

New York City Charter Schools: A Real Estate Primer

The Charter School Movement

Charter schools are public schools operated by independent organizations with the oversight of a charter sponsor – typically the State Board of Education or a state or local college or university. Like all public schools, charters are nonsectarian and are funded with federal and state monies. However, charter schools differ from traditional public schools in their governance, management, and funding. Unlike traditional public schools, it is the state government rather than local school board that oversees the charter schools and provides a majority of their funding. Charters therefore enjoy more managerial autonomy than traditional public schools. Accordingly, charter schools may hire their own staff, develop their own curriculum, and set their own educational programs and methods of operation under the oversight of the school board and authorizer/sponsor.

The charter school movement has evolved from a number of other school reform ideas, including alternative and magnet schools, public school choice, privatization, and community-parental empowerment. Advocates of charter schools contend that in exchange for their increased autonomy, charters are more accountable for student performance than their traditional public school counterparts. Charter schools must account for academic results and fiscal stability to their chartering sponsor at the end of their charter term (typically 3-5 years), when a renewal decision is made.

The first charter school opened in 1992 in St. Paul, Minnesota, and served only 20 students its first year. Over a decade later, more than 2,700 charter schools serve nearly 700,000 students in 36 states and the District of Columbia.

Charter Schools in New York City

In recent years, New York City has embraced the creation of charter schools as a central pillar of its larger educational strategy. Since the passage of the 1998 charter school law in New York State, thirty four charter schools opened across New York City, and thirty two remain operational.¹ In October, 2003, Mayor Michael Bloomberg and New York City School's Chancellor Joel Klein announced an initiative to create fifty new charter schools in the city over five years, and pledged to make New York "the most charter friendly city" in the country. In support of the plan, they also launched the New York City Center for Charter Excellence, a \$70 million non-profit organization designed to serve as both a catalyst and funding mechanism for these fifty new schools.

¹ The Reach Charter School and The John A. Reisenbach School, both in Manhattan, had their charters revoked by the New York State Department of Education.

Charter School Facilities: Old Challenges, New Opportunities

Old Challenges

Despite New York's strong commitment to new school development, launching charter schools is not without challenge. To date, some of the most daunting impediments new charter schools face are those related to their facilities needs. School administrators typically lack access to ready and affordable capital, and more critically, are not familiar with the risk and uncertainties of real estate planning and development. Wary of this inexperience, foundations and commercial lenders have been reluctant to commit funds for charter school facilities, fearing the loss of both educational and real estate investments. The result: the real estate burden has often distracted or derailed school administrators in their efforts to start and operate successful charter schools.

- *Inexperience in Real Estate*

Start-up schools are short the reserves and risk tolerance that complex real estate deals require. Hundreds of thousands of dollars are regularly expended on site selection and analysis before a firm agreement is even reached. Additional and substantial funds can be invested – a project may even be underway – when a deal falls through. Certainty in real estate is both elusive and expensive, and beyond the reach of many school administrators.

As first time developers, school administrators often find the building process unduly taxing. Inexperience in development frequently leads to inaccurate cost projections. Civic Builders estimates that capital cost overruns accounted for \$3.2 million of the \$11 million in philanthropic funding invested in charter school facilities in New York from 1999 through 2002.² These overruns typically result from construction cost inflation, poorly planned and executed renovations, unfamiliarity with zoning and building code non-compliance status, unforeseen design and build-out costs, scheduling crunches and under-negotiated facilities and construction contracts. Ultimately, this lack of development experience can also affect the quality of the facility itself, resulting in a substandard learning environment for the charter school's children.

For the City's start-up charter schools, real estate complications have impeded their ability to fully accomplish their educational mission. Facilities concerns divert significant time, attention, and other valuable resources from the business of educating children.

- *Conflation of School and Real Estate Assets*

Charter schools have a need for long term, permanent real estate (10 years plus), but they themselves are contingent organizations reviewed annually by their authorizer and reauthorized every 5 years. These misaligned timing imperatives make capital investors nervous. If the school fails – or for whatever reason it must change locations – any infrastructure improvements accrue to third party landlord. In New York City, there has been more than one instance of a school making significant capital investment – underwritten by foundations and commercial lenders – and then closing operations. In these cases, money intended for educational purposes ends up in the hands of private landlords, who are then free to rent the property to a new tenant of their choosing. This very real risk has deterred foundations and commercial lenders from committing resources to charter facilities, exacerbating the schools' capital shortfall. Any charter school real estate solution must ensure that (1) a facilities investment survives the early, vulnerable period of a school's life, and, (2) should the school fail, the facility will ultimately remain within the charter community.

² Civic Builders, "New York City Charter Schools: An Assessment of the Real Estate Market," March 2003.

- *Inadequate Capital Funding*

Across the United States, charter school finance statutes typically fail to fund real estate and other infrastructure costs necessary to open and sustain charter schools. For a traditional public school, land purchases, construction and major repairs come primarily from local governments and related local taxes and bond sales. Charter schools are not eligible for this type of financing, and the state allocations they do receive do not account for real estate requirements. In their efforts to raise supplemental capital funds, charter school administrators face significant hurdles. Without experience in facilities finance or development, they lack the relationships and track record necessary to secure foundation grants or adequate commercial loans at affordable rates. Without competitive credit, schools overpay for capital and are forced to rely too heavily on equity, resulting in a costly, suboptimal capital structure.³

New Opportunities

New York City's embrace of the charter school movement – and its bold mandate to build fifty new schools over five years – marks an unusual opportunity for all those dedicated to educational innovation. By committing \$250 million for capital investment in new charter schools, the Department of Education (DOE) has taken a critical step towards addressing the third challenge in charter real estate – namely, inadequate public funding.

The \$250 million must be viewed, however, in a larger universe of real estate resources essential for ensuring long term charter success. The DOE commitment will serve as an anchor to attract additional private and public funding for charter facilities. Options for infrastructure investments must examine these additional capital resources, a variety of potential providers, and the creative use of all available space. **Table 1** illustrates the flow of possible resources: capital dollars go to service providers, who in turn develop educational facilities.⁴

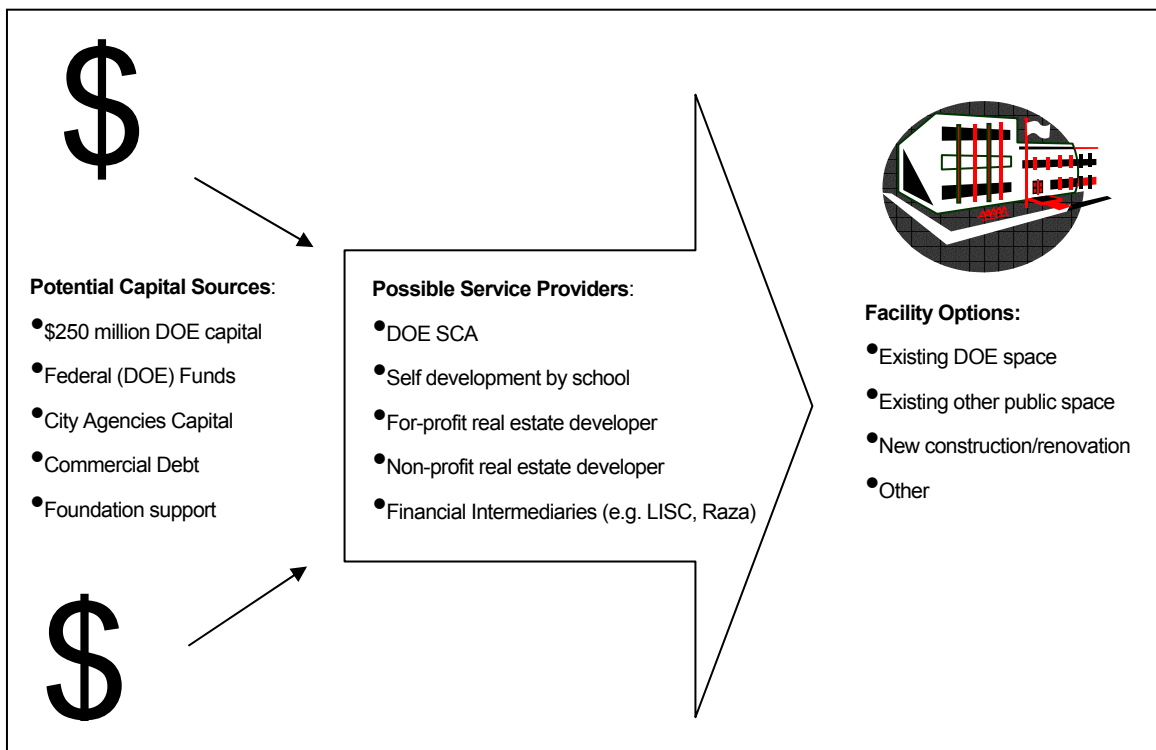
Beyond Capital: One-Stop-Shop Partnerships

While the New York City DOE's significant commitment of resources to charters marks an unprecedented and critical step towards creating infrastructure for charter schools, capital funds alone cannot solve the complex facilities challenge charter schools face. Even with financial support, schools remain hindered by their fundamental lack of real estate experience, and vulnerable to the risks and uncertainties of property planning, development, financing, management, and on-going ownership. To address some of the issues, the DOE has looked to partnerships to provide turnkey real estate solutions, mitigating risk to both the schools themselves and to their potential supporters, thereby attracting a host of new resources in support of charter school development. One of these partners, Civic Builders, offers a "one-stop-shop" solution to charter schools, specializing in facilities planning, development, financing, and long-term management. In providing this full suite of services to charter schools, Civic also offers substantial benefits to the school district, private and public funders, and the larger communities in which the schools operate. The Civic Builders "model" and the value it provides to each of these educational stakeholders is described in greater detail.

³ For more on the recommended capital structure for charter schools, see "Optimizing Charter School Capital Structure," *Civic Builders Policy Brief*, No. 4, 2004.

⁴ For a guide to investing in facilities in New York's charter schools, see "Investing in New York City's Charter Schools: A Recommended Approach," *Civic Builders Policy Brief*, No. 5, 2004.

**Table 1:
Resource Flow of Capital to Facilities**



***Civic Builders:
Managing Risk and Uncertainty; Creating Long Term Systemic Change***

Civic Builders Mission

Civic Builders is a non-profit facilities developer that provides turnkey solutions for New York charter school real estate needs. By assuming responsibility for building planning, developing, and financing activities, Civic relieves charter schools of the burden of navigating one of the most complex and competitive real estate marketplaces in the world, enabling school administrators to focus time and resources on the important work of educating children. At the system level, our innovations in small school siting, design and cost structure influence how districts consider the creation of new educational space.

Theory of Change

Civic Builders works towards the day that equal educational opportunities exist for all New York City school children. For many in underserved communities, we believe that small schools can play a critical role in pioneering educational innovations and ensuring that children receive the levels of quality instruction, attention, and resources they deserve. Our work supports individual charter school success, and our development strategies positively influence larger educational reform efforts.

Local Impact

Experience in launching charter schools has shown that school administrators must be focused on the work of educating children. The school's viability depends on it. A host of distractions can detract from a school administrator's best intentions, diverting time and energy from her primary responsibilities. For many, real estate has proven to be the chief diversion – in some cases consuming 50% of an administrator's time. Yet school principals typically have no experience in the complex and high risk world of urban real estate. Furthermore, vital sources of public and private capital are simply beyond their reach. By relieving school administrators of their entire real estate burden, Civic Builders frees them to focus on the task at hand – providing high quality education for children most in need.

Global Reach

At the system level, our model of high quality, low cost small school development offers a number of benefits to a beleaguered school system. First, we help relieve overcrowding directly by working with the district to meet the demand for new educational facilities. Second, we think strategically about where to locate these new schools. Our analysis of community need and potential sites include sophisticated GIS mapping software and local neighborhood knowledge. In New York, we have shared this approach with the Department of Education. Third, our low procurement and construction expenses and our innovations in small school design bring pressure to bear on the building standards and cost structure of all public and private developers of new educational space. In New York and a handful of cities across the country, the systemic influences of the Civic Builders model are increasingly apparent.

Organizational History Incorporated in 2002, Civic Builders was incubated at the Greenpoint Manufacturing and Design Center (GMDC), a non-profit developer and rehabilitator of industrial space in low and moderate income Brooklyn neighborhoods. In its first year of operations, Civic Builders served primarily in an advisory capacity to charter schools, providing needs assessment, site and facilities analysis for many of the city's new charter schools. Although these services proved enormously valuable to charter school administrators, it became evident that a deeper level of involvement – one that truly removed the entire real estate burden: planning, development, financing and on-going management – would best ensure the sustained success of a given school. Beginning with Bronx Charter School for the Arts, Civic demonstrated how providing a “turnkey” real estate solution for charters schools enables administrators to focus time and resources on the important work of education.

Solutions for Charter Schools: A Turnkey Approach

During the first few years of operations, it is estimated that charter school leaders spend approximately 25-30% of their time on real estate related matters.⁵ This translates to more than one full day per week, five days per month, and fifty school days over the ten month school year: a school director could hypothetically spend all of September and half of October working exclusively on real estate, at the expense of fundamental school needs.

Much of this distraction is a result of inexperience. Educators are not – nor should they have reason to be – seasoned in the risk and uncertainty of the real estate business. For charter school administrators unfamiliar with the complexities of New York’s real estate environment and development process, Civic Builders’ skills and expertise are multifold. By taking over the myriad real estate activities of a start-up charter school, Civic minimizes uncertainty and bares much of the risk associated with real estate planning, development, and financing. In doing so, Civic’s turnkey solution substantially reduces a school’s occupancy costs, and frees dollars and staff time – once diverted from curriculum and programming – for the direct work of education. By offering a “one stop shop” for a charter school’s facilities needs, Civic increases the likelihood that school administrators will launch successfully and meet the goals necessary for charter renewal.

Planning

Needs Analysis

Although school administrators launching a new charter school may be well understand their educational needs, translating these into facility requirements can be a complex process. Even before a site is selected, Civic works closely with schools to assess their capacity and design parameters; how much classroom space is required? How much non-classroom space? What are curriculum specific needs (e.g. labs, music and dance rooms). What are the school’s long term expansion plans?

Site Analysis

Once basic needs are determined, Civic also plays a major role in potential site analysis and selection. With its deep understanding of a number of New York neighborhoods – their educational needs, capacity constraints, institutional and geographical characteristics and market conditions (rents, availability of existing public and private space, etc.) – Civic can help a school focus on appropriate locations and promising sites.⁶

Many charter schools have indicated that Civic’s relationships with a number of critical stakeholders have also helped them in the planning process. For example, Doug McCurry, the Executive Director of Achievement First, who plans to open several charter schools in New York City over five years, reports that Civic Builders has taken over much of the necessary negotiation and dialogue with the DOE that he would otherwise have to do himself. “Interfacing with DOE is an amazing service” McCurry explained. “It has saved me numerous trips to New York,” and allowed for efficient, productive discussions on his behalf which are possible because of Civic’s pre-existing ties.

⁵ United States Department of Education, “The State of Charter Schools 2000 – Fourth-Year Report” January 2000; Civic Builder interviews.

⁶ For more on Civic Builders’ neighborhood and site analysis, see “The Power of GIS Mapping,” *Civic Builders Policy Brief*, No. 2, 2004.

Development

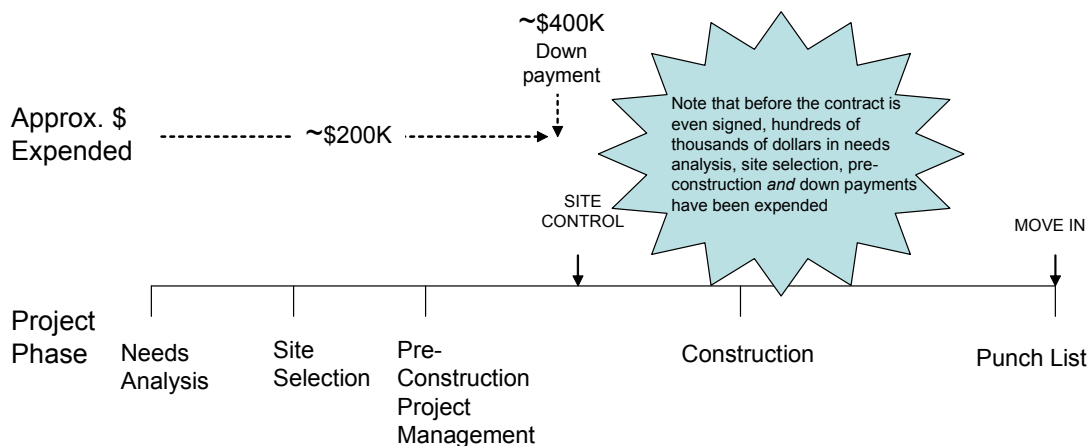
Once a site has been identified, the development process itself is extremely complex, characterized by risk, uncertainty, and substantial flux.⁷

Pre-Construction Project Management

Civic manages the work –and bears the substantial financial risk– of pre-construction project management. Its deep real estate expertise and cash reserves bring efficiency and stability to the process.

Table 2:

The Complexity and Risk of Pre-Construction Project Management Sample Timeline for \$15 million Project



Construction Project Management

Civic's experience in new construction and renovation ensures that projects are completed on time and on budget.

Financing

Civic Builders' role as a financial intermediary with extensive real estate experience provides access to debt from lenders typically unavailable to charter schools. By reducing a charter schools' perceived risk to investors, Civic Builders also improves the cost all capital, commercial and philanthropic.

⁷ For more on this, see "The Development Process: a Study in Risk and Complexity," *Civic Builders Policy Brief*, No. 3, 2004.

Case Study: A Turnkey Solution – Civic Builders and Bronx Charter School for the Arts

Project History

In 2002, when it was awarded its charter, Bronx Charter School for the Arts was one of the few grass roots organizations to successfully gain charter approval. Founded on the premise that arts education is a catalyst for social and academic success, Bronx Arts emerged out of a three year collaborative planning process involving educators, parents and community residents in Hunts Point. Despite the gains of significant economic revitalization efforts in the neighborhood, community members believed that high quality educational opportunities were still lacking for children in the community. In response, they envisioned a school that would provide first rate educational programming for K-6 children – in a manner consistent with the other arts initiatives in the neighborhood – thereby serving the needs of individual students and the larger community. In 2003, with its art based curriculum in place, Bronx Arts opened its doors to 162 K-3 students. The following fall, Bronx Arts moved into its own permanent facility on Longfellow Avenue in Hunts Point, serving 200 K-4 students.

The Real Estate Challenge

Like many charter schools, Bronx Arts faced numerous challenges related to its real estate needs. Chief among them was the lack of public or private capital funds and, in Director Xanthe Jory's terms, no "major sugar daddy" to give them a space. Though deeply committed to operating in the Hunts Point neighborhood – 70% of the children enrolled in the school are community residents – there were also few obvious sites for the new school. In an exhaustive hunt, Jory had examined 40.

Site Search and Evaluation

Initially, Jory enlisted Civic Builders to help with the site search and evaluation. Civic advised Jory to identify both a temporary site and a longer term real estate solution. For the 2002-2003 school year, Bronx Arts was housed at a public junior high school in a nearby Bronx neighborhood. However, for its permanent space, Jory was drawn to a 24,000 square foot building, which had been built in the 1930s as a kosher salami factory and most recently operated as a Korean grocery food distributorship. It was hardly ready for school occupancy, but the location was right. The price tag, however, was beyond Jory's reach.

Project Finance and Deal Management

It was at this juncture that Civic Builders morphed from the role of advisor to one of landlord – cobbling together the necessary funds to purchase and renovate the building from four different lenders over a protracted and tenuous nine month period. As building owner, Civic now leases the facility to Bronx Arts at below market rent.

In addition to the site analysis and evaluation, playing the lead role in financing was critical for the project's success. "I never could have done it alone," says Jory. As potential owner of the facility, Civic bore the risk of project failure, which gave Bronx Charter – via Civic – greater access to capital than it would have otherwise had. Through nine months of rigorous and often rancorous negotiations with four different lenders, Civic – seasoned in the negotiation process – held a complex and fragile deal together. At various junctures in the process, Civic also staved off the project's collapse by drawing on its strong relationships within the city's educational community. For example, when a zoning problem threatened to derail construction, Civic enlisted School Chancellor Joel Klein to help close the deal. Finally, by managing the entire project renovation, Civic ensured that the highest quality project was delivered – on time and on budget – for the opening of the 2004 school year.

Understanding Charter School Needs

Jory explains that one of Civic's greatest strengths is its fundamental understanding of charter school needs and objectives. Civic helped her to assess both immediate and longer term space requirements, and find solutions to both. Civic also readily incorporated the school's specific curriculum needs – in this case numerous art and dance studios and music rooms – into a holistic educational space. Finally, Jory believes that Civic Builders shared her vision of the Bronx Charter School for the Arts as an agent of change in the community. "We want to improve the community beyond test scores," she said. A state-of-the-art facility "demonstrates to parents that you are there for them... We want to be a community center of sorts." In this aspiration, Jory found Civic Builders to be an important ally. "I love Annie and David," she says of Annie Tirschwell, Civic's Director of Real Estate, and David Umansky, its CEO. "They were smart, flexible, and very understanding" in helping her realize this vision through the creation of Bronx Charter's permanent home.

Solutions for Financial Supporters: Increased Leverage, Mitigated Risk

By assuming control over a charter school's real estate planning, development, and financing, Civic Builders mitigates against some of the risk and uncertainty of the new venture. For financial supporters, this reduced risk makes underwriting a charter school's capital needs a more attractive investment.

Commercial Lenders

Civic's track record – as a borrower with cash reserves and developer of multiple projects – gives it access to a number of banks and other financial institutions, who lend dollars more readily and cheaply than they would directly to a charter school. Civic's model provides a number of mechanisms to protect a bank's loans. By managing the development process, Civic mitigates construction risk, assuring commercial lenders that projects will take place on budget and on time. Civic's strategic siting of properties in conjunction with the Department of Education minimizes vacancy risk, which is tempered further by a 5% vacancy expense line item in Civic's financial statements. Civic ensures the likelihood of ready retenanting is high by (1) siting schools in neighborhoods which require more public school facilities, making a high quality, available space appealing to the Department of Education; and (2) renovating facilities by incorporating charter school input in architectural design *and* building in accordance with the NYC Department of Buildings Use Group G standards, making the spaces attractive and appropriate for the DOE and/or new charter school tenants. Commercial lenders also recognize that Civic is a more efficient borrower than an individual school. Because it is raising funds for multiple projects, Civic can borrow at scale, pool its resources and spread funds across projects.

Foundations

Access to the kind of commercial financing described above also makes Civic attractive to foundation sponsors. Bank loans add leverage for foundation grants, as the foundations can provide less equity for capital investment per se and direct dollars to other educational needs. Civic's ability to refinance its portfolio of projects also generates additional cash, thereby reducing further the need for large foundation investments in capital infrastructure. The leverage that Civic creates – both through borrowing and refinancing – is a critical innovation in the financing instruments available to philanthropic investors. Although individual schools might serve themselves well by raising substantial amounts of equity, the fact that they can neither raise (nor refinance) sufficient debt means that *fewer resources* overall are brought to bare on charter school infrastructure. At the system level, Civic's ability to raise (and refinance) affordable debt ensures a greater amount of total available funds for charter schools.

In addition to increased financial leverage, Civic also provides foundations with insurance against specific and risky charitable commitments. Unlike an investment directly in a particular school, an investment in Civic represents a "safer bet" – since Civic offers a portfolio of projects which diversifies risk across multiple charter schools. In part, this is achieved by the separation of real estate and educational entities. Like their commercial counterparts, foundation investors are also protected by Civic's ownership of the school real estate. By purchasing the facility and renting it to the charter school, Civic separates the infrastructure and educational assets. If a tenant school does not perform, Civic can retenant the facility to another charter school, thereby protecting the real estate investment.

Finally, to date, Civic has played an important role in educating foundations about capital investments in charter schools. In 2002, Civic was asked to meet with a large group of national foundations who were each, independently, investing significant amounts of money in charter schools. The meeting was largely driven by Civic's research about the state of charter school facilities in New York City – the first comprehensive analysis of the sort. The meeting allowed philanthropic investors to better understand the charter real estate landscape, and to share information and ideas about innovative facilities

solutions. Going forward, Civic will play an important role in helping foundations think strategically about their individual and collective capital commitments, both to charter schools in particular, and to other educational endeavors more broadly.

Case Study: The Importance of De-Linking Real Estate and Educational Investments

In January, 2004, state evaluators tasked with reviewing the performance of charter schools in New York called for the closure of the John A. Reisenbach Charter School in Harlem. In reviewing the school's application to renew its charter, the evaluators wrote, "There is little evidence that the school has fulfilled its mission of providing a rigorous curriculum and approach that develop children's strong basic skills and ability to think critically."⁸ The report's primary criticism focused on poor reading and math scores. Opened in 1998, Reisenbach also faced a number of growing pains, enrolling too many students too quickly and struggling to stem drastic teacher turnover – which hovered around 60%. In February, 2004 SUNY's Board of Trustees voted against renewing the charter, forcing both the school's closure and its 600 students to scramble for a new school for the following year. At the time of the review, the school had just completed a \$3 million investment in the facility it was leasing. Since the school owned the lease, this multimillion dollar improvement accrued to the landlord – not the school, its investors, or the immediate community. The landlord was also then free to rent the property to a new tenant of his choosing. Had Civic Builders owned the property or held the lease, it would have brought another charter client into the space, retaining the sizeable financial investment for the benefit of the charter community at large.

Solutions for School Districts: A Strategic Ally

As a provider of affordable, turnkey real estate services to charter schools, Civic Builders can play a central role in helping school districts foster successful charter schools.

Provide Strategic Analysis of Potential Charter School Sites

Civic Builders locates facilities where there is a demonstrated need. To help make this process more systematic, in 2003, Civic Builders developed GIS software in the form of a data rich, interactive mapping tool that would provide both a global—and very local—picture of New York City communities. The mapping software was tailored for Civic by NYPIRG's Community Mapping Assistance Project to help rationalize decisions about where to locate new charter schools. By visually depicting enormous amounts of geographic and demographic information onto city neighborhood maps, the software tool allows for strategic thinking about new school site selection.⁹ Civic—as the developer and landlord—provides strong incentives for charter schools to operate in these particular neighborhoods. Civic Builders is successfully using the software in site searches. We have also provided the application to the New York Department of Education, as a tool both for global capacity management and specific neighborhood analysis. Sharing this tool benefits everyone who has a stake in public education—districts, charter school leaders, private funders, the schools themselves, and their communities.

⁸ David Herszenhorn, "Report Faults New York's First 3 Charter Schools," *New York Times* 13 January 2004; "A Charter School with Some Spring in Its Step is in Danger of Closing," *New York Times* 14 January 2004; "Charter School Loses Fight," *New York Times* 23 June 2004.

⁹ For more on Civic Builders' neighborhood and site analysis, see "The Power of GIS Mapping," *Civic Builders Policy Brief*, No. 2, 2004.

Help Meet Demand for New Capacity

As an experienced developer well versed in the needs of charter schools, Civic Builders can augment a district's own building capacity to create new facilities for charter schools. In New York City, for example, schools are overcrowded, and it is widely acknowledged that the system needs 66,000 new seats – the size of a large new school district – in order to meet demand. The Mayor and Schools Chancellor have embraced a small schools approach to reforming education, and as part of this strategy, the Department of Education has pledged to support the launch of fifty new charter schools over five years. Civic Builders is working along side the DOE's own School Construction Authority to help meet some of these new real estate requirements.

Share Design Innovations

As a leader in small school design, Civic Builders has pioneered innovations in, among other areas, classroom layout and size, multi-purpose space and adaptive re-use of non-traditional facilities. Although Civic itself focuses primarily on charter schools, districts can learn from these best practices to influence the design of all new educational space.

Harness Competition to Keep Costs Low

As a small, nimble, non-profit organization, Civic Builders brings a number of negotiating advantages to a school district. Without the perceived “deep pockets” of a larger, public institution, Civic can often reach better and more competitive deals with landlords and other vendors. Civic also has more flexibility in the bidding process, and can often negotiate more favorable lease and contract terms on behalf of charter schools. By keeping procurement and construction expenses low, Civic ensures that other public and private development entities must carefully control their own costs and building standards.

Solutions for the Neighborhood: Charter Schools and Community Development

By developing permanent real estate for charter schools, Civic Builders is helping to create new resources for underserved communities. These new school facilities contribute to community development in a number of significant ways:

The Broken Window Effect: Physical Environment Matters

In the 1980s, sociologists James Q. Wilson and George Kelling advanced their theory of “broken windows,” arguing, in effect, that neighborhood signals matter. Wilson and Kelling contended that crime and other neighborhood ills result from disorder. If a broken window is left unrepaired, people walking by will conclude that no one cares and no one is in charge. Soon other windows will be broken, and the neglect – and all its pernicious consequences – will spread across the community. The converse, they maintained, is also true. Restoring a window – making important, symbolic improvements to a neighborhood – can improve conditions in dramatic ways.¹⁰ These criminologists argued what charter school administrators know better than anyone: environment matters.

¹⁰ Wilson and Kelling's “broken window” concept was popularized in Malcom Gladwell's 2000 bestseller, *The Tipping Point*. In it, Gladwell discusses how New York City's concerted effort, first to remove graffiti from trains, then to crack down on other “quality of life” offenses helped contribute to a dramatic reduction in the city's crime rate.

An “Anchor” for Civic Engagement

New charter schools – erected in fresh, important buildings – send an important message to the community. Xanthe Jory, the Principal of the Bronx Charter School for the Arts, describes her school as an “anchor” in Hunts Point. Her partnership with Civic Builders contributed to the process. While building an impressive and beautiful space, Civic also helped Jory signal to the community that the school’s dedication was both tangible and permanent. In some ways, Civic’s ability to retain the space – should anything happen to Bronx Arts – only underscores the long term nature of the commitment. This permanent investment reduces the risk for others – parents, local organizations, even new agencies – to take a real stake in their Hunts Point community.

Schools as Community Centers: Creating Physical and Social Capital

Many charter schools see themselves as developing both traditional student learning environments and centers that can meet larger community needs. In some instances, the very vision for the school grows out of community aspirations. In the case of Bronx Arts, Jory led a grassroots design process to create a school that very much reflected the needs and hopes of its Hunts Point residents. Jory’s initiative was interwoven with larger community revitalization efforts. She worked closely, for example, with “The Point,” a community development corporation celebrating art as a means and expression economic and cultural development. Civic Builders ensured that the physical requirements of the school could accommodate curriculum specific needs – arts studios, music rooms – in a way that was consistent with large community development objectives.

In a host of other ways, well considered design of the physical space can help create social capital in the community. New charter schools grow gradually into their facilities, as the number of students and grades expand beyond initial enrollment. This suggests that additional space can have multiple purposes. At Bronx Arts, portions of the facility are already being used for community purposes – arts exhibitions, common gathering spaces, etc. However, one can also envision a broader spectrum of community needs that may be accommodated within the walls of a charter school. The building could incorporate, for example, auxiliary education services (e.g. occupational and speech therapy) or even clinics that reach beyond the immediate educational population, in extended, non-school hours. Such offerings might include medical services, counseling, adult education classes, after-school programs, or early childhood education centers, to name a few. As it works with new charter schools to meet their real estate requirements, Civic can help create facilities that serve these larger community needs.

The Data: Community Schools, Community Development

The best available data on community schools – those that, in addition to their primary educational role also provide services for the larger community – are extremely positive. According to the Coalition for Community Schools, there are a growing number of community schools – between 3,000 and 4,000 nationwide.¹¹ Recent research examining 20 community schools across the United States found that these schools improved student learning, promoted family engagement with students and schools, helped the schools themselves function more effectively, and added “vitality” to their communities.¹²

¹¹ It should be noted that there is no one specific definition of community schools, since many provide very different services. However, the Coalition for Community Schools provides a useful, unifying description: “using public schools as a hub, community schools bring together many partners to offer a range of supports and opportunities to children, youth, families and communities -- before, during and after school, seven days a week.” These schools represent both traditional public schools and charter schools.

¹² Martin Blank, Atelia Melaville, and Bela Shah, “Making the Difference: Research and Practice in Community Schools,” *Coalition for Community Schools* May 2003.