

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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.

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

38 allows public charter school leaders the opportunity to focus on their educational programs instead of  
39 real estate. Often, once the public charter schools reach stabilization, they subsume control over the  
40 school building in which they were incubating.

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

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

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

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

61 (g) Despite CSII alerting the Executive over two years ago that it would need an extended  
62 lease, the Executive failed to undertake the disposition process laid out in D.C. Official Code § 10-  
63 801 and did not transmit any permanent legislation to effectuate an extended lease until the week of

64 December 6, 2021. During this two-year period, CSII’s approximately \$9.8 million debt matured on  
65 December 1, 2021. Although CSII has a 15-day cure period, the lender could call on CSII to pay its  
66 outstanding debt. If this were to occur under the current financing terms, CSII would default on the  
67 loan.

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

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

84 Sec. 3. The Council of the District of Columbia determines that the circumstances  
85 enumerated in section 2 constitute emergency circumstances making it necessary that the “Shaed  
86 School Lease Extension Authorization Emergency Act of 2021” be adopted after a single reading.

87 Sec. 4. This resolution shall take effect immediately.