

Charter Schools

Benefit Community Economic Development

Charter schools revive communities, provide services, renovate old buildings, and more.

BY ROBIN HALSBAND

Charter schools, which started as innovative public education reform, have proven an effective tool for urban community economic development. While the academic record is admittedly mixed, many charter schools are yielding unexpected benefits in urban renewal and neighborhood revitalization.

The impact of charter schools on community economic development (CED) is visible in three major ways. Evidence is growing that an increased number of community-based organizations (CBOs) are starting charter schools. CBOs view charter schools as a means to expand their current services and provide one-stop shopping for their target population. Second, as neighborhood schools improve, fewer young, urban, middle-income parents are fleeing cities in search of quality education. As a result, classrooms become more diverse and the economic base remains steady. Finally, because charter schools are not provided with a building, they are purchasing or leasing vacant, dilapidated properties, and renovating them into spectacular new schools and even community centers.

CBOs Create Charter Schools

As Frank Martinelli of the Center for Public Skills Training points out in his article “How Community-Based Organizations Can Start Charter Schools,” nonprofit organizations are increasingly seeking partnerships with schools as a way to increase the impact of their programs and provide one-stop shopping. In some cases, CBOs are actually starting their own schools. In other examples, charter schools are expanding their services and becoming more comprehensive community organizations.

For example, Lawrence Community Development Fund, a CBO in Lawrence, Mass., was running several programs—Ameri-corps, ESL, and citizenship classes, etc.—for its largely low-income Hispanic community. Having amassed a great deal of energy from the community it served, the fund worked with organized and committed families to create a charter school. Today, the school is in its eighth year of operation, running a dual-language program for children in kindergarten through eighth grade.

Beyond the local level, national organizations dedicated to community development are also seeing charter schools as a useful tool to expand their services. YouthBuild USA, with 110 affiliates around the country, defines itself as a “comprehensive youth and community

development program as well as an alternative school.” The program offers unemployed and out-of-school young adults job training, education, counseling, and leadership development through the building and rehabilitation of affordable housing in their communities.

Historically, most YouthBuild affiliates have offered GED programs. Recently, many have started to create charter schools and partner with local school districts to provide more comprehensive education services. Currently, 19 affiliates have opened charter schools, and the national headquarters recently received a grant from the Bill & Melinda Gates Foundation to help build capacity for the development of a network of alternative and charter schools. Charter schools, more than partnerships with local school districts, allow YouthBuild to fulfill its mission of providing alternative education and opportunities for at-risk youth, according to Sangeeta Tyagi, director of education of YouthBuild, U.S.A. “Philosophically, the charter school model works better for YouthBuild programs. It gives us more flexibility to be creative,” she says.

Universal Institute Charter School (UICS) in Philadelphia is another successful example of a charter school born from a CBO. UICS is sponsored by Universal Community Homes, a nonprofit firm that purchases abandoned

property in South Philadelphia and transforms it into new affordable townhouses. Unfortunately, while the housing in this area improved, high rates of crime and very low test scores plagued the schools. In fact, 97 percent of students at one high school and 84 percent of students at an elementary school tested below basic academic levels. Recognizing that the success of its real estate development work was dependent upon creating and maintaining an attractive neighborhood, including good schools, UICS created its own charter school. The school has been in operation for five years, serving more than 400 students, the majority of whom qualify for free or reduced lunch, with a waiting list of another 400.

In Newark, N.J., New Community Corporation (NCC) also expanded into charter schools. NCC is a community-based organization that provides an array of services including housing; job training; health care; community arts; youth programs; social services; economic development initiatives; neighborhood businesses; a credit union and community development loans; early childhood and adult education; childcare; and neighborhood security. It now operates two charter schools, New Horizons Community Charter School and Lady Liberty Academy, and serve as landlord for a third. The NCC philosophy of holistic community development is an integral component of its schools. The organization sees its charter schools as an extension of its mission to “help residents of inner cities improve the quality of their lives to reflect individual God-given dignity and personal achievement.”

Charter Schools Evolve Into CBOs

Many other schools that are not founded by CBOs are quickly learning that they have the capabilities to



serve as comprehensive community learning centers. For example, The Maya Angelou Public Charter School (MAPCS) in Washington, D.C., opened as a school to serve at-risk and court-involved youth. Today, it also provides job skills and services for the community through its two nonprofit businesses—a catering company and computer-training center. Students gain needed job training through the catering company and build relationships with local businesses. At the computer-training center, students teach computer basics to their neighbors and provide Web site development services to local nonprofits.

In the Bronx, N.Y., the Bronx Preparatory Charter School is located in a low-income neighborhood, where 55 percent of the population lives below the federal poverty level and approximately 88 percent are minorities. The school attracts many students from neighboring affordable housing projects and serves a student body in which 92 percent qualify for free or reduced lunch.

After spending three years in a temporary location leased from a church, Bronx Prep is building a major campus that will serve as its permanent home. The design of the facility is purposefully intended to create a community space. It is centered around a courtyard to give a campus-like feel and create a welcoming envi-

ronment. The “gymnasium” will be built to allow easy access to outside organizations and community events. Kristin Kearns Jordan, Bronx Prep founder, says, “Typically, these days gyms are built on top floors for efficiency, but that does not foster a community space. For our school, the architect specifically designed the gym to allow for community access.” Jordan describes the area around her school as safe but undeveloped. While there is some housing and undeveloped land, there’s no community anchor. Jordan hopes that the school will become a community hub and provide a “town square” feel to the community.

Keeping Families in Neighborhoods

By improving the communities in which they operate, charter schools also are helping to keep families in city neighborhoods. For too long, young, urban parents have moved to the suburbs for better schools if

AT-A-GLANCE

- ◆ Community-based organizations (CBOs) are starting their own schools, and charter schools are expanding their services, growing into comprehensive community organizations.
- ◆ Inadequate resources constrain charter schools from reaching their full potential. A Center for Education Reform study found that of 194 charter school closures, 9 percent were due to facility issues. Of 84 that never opened after receiving their charter, 27 percent were due to facility issues.
- ◆ With foundation money, projects could garner subsidized loans or equity-like products, enjoy project manager funding, or guarantee part of an unsecured leasehold improvement loan.

they could afford it. A publication written under the support of the Neighborhood Reinvestment Corporation and Harvard University's Joint Center for Housing Studies notes that "academics, community-development practitioners and policy makers have attributed working and middle-class flight from inner cities in part due to the perceived as well as real decline in urban public school quality."

Why does this matter? Studies indicate schools that serve a majority of low-income students tend not to do as well in academic performance. Richard Kahlenberg, in his book *All Together Now: Creating Middle-class Schools Through Public School Choice*, contends that the way to decrease the achievement gap is to avoid economic segregation in schools. In many urban areas, this also means desegregating by race.

Several charter schools are slowly helping to stem the tide of fleeing middle-income families and are attracting a racially and economically diverse student body. Their success is critical, as segregation—largely fueled by school location—continues to plague the nation's public schools despite almost 50 years of attempts to provide students with a more diverse learning environment.

Ethnic segregation is comparatively greater in charter schools, according to a recent study by PACE (Policy Analysis for California Education) of the University of California. The study claims that statewide patterns of charter schools in numerous states show ethnic segregation of African-American or Latino students. However, when comparing some charter schools to their traditional counterparts at the neighborhood level, as opposed to statewide, it appears that several charter schools are attracting a more economically



and racially diverse population. Since the beginning, charter schools have been accused of both isolating low-income students and creating separate, almost "gated," schools for upper-income students. The following examples indicate that, to the contrary, charter schools that provide a quality education may actually increase diversity by attracting and retaining families who can choose by program quality, as opposed to location.

Neighborhood House Charter School in Dorchester, Mass., opened its doors in 1995 to offer a quality education to a diverse population, integrating education with social services and health care programs for the low-income populations in the area. Over its eight-year history, the school has consistently outperformed many traditional Boston public schools. Today it serves 206 students and for every student accepted by lottery into the school, 43 are turned away for lack of space. Of its 206 students, 60 percent qualify for free or reduced lunch as compared to 79.4 percent in nearby traditional schools. The school, located in an area federally classified as low income, may have started off serving an economically disadvantaged population, but thanks to a quality curriculum, more middle-income families have enrolled. As for racial diversity,

Neighborhood House has 68 percent non-white students—higher than the 24 percent average for Massachusetts schools, but considerably more balanced than the 96 percent of non-white students at nearby traditional public schools.

In Washington, D.C., Capital City Public Charter School is also attracting a more diverse population than its surrounding area. In schools within one mile of Capital City, 98.4 percent of public school students are from a minority background. By contrast, Capitol City's student population is significantly more diverse with a 78 percent minority student population. When looking at economic background, the school serves a population in which 54.8 percent qualify for free or reduced lunch as compared to 73.7 percent in nearby traditional public schools. Families that would have potentially once left the public school system and, consequently, the city, are now remaining.

According to Anne Herr, founder of Capital City, "Charter schools have a chance to attract a mixed population because they are not tied to housing patterns." Thanks to a combination of school choice, a high quality program and mission, and a diverse community, Capital City has been able to attract various racial and economic groups. She believes that the charter school model is better able to incorporate diversity. Furthermore, she points out that the more diverse the school becomes, the more people seek it out.

Renovations Make Old New Again

The transformation of decrepit and often abandoned structures into beautiful new school buildings represents the final example of how charter schools impact community development. The Neighborhood Reinvestment Corporation article cited above states that there is a need to build more schools and to

acknowledge the link between schools and communities. "Charter schools have responded to this need in inner-city areas and are models for how community-based developers can develop neighborhood-based public schools."

The LEARN Charter School, serving a majority low-income population in the North Lawndale community of Chicago, is one example of this model at work. From the start, the school was able to partner with local community developer Cecil Butler. Butler's company helped revitalize the neighborhood, which had been losing jobs and housing, by building over 1,600 affordable housing units and a major shopping center. Wanting to further improve the community, he allowed the school in its early years to use one of his unused buildings, which was donated to the school eight years ago. He is now involved in the \$6.6 million project to build a major campus. As a community developer, Butler says, "I like to see projects like LEARN because [they] keep people in the neighborhood.

LEARN reinforces community revitalization." As a testament to the neighborhood's success, the city decided to invest millions of dollars to rebuild local transportation lines.

New Jersey's New Community Corporation (NCC) had a similar experience. In the neighborhoods of three charter school facilities, the buildings have been a positive addition to their surroundings. For example, New Horizons Community Charter School in the Central Ward of Newark is a newly constructed building where abandoned and deteriorated housing, including a crack house, once stood. In North Newark, Lady Liberty Academy is housed in a cherished landmark that stood vacant for a year. The site was able to remain an integral part of the neighborhood with long-term leas-

RESNICK AD

NELROD AD

SALSIBURY AD

ing and renovation of a former Catholic school.

Other examples include the SEED School in Washington, D.C., which renovated a burned-out shell that had been set on fire more than 20 times, in the middle of one of the District's most violent neighborhoods. The building was completely vacant and served as a site for drug dealers. Today, it is a functional residential campus for a predominately low-income population and will eventually house 300 students in grades 7–12. In addition, the school, with more than 60 employees, is committed to hiring through the local community development corporation.

Finally, located in a low-income area of Lawrence, Mass., Lawrence Family Development Charter School has had enough time since its start in 1995 to witness the improvements it helped create in a neighborhood once overrun by prostitutes and drug dealers. On the first day of school eight years ago, the principal and her husband arrived before the doors opened and approached every prostitute, asking each one to leave the school's vicinity. Prostitution has never returned to that corner. Over the years, businesses and homeowners have stayed in the community and renovated their properties. The owner of an auto glass store across the street credited the school for keeping him in the neighborhood.

Expanding the Impact

Charter schools have helped revitalize communities by providing muchneeded community services, keeping families in urban neighborhoods, and transforming old buildings into spectacular new schools.

But there is still much to be done, and an enormous lack of resources constrains charter schools from reaching full potential. These innovative public schools need help with the burden of finding facility

space, financing, and technical assistance to take on such overwhelming real estate projects. In many cases, the challenge of finding a facility can prevent a school's success or even its opening. A recent study by the Center for Education Reform indicated that of 194 charter school closures, 9 percent were due to facility issues. Of 84 that never opened after receiving their charter, 27 percent were due to facility issues.

The preceding examples could be multiplied if more community-oriented organizations joined the process, including neighborhood-based community development corporations (CDCs); community development financial institutions (CDFIs); private-sector financial intermediaries that finance projects related to community economic development; private developers; government entities; and foundations. The real estate expertise of many CDCs can be a valuable tool for charter school operators. CDCs don't necessarily need to start their own schools but can partner with existing entities looking to move to long-term permanent space or hoping to replicate a successful model.

Many CDFIs are already in the market, but more need to adapt the flexible products they offer for housing transactions, such as pre-development loans, for charter schools. Innovative financing of leasehold improvement loans is another way CDFIs could strengthen the market. NCBDC, in partnership with The Reinvestment Fund, has created a loan pool, based on a \$6.4 million demonstration grant from the U.S. Department of Education. With this money, charter schools will have access to more flexible terms such as leasehold improvement loans and long-term fixed pricing. Finally, the foundation world needs to reach beyond its current focus on academic programming and recognize

the community development aspect of the facilities themselves. Foundation money could be leveraged to make a project bankable by either providing subsidized loans or equity-like products, funding a project manager, or guaranteeing part of an unsecured leasehold improvement loan.

Beyond the vast potential of quality education, many charter schools are revitalizing inner-city neighborhoods. If neighborhood-based CDCs, CDFIs, private developers, government entities, and foundations embraced charter schools as a community development tool, we might see fewer run-down, unused buildings, more schools, families staying put in the community, and better public school options in underperforming urban areas. ■

References for this article:

- ◆ Frank Martinelli, "How Community-Based Organizations Can Start Charter Schools", p. 1.
- ◆ Connie Chung, "Using Public Schools as Community-Development Tools: Strategies for Community-Based Developers"; Fellowship Program for Emerging Leaders in Community and Economic Development, p. 8 and p.24.
- ◆ Charter Schools and Inequality: National Disparities in Funding, Teacher Quality and Student Support; Policy Analysis for California Education, University of California, Berkeley and Davis, Stanford University; April 2003, p.11
- ◆ National Center for Education Statistics, web site for Common Core of Data: <http://nced.ed.gov/ccd>.
- ◆ "Charter School Closures: The Opportunity For Accountability," Center for Education Reform. October 2002.



Robin Halsband is vice president at NCB Development Corporation (NCBDC), a national develop-

ment finance organization that is a leading provider of financial and development services to cooperatives and community-based enterprises. Halsband specializes in providing financing and technical assistance to charter schools nationwide.