We've developed credibility. If we are promoting a project as a QALICB, because we're so embedded in the community, people know we're going to keep the commitments we make. When a project closes, we know how it's managed. We're such a known entity, it ends up being helpful. They know Civic's going to pull this off. We've pulled it off before. We're not a new organization. This is very much a part of what we do."

Olivia Pipitone, executive director on the NMTC team at JPMorgan Chase, which allocated \$5 million in NMTCs and provided a \$13.7 million NMTC equity investment for the development of the Comp Sci High endeavor, said the longstanding relationship with Civic and others in the transaction brought a sense of certainty to the effort for a new building.

"Projects of this size require collaboration and we know it can be challenging with so many cooks in the kitchen," said Pipitone. "In this case, all of the partners had relationships from prior transactions. Certainly, Civic is very experienced and they were essential in shepherding everyone forward."

When Civic puts on its QALICB hat, as it did for Comp Sci High, it worked on behalf of the school to navigate the financial and real estate market, scout and secure the site, hire the design and construction teams and then source the NMTCs, said Ross Hoffman, real estate investment manager with Civic.

Comp Sci High marks Civic's third school in the Bronx's Mott Haven neighborhood.

"In the Bronx, many families don't have [many options]," said Umansky. "By providing charter schools as options, there are now three high-performing schools we've funded and built in a small radius. That makes a big difference for families in that neighborhood."

Civic entered a long-term lease with Comp Sci High for a fixed rent with a buyout option at the end of the seven-year NMTC compliance period. The agreement allows Comp Sci High to acquire the property and receive 100% of the benefit of the NMTC equity, allowing the school to buy the building for less than it cost to build.

Umansky and Hoffman emphasized the impact on the students, teachers and families that the new, state-of-the-art facility would provide, including new educational opportunities and an increased quality of learning. Beyond traditional coursework, students at Comp Sci High take coding courses, HTML courses and delve deep into computer science.

"It's a very impressive leadership team with equally impressive students at school," said Hoffman. "Core to their mission is clear success depends on more than test scores. It's about developing emotional and professional technical skills to succeed in a four-year college and a career. They're focused on the career aspect, what's after college, having a well-paying job after graduating. That's critical and where Comp Sci High differentiates itself from other schools."

Movin' Out

By moving to the Mott Haven facility and being located near a transit center, access to internships in one of the global epicenters of commerce provides an added bonus.

"These kids are one subway ride away from the second-largest tech hub in the United States and Comp Sci High



Image: Courtesy of Civic Builders

A co-working space at the future Comp Sci High school building in the Bronx in New York City. Civic Builders led the development of the school's new facility.

is connecting them to the opportunities that exist in New York City," said Crystal Langdon, director of lending for Local Initiatives Support Corporation (LISC), which provided \$9.8 million in loans. "Comp Sci High is doing that in a way that is really whole-person focused, not just academically, but socially. They're building their students' interpersonal skills and their ability to get internships and build their careers."

The workforce component of the school helped motivate the involvement of Self-Help Ventures Fund, a CDE that provided a \$4 million allocation with a family of affiliated nonprofits whose collective mission is to create and protect homeownership and economic opportunity for all. Sarah Brennan, structured finance sector leader for Self-Help Ventures Fund, said what appealed to the CDE about the Comp Sci High effort was its long-term view for the students' lives and careers.

"While the academic rigor of the curriculum at Comp Sci High is impressive on its own, what really stood out to us at Self-Help Ventures Fund is that the school focuses on building students' experiences and confidence in the professional environment through work-based learning and internships, positioning students well for job opportunities over a lifetime," said Brennan. "Currently, less than 20% of Bronx youth who graduate high school go on to finish college. Comp Sci High is paving a different path forward for its students, providing an academically excellent and internship-rich experience that not only

prepares students to attend college, but to succeed in college and throughout their careers.”

Pipitone agreed. “Something I find really interesting about this school’s model is its focus on workforce development,” said Pipitone. “Students are able to obtain high-quality internships with close corporate partners and other career-track opportunities. The employment opportunities go way beyond the project’s direct job creation since Comp Sci High is setting students up for success once they enter the workforce.”

The Community Builders Inc. (TCB) allocated \$5 million in NMTCs to the endeavor. Malik Aziz, senior NMTC manager with TCB, said the nonprofit organization is developing housing in the Bronx, including its recently completed 174-apartment building named Park Haven. Its proximity to Comp Sci High for its residents is appealing.

“What would be amazing, as an outcome, is to have some of our households be graduating members of a Comp Sci High class in the future,” said Aziz. “That will be the manifestation of the synergy we hope to have when developing housing and supporting QALICB’s near our housing.”



Image: Courtesy of Civic Builders
The gym at the future Comp Sci High school facility in the Bronx in New York City. JPMorgan Chase invested in new markets tax credits for the new building.

Financing

The New York City Regional Center Community Development Entity (NYCR-CDE), New York City Neighborhood Capital Corporation (NYCNCC), TCB,

Self-Help Ventures Fund and JPMorgan Chase provided NMTC allocations totaling \$44 million. Chase was the sole investor to provide NMTC equity, delivering \$13.7 million in tax credit equity.

Three CDFIs—LISC, Enterprise Community Loan Fund (ECLF) and Low Income Investment Fund (LIIF) provided \$29.3 million in debt.

With five CDEs and three lenders, Hoffman said some closing calls had approximately 50 people on them. However, prior relationships provided efficiency as parties were able to use existing documents from past transactions as starting points.

“We’ve closed on over \$600 million in [qualified equity investments],” said Hoffman. “This experience and recurring partnerships lead to a successful NMTC financing.”

Elise Balboni, president of ECLF, which provided \$9.8 million in leverage and direct loans, said there’s a natural fit between charter schools and NMTCs.

“New markets tax credit financing can provide low-cost, early-stage financing for charters as they build their enrollment and academic and financial track records with debt forgiveness at the end of the new market tax credit compliance period,” said Balboni. “Schools can then access the tax-exempt bond market on a low-cost, long-term basis.”

Several parties participating in the transaction expressed gratitude for the opportunity to be involved in an endeavor that supports a charter school with the ultimate benefit of creating a new environment for students.

“NYCR-CDE considers supporting institutions that promote equitable and high-quality educational opportunities an essential part of its overall mission of community development,” said Paul Levinsohn and George Olsen of NYCR-CDE in a joint statement issued

to the Novogradac Journal of Tax Credits. “We take great pride in our investment in Comp Sci High, which furthers this mission, and are thrilled to have been part of such an impactful project.”

Emily Marcus, vice president, strategic investments group for New York City Economic Development Corporation (NYCEDC), which manages NYCNCC, echoed those sentiments about the CDE’s \$15 million allocation.

“Through a curriculum focused on computer science and work-based learning, Comp Sci High prepares students for both college and rewarding, well-paying careers,” said Marcus. “The project received numerous letters of support from local elected officials, educational organizations, and community groups, highlighting the project as a force for economic mobility for not only individual students, but also the broader community. NYCNCC and NYCEDC are committed to equitable growth in innovation sectors like technology and education projects, which are a core component of NYCNCC’s business strategy. The project strongly aligns with NYCNCC and NYCEDC’s mission by supporting tech career pathways for predominantly low-income students who are underrepresented in this industry. NYCNCC was proud to allocate \$15 million in new markets tax credits to support this project.”

Kirsten Shaw, vice president of the northeast and mid-Atlantic region for LIIF, said the training and programming provided to students at Comp Sci High is what makes the school distinct.

“The school’s work-based learning program, with its focus on computer science, prepares students for life beyond



Image: Courtesy of Civic Builders

A hallway at the future Comp Sci High school facility in the Bronx in New York City. New markets tax credits helped make the new school building happen.

school walls,” said Shaw. “By combining academic and technical instruction, Comp Sci High is creating pathways to economic opportunity for its students. This aligns with LIIF’s mission to build communities of equity, opportunity and well-being.”

Kale expressed appreciation for the Soundview community and the district for allowing Comp Sci High to grow and thrive and looks forward to the future in a new facility.

“It will always hold a special place and role in the Comp Sci High story and identity,” said Kale. “After six years of residing in a co-located DOE building, we are returning home to District 7, where we originally gained our charter, and can elevate our programming and services, and become a pillar in the Bronx and provide the world class educational experience that our students and South Bronx community deserve thanks to this opportunity afforded to us by Civic Builders.” ❖

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