



Novogradac Journal of Tax Credits

News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

March 2015 • Volume VI • Issue III

Published by Novogradac & Company LLP

Oakland, Calif., Charter School Leverages NMTCs for New Campus

TERESA GARCIA, SENIOR WRITER

NOVOGRADAC & COMPANY LLP

Vincent Academy charter school in Oakland, Calif., is doing so well that it has more than doubled its student body since its establishment in 2011. However, Vincent Academy's exponential growth and limited space at its current facility forced the school to temporarily drop its transitional kindergarten program, a California initiative that bridges preschool and kindergarten. Fortunately for students, Vincent Academy will reinstate its transitional kindergarten program and add a fifth grade once it moves into its new home this summer, six blocks from its current location.

Expected to be completed in time for summer 2015 classes, the school will have 21,500 square feet of space spread over three buildings, with room for as many as 350 students. That includes 17 classrooms, a multipurpose room, an art room, a dining hall, a library, a storage room and administrative offices. Students will also have access to a new play structure and basketball court, whereas the only outdoor space available at its current facility is a small area that was once part of the parking lot.

The campus is designed to meet the school's programmatic and security needs. "It's a tough neighborhood, so we designed the school with safety as a priority," said Jean Driscoll, Vincent Academy's president of the board. A fence encloses the entire campus and a receptionist can regulate visitors entering and exiting the front gate. All classroom windows are situated above sight level, so that outsiders can't look into the buildings.

The project's developer, BRIDGE Housing, owns the land on which the new facility is being built. The site is adjacent to BRIDGE Housing's Chestnut Linden Court Apartments, a 151-unit mixed public housing and affordable housing complex. Leaders at BRIDGE Housing initially considered turning the Vincent Academy site into a live-and-work housing property, but found that the market wasn't strong enough for that type of development. Cynthia Parker, president and chief executive officer of BRIDGE Housing, said her group then saw the opportunity to use the space for Vincent Academy as a way of furthering the education of the children who lived in the neighborhood. "[Vincent Academy] was really adding value to the neighborhood and population base," said Parker.

Vincent Academy was established four years ago with the unanimous approval of the local school board. Driscoll said the school opened with just a kindergarten and first-grade program for 60 children. It expanded to include additional grades and it now offers classes through the fourth grade. Vincent Academy also provides academic remediation and family support services and partners with a third-party service provider to offer mental health services.

Financing

In addition to the \$2.6 million in capital campaign proceeds and \$50,000 provided by the Northern California Community Loan Fund, the new campus will be funded by leveraging new markets tax credits (NMTCs). BRIDGE Housing's community development entity, BRIDGE

continued on page 2



Photo: Courtesy of BRIDGE Housing

In November 2014, a groundbreaking ceremony was held in Oakland, Calif. for the new permanent home of Vincent Academy charter school.

continued from page 1

Community Development Inc., was the sole NMTC allocatee in the project, providing \$9.5 million in tax credit allocation.

Chase Community Development Banking provided \$3.075 million in NMTC equity. “Early education is incredibly important to community development because of the lasting effects it has for generations to come,” said Corinne Ingrassia, vice president of Chase’s NMTC group. “[This] makes the expansion of [Vincent Academy] one of particular importance to continue creating sustainable impact on the Oakland community.”

One of the challenges was securing debt for an organization that was still relatively new. NMTCs helped with that and BRIDGE Housing acted as the guarantor. “The leverage that the NMTC provided was amazing,”

said Parker. She said that many of the donors provided funding after they learned that the project would involve NMTCs.

The NMTC financing also helped make the project more feasible by lowering the amount of debt needed and by giving the qualified active low-income community business (QALICB) enough equity to meet the debt requirements, said Cecile Chalifour, director for the California region at the Low Income Investment Fund (LIIF), which provided a \$2.9 million term loan. She said that because Vincent Academy is a relatively new operator, it couldn’t take on much debt. “The tax credits really made it all possible,” said Chalifour.

continued on page 3

continued from page 2

Expanded Opportunities

All in all, administrators anticipate the new facility will expand the student body from 143 to as many as 350 students. The project is expected to create 120 construction jobs, 22 full-time permanent jobs and 12 part-time permanent jobs.

“I see our future as expansion on one hand and on the other hand, a deepening of roots in the community,” said Driscoll. “We’re growing out and growing deep.” ♦

VINCENT ACADEMY FINANCING

- \$9.5 million in new markets tax credit (NMTC) allocation from BRIDGE Community Development Inc.
- \$3.075 million in NMTC equity from Chase Community Development Banking
- \$2.9 million loan from the Low Income Investment Fund (LIIF)
- \$2.6 million in capital campaign proceeds
- \$50,000 from the Northern California Community Loan Fund

This article first appeared in the March 2015 issue of the Novogradac Journal of Tax Credits.

© Novogradac & Company LLP 2015 - All Rights Reserved

Notice pursuant to IRS regulations: Any U.S. federal tax advice contained in this article is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the Internal Revenue Code; nor is any such advice intended to be used to support the promotion or marketing of a transaction. Any advice expressed in this article is limited to the federal tax issues addressed in it. Additional issues may exist outside the limited scope of any advice provided – any such advice does not consider or provide a conclusion with respect to any additional issues. Taxpayers contemplating undertaking a transaction should seek advice based on their particular circumstances.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.novoco.com.



EDITORIAL BOARD

PUBLISHER

Michael J. Novogradac, CPA

EDITORIAL DIRECTOR

Alex Ruiz

TECHNICAL EDITORS

Michael G. Morrison, CPA

James R. Kroger, CPA

Owen P. Gray, CPA

Thomas Boccia, CPA

Daniel J. Smith, CPA

COPY

ASSIGNMENT EDITOR

Brad Stanhope

SENIOR WRITER

Teresa Garcia

STAFF WRITER

Mark O'Meara

EDITORIAL ASSISTANT

Elizabeth Orfin

CONTRIBUTING WRITERS

Jieye Cui

Tom Fantin

Jim Kroger

Peter Lawrence

Forrest Milder

Cyle Reissig

John M. Tess

ART

CARTOGRAPHER

David R. Grubman

PRODUCTION

Alexandra Louie

Jesse Barredo

CONTACT

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Alex Ruiz

alex.ruiz@novoco.com

415.356.8088

ADVERTISING INQUIRIES

Tyler Perrotta

tyler.perrotta@novoco.com

415.356.8062

EDITORIAL MATERIAL IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED OTHERWISE.

ADVICE AND INTERPRETATION REGARDING THE LOW-INCOME HOUSING TAX CREDIT OR ANY OTHER MATERIAL COVERED IN THIS PUBLICATION CAN ONLY BE OBTAINED FROM YOUR TAX ADVISOR.

ADVISORY BOARD

LOW-INCOME HOUSING TAX CREDITS

Bud Clarke

BOSTON FINANCIAL INVESTMENT MANAGEMENT

Jana Cohen Barbe

DENTONS

Tom Dixon

BOSTON CAPITAL

Rick Edson

HOUSING CAPITAL ADVISORS INC.

Richard Gerwitz

CITI COMMUNITY CAPITAL

Rochelle Lento

DYKEMA GOSSETT PLLC

John Lisella

U.S. BANCORP COMMUNITY DEV. CORP.

Philip Melton

CENTERLINE CAPITAL GROUP

Thomas Morton

PILLSBURY WINTHROP SHAW PITTMAN LLP

Mary Tingerthal

MINNESOTA HOUSING FINANCE AGENCY

Rob Wasserman

U.S. BANCORP COMMUNITY DEV. CORP.

PROPERTY COMPLIANCE

Michael Kotin

KAY KAY REALTY

Michael Snowden

HIGHRIDGE COSTA HOUSING PARTNERS

Gianna Solari

SOLARI ENTERPRISES INC.

Kimberly Taylor

HOUSING DEVELOPMENT CENTER

HOUSING AND URBAN DEVELOPMENT

Flynann Janisse

RAINBOW HOUSING

Ray Landry

DAVIS-PENN MORTGAGE CO.

Denise Muha

NATIONAL LEASED HOUSING ASSOCIATION

Monica Sussman

NIXON PEABODY LLP

NEW MARKETS TAX CREDITS

Frank Altman

COMMUNITY REINVESTMENT FUND

Merrill Hoopengardner

ADVANTAGE CAPITAL

Scott Lindquist

DENTONS

Matthew Philpott

U.S. BANCORP COMMUNITY DEV. CORP.

Matthew Reilein

JPMORGAN CHASE BANK NA

Ruth Sparrow

FUTURES UNLIMITED LAW PC

Elaine DiPietro

ENTERPRISE COMMUNITY INVESTMENT INC.

HISTORIC TAX CREDITS

Jason Korb

CAPSTONE COMMUNITIES

John Leith-Tetrault

NATIONAL TRUST COMM. INVESTMENT CORP.

Bill MacRostie

MACROSTIE HISTORIC ADVISORS LLC

John Tess

HERITAGE CONSULTING GROUP

RENEWABLE ENERGY TAX CREDITS

Bill Bush

BORREGO SOLAR

Ben Cook

SOLARCITY CORPORATION

Jim Howard

DUDLEY VENTURES

Forrest Milder

NIXON PEABODY LLP

© Novogradac & Company LLP

2015 All rights reserved.

ISSN 2152-646X

Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.