



The 2015 REDI is a partnership of:



## ***2015 Real Estate Diversity Initiative (REDI)***

The Real Estate Diversity Initiative (REDI) started in 2009 as a joint project between the Colorado District Council of Urban Land Institute (ULI Colorado) and the Denver Office of Economic Development (OED). In this, the seventh year of the program, 39 participants graduated, bringing the total number of program graduates to 211 minorities and women who enhanced their real estate careers by learning firsthand about real estate development.



The program is designed to accomplish several goals, including:

- Increase the number of minorities and women in the real estate industry, particularly in real estate development
- Empower minority and women real estate professionals and businesses to step into the role of real estate developers through participation in a mentor program with local developers.
- Through membership in ULI Colorado, give minorities and women the opportunity to network with real estate professionals, increasing the diversity of the ULI Colorado membership, and the local industry.

### **Celebrating Diversity**

As stated above, the 2015 program graduated a total of 39 participants. In 2015 the graduates included:

- 1 Asian Pacific woman*
- 3 Black women*
- 6 Hispanic women*
- 3 women who identified as "other"*
- 18 Caucasian women*
- 5 Black men*
- 2 Hispanic men*
- 1 man who identified as "other"*



### **The Application Process**

Applications were accepted by the ULI Colorado web site at [www.colorado.uli.org](http://www.colorado.uli.org). Organizers recruited applicants through several methods:

- ✓ Web site and social media invitations via ULI Colorado
- ✓ Speaking with ULI Colorado executive committee members/word of mouth at ULI events
- ✓ Email invitations via the OED minority business lists
- ✓ Newsletter, email notices sent to minority chamber directors/direct contact with leadership
- ✓ Recruitment via contact with area chambers of commerce
- ✓ Direct contact with people who had expressed an interest throughout the year



Applications were collected through May 29, 2015. The application required two letters of reference which could be submitted via email. Potential participants submitted 68 applications. In two meetings, and with input from five committee members, organizers selected 41 participants for the 2015 program – the largest class to date. While there is not a specified number of

applications to accept, the committee members felt 41 of the applicants were qualified to participate. The committee looks for a mix of backgrounds, ethnicity and gender, although more than twice as many women applied as men which has been typical of the program. Of the 41 participants, 39 completed the REDI program. One participant changed jobs and could not continue. One participant simply did not attend the sessions. Each participant paid an entrance fee of \$250 to offset the costs of the program, particularly the cost of the free, one year ULI memberships awarded to all graduates.

### **Hands-on Experience**

The 41 participants were divided into three groups with organizers working to balance each group by: ethnicity, background, current employment and development interests. New in 2015, in addition to co-mentors, an architect and administrator were assigned to each group. The 2014 mentors had requested the team include an architect and administrator.

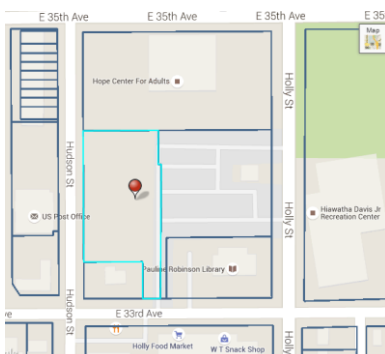
The 2015 teams included:

- Team 1: Arthur McDermott, owner of McDermott Properties and Aaron Miripol, executive director of Urban Land Conservancy (the team started with Rick Woodruff of ULC who changed jobs and could not continue with the program); Tim Van Meter of Van Meter Williams Pollack as the team architect and Elizabeth Wahlborg-Cohen of the Burmark Group, a 2014 REDI graduate, as team administrator.
- Team 2: Ismael Guerrero, executive director Denver Housing Authority and Mark Goldberg, owner of Goldberg Properties as co-mentors; Ron Izzo, principal of Handprint Architecture as architect and Michele Tonti of Tonti Management as administrator.
- Team 3: Doug Elenowitz, principal at Trailbreak Partners and Mary Anderies of Anderies Consulting as co-mentors; Brian Judge, president of VAg Architecture as team architect and Sarah Siegel of Iconic Construction and Development as team administrator.

The role of the mentors is to guide the students through a set curriculum that provides a framework to develop a project, at the same time imparting real world knowledge and experience. Mentors are commended each year for the amount of time spent with participants, along with the willingness to share previous and current project details with the REDI students. The addition of architects to the mentoring team offers help in the design phase of the project. The addition of administrators is to help the mentors with scheduling, finding meeting locations, guest speakers and to keep track of attendance at small group meetings.



Starting in 2012 – based on feedback from participants the REDI program began identifying and



assigning sites to each of the groups to consider for a new development. In 2012 three different sites along the Welton Street Corridor in Five Points were used. The three different 2013 sites were all on the West Colfax Corridor in Denver. The 2014 program departed from previous years by assigning all three groups the same site in Denver’s Westwood Neighborhood. In 2015 all three teams worked on a site at Holly Square in Northeast Denver. The site involves 1.2 acres of land currently occupied by basketball courts located adjacent to the Girls and Boys Club. The site, owned by Urban Land Conservancy, is the last piece of redevelopment of Holly Square.

Previously the home to a Safeway, dentist office, beauty salon and other local amenities, in May of 2008 increased gang activity culminated in an arson fire that destroyed the Holly Square Shopping Center. Urban Land Conservancy purchased the land and initiated a community process that resulted in the formation of the Holly Area Redevelopment Project (HARP). The organization was instrumental in developing a community vision for the redevelopment that was beneficial to the REDI students in developing their plans for the designated site.

### **The Curriculum**

The 2015 REDI program involved six large group sessions including the kick off, presentations and graduation sessions. In 2015 the group presentations and graduation became two separate sessions, with the graduation also involving a reception in a more social setting. That change came from suggestions in the 2014 surveys. Other large group meetings focused on Denver city processes, financing, and pro-forma development. All three sessions rated highly among the program graduates, with pro-forma development and financing rating slightly higher than city processes. The program also involved eight mandatory small group sessions with classmates and mentors, however the groups held several additional small group meetings while planning projects and developing final presentations about their developments.

### University of Denver involvement

In discussing the curriculum for the 2015 program it became apparent that many 2014 participants wanted more work with pro-forma development. 2014 graduate Michele Tonti met with, and secured, the involvement of the University of Denver to provide additional assistance. Dr. Jeff Engelstad adapted one of his courses to the REDI program to offer “Income Property Finance and Pro-Forma Modeling.” The REDI course consists of 18 self-paced sessions, accessible through YouTube, as well as related spreadsheets. In addition, Dr. Engelstad offered three classroom sessions designed to allow participants to delve more deeply into the material and clarify the students’ independent work. A majority of REDI students signed up to participate in the program. Comments on the post-program surveys were very positive:



*The pro-forma session at DU was phenomenal!*

*Dr. Jeff is great. If he is willing to do it again, grab him.*

*The DU session was great. It really added to the overall program.*

Some people commented about the context of the DU course with regards to the overall REDI program:

*This guy was great. It would have been better to do his stuff after our group had started the pro-forma rather than before.*

*Less content, later in the program*

*If we could spread out classes*

The 2016 REDI program will approach DU and Dr. Engelstad for their participation in the next REDI program.

### REDI team presentations

The three teams presented their findings and final development projects at the close of the program in November. New this year the students presented to a three-developer panel who served as a modified “shark tank” or a “dolphin tank.” Instead of picking one project in which to invest the developers offer ideas for enhancing the development projects. The three dolphin tank members included Charlie Woolley, president of St. Charles Town Company, Lynn Crist, president of the Morrison Group and Chris Coble, principal and founder of Black Label Real Estate. The teams presented to this group of “potential investors.” Details of the 2015 projects follow:

#### **Team 1: Phoenix (Preparing Holly to Overcome Every Negative Image with Excellence)**

- The Phoenix project actually increased the development site by adding land south of the original footprint that was previously occupied by a gas station. (the station is no longer there)
- The three-story, \$14 million project includes 40 affordable housing units (1-3 bedrooms) with retail on the first floor.



- Project funders would include state and local Low Income Housing Tax Credits, the Denver Urban Renewal Authority, the Piton Foundation, Urban Land Conservancy, the Colorado Housing and Finance Authority, the Denver Economic Development Department, along with retail partners.
- Commercial tenants include Hunger Free Colorado (nonprofit grocery store), Denver Health (adult dentistry), Denver Shared Spaces and MiCasa Innovation Lab.
- The Phoenix is endorsed by Mayor Michael Hancock, State Senator Mike Johnston and fits City Councilman Chris Herndon's goals for Holly Square.

### Team 2: The Holly at Park Hill by Deuce Development

- Team 2 not only increased the site for development by adding the former gas station site, but crossed East 33<sup>rd</sup> Avenue Street and picked up a former strip mall. That, along with vacating the street, allowed the team to offer 18,400 square feet of outdoor space in their development with connection to the 303 Artway.
- The mixed use development will cost more than \$19 million and features 50 affordable housing units in two buildings, along with 26,500 square feet of commercial space. Commercial space could be occupied by a grocery store, dental office, coffee/ice cream store and perhaps a salon; amenities that serve the surrounding neighborhood.
- Financing for the development would include DURA TIF financing for the residential and commercial, Low Income Housing Tax Credits, City of Denver, Colorado Department of Housing and outside investors. (the team asked the "dolphin tank" developers if they wanted to invest)



### Team 3: Holly Square Partners



- Holly Square Partners also expanded the development site by adding the former gas station site.
- The development project consists of two, three-story buildings with expansion of an alley between them. The North Building is residential with 36 units and the South Building is mixed use with 13 residential units and more than 8,000 square feet of commercial space that includes Denver Shared Spaces, Homeboy Industries, Open Door Youth Alternatives and Colorado Youth at Risk.
- The project would be financed with federal and state Low Income Housing Tax Credits, the Denver Urban Renewal Authority, in addition to other sources.

Six students and one mentor in the 2015 REDI program qualified and collected 24 Continuing Education Credits from the Colorado Real Estate Commission. These seven had to attend ALL of the sessions, staying for the entire session. These students hold a real estate license in Colorado. For future REDI classes, organizers will look for additional continuing education credits to make available as an additional perk.

Each of the 39 graduates in the 2015 program received a one-year membership to ULI so they may continue their real estate education by networking with Colorado real estate professionals attending various events, programs, committees and activities of ULI Colorado.

## Sponsorship

*The 2015 REDI program is made possible by these generous sponsors:*



The 2015 REDI program was well funded with more than \$11,000 in sponsorships, including both cash and in-kind sponsorship. The program relied on \$5,000 in the second year of a three-year grant from **Wells Fargo** that totaled \$15,000. Additionally, long time sponsor **Greenberg Traurig** contributed \$2,500. The **Colorado Housing and Finance Authority (CHFA)** contributed \$2,500 in the second year of a three-year commitment. **GF Properties**, a wholly owned subsidiary of the Southern Ute Indian Tribe is a new sponsor at \$500. And, **Denver Housing Authority** and **Urban Land Conservancy** each contributed \$250 of in-kind funding.



Estimates indicate that the total value of the program to its participants is in excess of \$15,000. That figure includes the time mentors and their guests spend working with the students, the one year ULI membership each received, as well as administration time in developing and executing the program. This year's participation by the University of Denver and Jeff Engelstad greatly adds value to the program. Administrators hope to continue the partnership and use the finance and pro-forma classes as a marketing tool for the 2016 program.

### Public/Private Partnership

REDI is a successful public/private partnership with staff from OED and ULI working together to coordinate the program. Administrative tasks they performed included:

- Curriculum development
- Site analysis and development of critical information on each
- Development and administration of applications
- Application review and class selection
- Event organization for all sessions, along with receptions
- Mentor and student support
- Tracking of attendance
- Administration of continuing education credits
- Development of all marketing materials
- Coordination with program partners
- Budget development and administration

## **Positive Responses**



Each year the REDI program has elicited very favorable responses from participants. Graduates complete program evaluations, with results used in adapting the program to fit current markets and needs. The 2015 REDI received high marks from participants with 100 percent indicating they were completely or somewhat satisfied with the program (an increase of 20 percent over 2014 responses). Other responses included:

- The most valuable aspects of the program, as rated by respondents are the expertise gained from classmates (81 percent most valuable) and the opportunity to develop a project (81 percent most valuable).
- More than 90 percent of respondents said the time spent in the program (six months) was what they had expected. More than 65 percent reported that the meetings and length of meetings were what they had expected.
- A majority of respondents thought \$250 was the right amount to charge for the program. More than 40 percent would pay up to \$350 and 14 percent would pay \$400 for the program.

Fewer graduates responded to the questions about the University of Denver financing/pro-forma development meetings, but the responses were very favorable:

- Ninety-three percent of respondents attended at least one of the classroom sessions with more than 60 percent attending two of them.
- Ninety percent who responded said the course was helpful to them in real life pro-forma building.
- More than two thirds of respondents thought the format of the combination of classroom sessions and online classes was effective.

## **Comments included:**

*My team members and the presentations we attended made it totally worth my while. Very happy to have participated.*

*Super Awesome!*

*Lots of work, but gained so much valuable knowledge.*

*I'm short on finance so that was useful to me.*

*The pro-forma session at DU was phenomenal!*

*Dr. Jeff is great. If he is willing to do it again, grab him.*

## **Program outcomes:**

With seven years of planning and executing REDI, the program has experienced some great outcomes for its students. Organizers have documented a few of them, but are in touch with all program graduates to find and record additional outcomes.

**Eugene Howard** (2014) joined the program as a master's student in the Planning and Architecture School at the University of Colorado Denver. Following the program and his graduation he accepted a job in Douglas County running the Douglas County Transit Solutions program, and credited not only his degree, but REDI with his success.

**Ivan Anaya** (2013) joined the program working as a financial analyst but had always wanted a career developing quality housing for low and middle income, hardworking families. Ivan graduated in late 2013 and was hired by Zocolo Community Development in 2014 and now works as an integral member of the Zocolo team as a development manager.

**Christopher Dukes** (2011) owns his own, small real estate development company, but also works full time as an asset manager for the Northeast Denver Housing Authority. The Authority's mission is to "create sustainable, healthy housing opportunities for underserved households through outreach, education and housing development." Chris's mentor during REDI was Northeast Denver Housing Authority Executive Director Getabecha Mekonnen.

**John Lucero**, one of the first year program participants, (2010) transitioned from his position as a broker associate in residential and commercial real estate development and financing to become deputy director of the Denver Office of Economic Development and has continued to promote and help direct the program. John is responsible for helping to implement Jumpstart 2014, the agency's strategic plan for executing economic activity in Denver. John is also acting director of the Business and Housing Services Division at OED. He is active with the Colorado Association of Hispanic Real Estate Professionals.

**Eric Swan** (2011) is a business analyst with the Denver Office of Economic Development. He was previously working three jobs – with APA Colorado, the international Center for Appropriate and Sustainable Technology, and Projects Inc. -- before joining the OED staff. He credits the REDI program with giving him a better understanding of the development process and the financial risks developers take in their work. He uses that insight in implementing the City and County of Denver strategy in retail development.

**Virginia McAllister** (2010) is the co-owner of Iron Horse Architects and was named Colorado Small Business person of the year in 2012, along with many other awards. Iron Horse Architects is one of the firms that worked to build the South Terminal Project at Denver International Airport (DIA) involving development of a new 500-room Westin Hotel and a transit stop on the East Corridor bringing rail to the airport.

**Sofia Pedraza** (2010) is a first year graduate of the REDI program and works as a sales executive at Heritage Title Company. She previously worked with the ULI Colorado Sustainable Communities Committee, as a board member with the Latina Chamber of Commerce, with the Colorado Association of Hispanic Real Estate Professionals, and as a mentor for Denver Kids, Inc.

**Terrance Pace** (2011) used his newfound knowledge of the development process to move into the real estate industry as a commercial broker for Cushman Wakefield, assisting companies in health care to find the right location for their businesses. Before working with Cushman Wakefield, Terrance was in sales for medical devices and pharmaceutical companies

**Ideas for program enhancements:**

- Continue utilizing a project-based approach, using the same site for all three groups.



- Continue the modified Shark Tank concept to offer real world response to student projects.
- Continue the partnership with the University of Denver to offer in-depth financial analysis and pro-forma development. Talk to DU leaders about the possibility of offering more classroom sessions.
- Develop a method for group members to get to know one another so they can “hit the ground running” as they begin group projects. Comments in 2015 surveys indicated that the program could be enhanced if group members get to know one another better at the beginning.
- Consider changes to the kick off to make it more effective
- Consider inviting the ULI Colorado Executive Committee members, or all ULI Colorado members to the final presentations.