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Chairman Phil Mendelson

A PROPOSED RESOLUTION

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To declare the existence of an emergency with respect to the need to extend the disposition of a District-owned real property located at 200 Douglas Street, N.E. Washington D.C., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 0816.

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RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution

may be cited as the "Shaed School Lease Extension Authorization Emergency Declaration Resolution of 2021".

Sec. 2. (a) There exists an immediate need to extend the lease for the District-owned real property located at 200 Douglas Street, N.E. Washington D.C., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 0816.

(b) In March 2014, the District executed a 20-year lease with the Charter School

Incubator Initiative (CSII) for the District-owned property located at 200 Douglas Street N.E, Washington, D.C., which is commonly known as the Shaed School (Square 3552, Lot 0816). The CSII is a non-profit corporation that allows new public charter schools in the District an opportunity to incubate in one of its properties until the public charter schools grow and stabilize. CSII identifies and secures property, including obtaining project financing for renovation of the school building. This allows public charter school leaders the opportunity to focus on their educational programs instead of real estate. Often, once the public charter schools reach stabilization, they subsume control over the school building in which they were incubating.

(c) After the District of Columbia Public Schools (DCPS) closed the Shaed School in 2011, the District declared the property surplus and available for reuse in May 2013. After undergoing the “Request for Offers” (RFO) process, CSII was awarded the Shaed School in October 2013 and executed a 20-year lease with the District on March 4, 2014.

(d) On the same day that CSII executed it lease with the District for Shaed, it also executed a sublease with Inspired Teaching Demonstration Public Charter School (“Inspired Teaching”), which is a Tier 1 pre-K – 8th grade public charter school. Inspired Teaching remains there to this day. The school had 498 students enrolled during School Year 2020-2021, of which 16% were designated “at-risk,” 6% of its students were English Language Learners, and 20% of its students had special needs.

(e) To renovate and modernize the Shaed School to meet the needs of Inspired Teaching, CSII took out approximately $9.8 million in debt. Such a practice is common because the public schools that CSII generally leases from the District have sat fallow for years and fallen into disrepair.

(f) CSII expected to be able to amend its existing lease with the District to obtain better lease terms – 25 years with an additional 25-year option, as these are the typical lease terms being included when the District property is a school and its being leased to a public charter school or CSII. Such terms would have then allowed CSII’s debt to be financed long-term with rates and an amortization schedule that would be affordable to both CSII and Inspired Teaching, which hopes to assume the lease with the District and any outstanding debt that CSII has with regard to that property.

(g) Despite CSII alerting the Executive over two years ago that it would need an extended lease, the Executive failed to undertake the disposition process laid out in D.C. Official Code § 10-801 and did not transmit any permanent legislation to effectuate an extended lease until the week of December 6, 2021. During this two-year period, CSII’s approximately $9.8 million debt matured on December 1, 2021. Although CSII has a 15-day cure period, the lender could call on CSII to pay its outstanding debt. If this were to occur under the current financing terms, CSII would default on the loan.

(g) Notably, this is an amendment or extension to an existing lease and is not a new lease. Moreover, there is no indication that the Shaed School is needed for any other purpose than as a public charter school.

(h) Additionally, the nature of CSII’s financing for all of the buildings for which it has loans is such that if CSII defaults on one of its loans, it defaults on all of its loans. Thus, if CSII was to default on its Shaed School loan, this would result in not just its approximately 500 students losing their school building, but eight local education agencies and hundreds to thousands of public charter school students losing their school buildings. This would mean that even if the Gibbs School emergency is approved by the Council on December 21, 2021, Monument Academy Public Charter School and its students would still be at risk of losing their building, and home, if this emergency is also not approved. Given Monument’s high percentage of homeless students, losing their school building has even greater stakes for them – they will lose their homes – their safe, stable, and reliable shelter – that they have for five nights of a week. This would be unconscionable, especially since this issue has been prevalent for well over two years. Thus, for all of the enumerated reasons above, an emergency need exists to authorize the Shaed School’s lease extension to the CSII now and not to wait for the permanent legislation.

Sec. 3. The Council of the District of Columbia determines that the circumstances

enumerated in section 2 constitute emergency circumstances making it necessary that the “Shaed School Lease Extension Authorization Emergency Act of 2021” be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.