

**Developers of Color Capacity Building Initiative
Research Findings,
Study Report,
And
Recommendations
For
Twin Cities Local Initiatives Support Corporation**

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EXECUTIVE SUMMARY

The purpose of this study is to uncover and name specific capacity barriers that developers of color face and to inform the program design of a LISC led capacity building Initiative. This executive summary examines the challenges and spotlights the importance of this undertaking.

The Twin Cities Local Initiatives Support Corporation (TC LISC), strategic plan for 2019-2022 commits to an ambitious goal to “triple its investments in [underinvested] communities over the next 4 years...”¹ TC LISC goal includes a commitment to directing those investments to projects led by independent developers of color (DOC) who live in and are of these communities and those who lead community development organizations. LISC is keenly aware that developers of color are more likely to

- promote responsible development,
- build quality construction projects,
- interact with more integrity with the community surrounding their developments,
- hire workers from the community, and
- share the wealth generated by the building and operation of these assets within the community.

Over the past 30 years, LISC has deployed more than \$600 million in grants and loans. It has leveraged over \$2 billion in additional financing supporting development projects to revitalize communities and bring more significant economic opportunity to residents by providing capital, strategy, and know-how to the local community of development partners. Yet despite the past efforts of LISC and other stakeholders, developers of color are not progressing to more advanced stages of financing to activate and complete their real estate development projects and beyond.

In 2017 the U.S. Opportunity Zone (OZ) designation was created by the Tax Cuts and Jobs Act to allow certain investments in lower-income areas to have tax advantages. In its' OZ grant proposal, LISC sites the following: "many of our country's communities are at a crossroads, with tremendous development pressures in some areas while others suffer from a history of neglect and disinvestment. Poverty rates in OZs are double the national average, and the median family income is only 60% of the area's median income.

¹ Twin Cities LISC: A Historic Look at Investment through an Equity Lens. LISC Twin Cities. February 2019.

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Residents of many OZ communities are also predominantly people of color who live with the burden of a persistent and widening racial wealth gap. In fact, from 1992 to 2016, the median wealth for white families increased \$54,000, while median wealth for black families did not grow at all in real terms over that period. The disadvantages that black individuals, families, and communities face due to this wealth gap constrain their economic prospects, and the effects are cyclical, unless we take intentional practices to close them. That is why LISC is focused on building wealth in communities of color.”² TC LISC sees the Opportunity Zone legislation as a new tool and opportunity to spur inclusive investment in the Twin Cities market. A successfully implemented strategy would result in community revitalization and economic growth for justifiably deserving people.

To successfully achieve their 2019-2022 investment goal, TC LISC will need to uncover the capacity barriers that developers of color face and be willing to acknowledge the findings, conclusions, and recommendations around the action that must be taken to ‘fix’ the real problems that restrict the progress of developers of color. This report will better inform and enhance the outcomes of LISC short and long term strategies to train, develop, and support developers of color. LISC is aware that to implement a transformative capacity and investment strategy; it will require a well resourced and coordinated effort. LISC will need to build a strong coalition of influential, well resourced, and dedicated partners to achieve significant change in investments and practices within the local commercial real estate industry [ecosystem]. The challenge is formidable, yet its time is now. The application of an authentic wealth creation strategy for developers and leaders of color will genuinely challenge institutionalized race and socio-economic structures, as well as individual bias'. This initiative will require LISC leadership and staff to be reflective, ready, and vigilant in their pursuit to move themselves, as individuals and as an organization, and others beyond good intention. LISC will need to make a case for other lenders and ecosystem providers to partner and step outside of their usual practices' and bias, including moving past their risk aversion and deficit-based viewpoints, to yield access and opportunity to developers of color without sacrificing their return on investment. This movement will oblige LISC to be audacious and unwavering in its promise to interrupt the status quo and steward equity.

² LISC. Building Our Own. Creating Opportunity in Opportunity Zones For Minority Developers. August 2019.

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There is a 21st Century movement that is building challenge and forging a collective identity across communities of color aimed at dismantling structural racism and white supremacy. The common denominator fuses equity, opportunity, and justice with distinct narratives around race, education, employment, poverty, wealth, housing, policing, and immigration.

The investment and collaborative challenge that TC LISC faces in this initiative is formidable, yet its time is now. As stated by Doug Hartmann, Ph.D., African American & African Studies, chair of the sociology department at the University of Minnesota, "In Minnesota a more subtle 'post-civil rights' racism exists among Minnesotans, who often like to think of themselves as liberal. It actually kind of blinds them to not only see these racial gaps as well as the problems in our society and institutions which are perpetuating those gaps. Basically, we so want to believe we are not racist, we are blind to color. We don't even see that race still matters."³

In its sphere, LISC is aware of the significant employment, poverty, housing, and wealth disparities that exist for people of color but especially for African Americans in the Twin Cities. LISC is also aware that its investment and support strategies have yet to result in transformative change that reverses these related disparities in an industry that has historically thrived within systems of structural racism. Its' organizational leadership has taken a hard look at its historic real estate investments measured against the achievement of racial equity and concluded that it must do more. In its report entitled "Twin Cities LISC: A Historic Look at Investment through an Equity Lens," two of its three recommendations included:

1. Work with smaller development partners to determine barriers to advancing projects beyond predevelopment; and
2. Consider changes to underwriting criteria favoring emerging developers of color.

LISC is committed to leading change by "focusing on building ownership in historically low-income neighborhoods and communities of color, aligning economic opportunity with place-based investments, and recognizing identity and culture as components of thriving social capital"⁴ The DOC capacity study findings, conclusion, and recommendations will give LISC the insight to move without hesitation to launch this vital strategic initiative.

³"How Did Minnesota Become One of the Most Racially Inequitable States?" Star Tribune. Randy Furst and Mary Jo Webster. September 2019

⁴" Twin Cities LISC: A Historic Look at Investment through an Equity Lens. LISC Twin Cities. February 2019

PROJECT DESCRIPTION

To identify the capacity barriers of developers of color in the Twin Cities area to inform the design of a capacity-building initiative that will increase the training and/or development; and/or support system for developers of color to activate and complete their local-area real estate projects.

LISC Goals

LISC's goal through this initiative is to work to uncover and name specific barriers within its sphere of influence so it can begin to address them through LISC grant-making, lending practices, and how it delivers technical assistance. Along the way, LISC plans to capture and share its experience with the industry more broadly through "Diversity-Equity-Inclusion (DEI) Learning Labs" to influence and inform others to make similar changes, driving a more systemic impact. To achieve this goal, LISC will:

- Dedicate more resources to predevelopment funding and grants for developers of color and community partners led by people of color;
- Work with developers of color and stakeholder partners to determine barriers to advancing projects beyond predevelopment; and
- Consider changes to capital types and underwriting criteria to get projects done.

Project Organizational Structure

LISC hired JOG Associates, LLC, a Minnesota based, women-of-color owned, consulting firm with expertise in strategic planning, participatory action research, process optimization, and transformative leadership, to study the DOC Capacity Building Initiative. JOGs scope of work was to design and conduct in-person interviews; facilitate and guide focus groups; and gather evidence-based data to analyze, inform, and recommend the program design for a capacity-building pilot program targeting developers of color.

The study hypothesis suggest that by uncovering and naming the specific barriers of developers of color this will move their real estate projects beyond

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predevelopment. The data collection focus placed a significant emphasis on understanding the problem from the perspective of the developers of color and utilizing data to recommend specific action. The project team included:

Executive Sponsor <ul style="list-style-type: none">• Peter McLaughlin, Twin Cities LISC
LISC Project Team <ul style="list-style-type: none">• Amy McCulloch, Executive Project Advisor• Gretchen Nicholls, Project Lead, Primary Project Advisor• Kate Speed, Project Advisor
JOG Associate Project Team <ul style="list-style-type: none">• Lea Hargett, Project Lead, Principal Consultant• Montana Filoteo, Research Associate• Tom Gaasedelen, Graphic Design Associate• Oliver Hargett, Technology Research Associate

Project Objectives

Considering both the historical and systemic contributors that surround the inability of a majority of developers of color to move their projects beyond the pre-development phase, JOG underscored the importance of ethical considerations in their design and practice within this project.

The design implementation engaged a trauma-informed, participatory action research framework that holds specific values in collaboration, outreach, community engagement, methodological development, and relationship building and involves intentional design participation. It was paramount that the involvement of individuals and community leaders directly affected by the research topic be prominently engaged. In this study, data gathered directly from developers of color are prominent in the analysis. This approach along with the previously established relationships JOG had with many of the developers, enabled LISC to gain additional insight around the effects of the barriers that developers of color cope with and the trauma that it produces.

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Glossary of Terms

Developers of Color (DOC)

Black, Indigenous, and people of color (BIPOC) who are emerging or experienced entrepreneurs; and include those individuals that lead community development corporations (CDC) or community development intermediaries (CDI). Developers of color that pursue opportunities to build community and generational wealth through housing and commercial real estate development and ownership.

White Developers (non-DOC / WD)

Experienced individuals and organizational leaders of established real estate development firms who have completed multiple large commercial development projects with private and/or other deep pocket equity sources; individuals with network advantages; possess individual and/or generational wealth.

Participatory Action Research (PAR)

A research framework that holds specific values in collaboration, outreach, community engagement, methodological development, and relationship building and involves intentional design participation.

Trauma-Informed Approach

A methodological value in the development and practice of research. It operates under consideration and validation of trauma incurred from lived experiences, historical racial discrimination and violence, including the legacies of redlining, xenophobic immigration policy, slavery, and the colonization of indigenous lands. Sensitivity to the traumatic nature of these topics and experiences is integrated into the design and execution of data collection methodologies.

Support Factors

R.E. professional resources, including technical assistance; case management/coaching; individual project guidance; training; educational programs, and systems navigation assistance.

Magic Wand

A mythical tool used to ideate outside the realm of lived and historical experience, outside of institutions, and where there are no barriers.

METHODOLOGIES

When preparing for the study, JOG keenly focused on not perpetuating any assumptions that the barriers faced by developers of color were solely deficit-based *versus historic and systemic*. The direction taken was to broaden the examination of barriers to include DOCs individual strengths and weaknesses, explore their perspectives, perceptions, and experiences when engaging the real estate ecosystem, and their preparedness as entrepreneurs operating businesses.

Ethical Considerations

JOG intentionally made ethical considerations in the development and practice of this project. Before describing the project's methodological design, the following outlines the guiding principles that lead to JOGs process design.

Participatory Action Research Method

Participatory action research (PAR) is a research framework that holds specific values in collaboration, outreach, community engagement, methodological development, and relationship building and involves intentional design participation. The PAR principles and theoretical perspectives were included in the process that JOG integrated into its framework when co-creating the project, report, and recommendations.

PAR Guiding Principles

1. The purpose of PAR is to enable action.

Traditional research in the past has researched for the sake of inquiry and knowledge production, without planned intent to take research-informed action. PAR should result in the design of specific action strategies and plans; identify necessary stakeholders to partner in action; provide future pathways for action.

In the DOC Capacity Building Initiative, the intended action is to design data-led recommendations to radically change how the real estate development industry and ecosystem support developers of color to build and increase their capacity to move beyond predevelopment to project completion and beyond.

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2. PAR is cyclical and iterative.

Traditional research in the past has been conducted in relatively short timelines and have posted conclusions as static and definitive. Additional questions, solutions, and dialogue will continue after the initial research process is completed. PAR should incorporate space in the process to invest in future operations and incorporate past overlooked knowledge.

In the DOC Capacity Building Initiative, recommendations are segmented and sequenced.

3. Participation from individuals and communities directly affected by the research topic is mandatory.

Traditional research has reinforced individuals and communities as objects and research as subject-makers. PAR should incorporate individuals and communities directly affected by and knowledgeable about the research topic; this representation should be embedded in the data collection participants, co-designers, and stakeholder collaboration

In the DOC Capacity Building Initiative, data gathered directly from developers of color are centered in the analysis and design. Secondary data from white developers and stakeholders is supportive data. JOG researchers are BIPOC, which is a crucial element to the collection and interpretation of this data.

4. Lived, historical, and generational experience and knowledge is valued and centered. A trauma-informed approach discusses these topics with sensitivity and care.

Traditional research enforces knowledge production as removed and impartial from lived experience. While there are methodological and ethical considerations to take in designing and conducting research, it is imperative to include lived, historical, and generational experience as qualitative and quantitative knowledge. PAR should implement a trauma-informed approach when discussing sensitive experiences and topics.

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In the DOC Capacity Building Initiative, JOG specified 1:1 interviews to honor these realities. Interviews were semi-structured with open-ended questions to cover the areas to be explored. Interviewees were guaranteed 1) relative anonymity, especially when addressing sensitive subjects, and 2) encouraged to have a conversation with no time constraint. This approach enabled JOG to explore the subject matter in more depth and improve the richness of the data collected.

5. All forms of power should be addressed: of oppression, institutions, and practices.

Traditional research has provided data evidence to support institutional oppression; traditional research has a history of targeting marginalized communities to be the subject of testing or experimentation. PAR should address the power of research institutions or organizations; of the individuals in the room; and of the power researchers hold in determining which information is “valuable” through data analysis practices. A trauma-informed approach to the historical, institutional oppression committed by research entities and those who fund them.

In the DOC Capacity Building Initiative, LISC and JOG recognize there is a responsibility both hold not to perpetuate these forms of power. Both parties agreed to take a systemic approach to individual and community experiences and identify stakeholders to partner with in creating institutional change.

PAR Project Values

JOG conducted individual interviews with developers that were conversational, non-judgemental, and respectful; early program-related direction was presented for feedback; facilitated stakeholder and advisor focus group shared meeting sessions where data themes including *‘what it points to’* were presented for discussion and to generate new thought and ideas. The shared meeting approach created transparency, opportunities for collaboration, and contributed to the action planning.

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JOG engaged a trauma-informed approach in understanding the sensitive nature of discussing these topics, such as lived experiences of racist practices, systematic disinvestment of many BIPOC communities, and withholding of generational wealth-building strategies; in analyzing data for the critical inclusion of historical racial legacies.

PAR Theoretical Perspectives

JOG utilized multiple theoretical perspectives in the participatory action research methodologies and design for the DOC Capacity Building Initiative. Of theories and practices on participatory action research methods, JOG considered the following:

1. *Collaborative Futures: Critical Reflections on Publicly Active Graduate Education*, 2012. Kevin Bott.
2. *Community-Based Participatory Research for Health*, 2003. Nina Wallerston and Bonnie Duran.
3. *Engaging Contradictions: Theory, Politics, and Methods of Activist Scholarship*, 2008. Davydd J. Greenwood.
4. *Participatory Action Research Approaches and Methods*, 2007. Sara Kindon, Rachel Pain, and Mike Kesby.
5. *The SAGE Handbook of Action Research: Participative Inquiry and Practice, Second Edition*, 2008. Peter Reason and Hilary Bradbury.

JOG also drew from related theories and practices in the fields of ethical design and practice. Of better practices, engagement, strategy, historical perspective, and decolonization, JOG considered the following:

1. *Decolonizing Methodologies: Research and Indigenous Peoples, Second Edition*, 2012. Linda Tuhiwai Smith.
2. *Emergent Strategy: Shaping Change, Changing Worlds*, 2017. Adrienne Maree Brown.
3. *The Little Book of Restorative Justice*, 2002. Howard Zehr.
4. *Trauma Stewardship: An Everyday Guide to Caring for Self While Caring for Others*, 2009. Laura van Dernoot Lipsky with Connie Burk.

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Methodological Limitations

There were some methodological limitations within this research process. These limitations are important to consider in further iterations of this research and program development.

- Traditional demographic data collection was not formalized.
- WD sample size did not align with DOC sample size.
- Data collection Phase I and a portion of Phase II was conducted in the fourth quarter of the year, resulting in lower attendance and limited availability for developer and focus group participants
- Response to outreach with external organizations targeted for generic benchmarking produced limited insight due to unavailability, and time of year misalignment with the timeframe for project completion.

Project Methodology

The PAR data collection methodology was segmented into three phases:

Phase I involved qualitative and quantitative data collection from Twin Cities developer experiences, opinions, and perceptions on how developers of color navigate the Twin Cities real estate ecosystem.

Phase II involved quantitative and qualitative data collection from Twin Cities real estate development ecosystem stakeholders in government, philanthropy, lending, and non-profit service providers; their reactions to developer-based data, and ideas for change.

Phase III involved generic benchmarking of organizations working with developers of color in the Midwest region. The following sections outline our data collection methods and how they were developed.

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Phase I: Developer Data Collection

From October to December 2019, data collection with independent developers and leaders of color (CDC's and CDI's); and with white developers was conducted to understand developer barriers, advantages better, and experiences in the Twin Cities real estate development ecosystem. Thirty-two developers were solicited to participate in the data collection process. Outreach resulted in twenty-two developer interviews completed. Three out of seven white developers solicited were interviewed; several were unavailable, the majority out of town, but each expressed their desire to stay informed.

Developer Data Collection Methodology

1:1 Interviews

Individual interviews were structured, yet informal conversations between the interviewer and participant were conducted [Exhibit A-1 & A-2]. Due to the conversational nature of the collection method and consistent with PAR methodology, participants were encouraged to share their lived experiences, perspectives, and recommendations as qualitative data.

Interview duration ranged from approximately 45 to 90 minutes and took place at the participant's discretion. A consent form was reviewed and signed by each respondent to protect their privacy [Exhibit A] and as a matter of practice. Developers of color were asked different questions than white developers, though topic content was consistent between participant groups. The interview facilitator utilized a trauma-informed approach.

Topics covered included:

- years and types of real estate development experiences;
- reasons for pursuing real estate; developers strengths and assets;
- DOC Challenges, barriers, and gaps (identified by DOC)
- DOC Challenges, barriers, and gaps (identified by white developers);
- critical steps for real estate development (uncover knowledge base);
- support factors; and
- magic wand ideation.

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Phase II: Stakeholder Data Collection

From November 2019 to January 2020, data collection with fifty-three government, non-profit, and philanthropic stakeholders was conducted to anonymously share stakeholder viewpoints around their experiences and perspectives on Twin Cities' racial disparities as it affects developers of color. A single-focus group and two advisory groups were engaged.

Focus Group Methodology

A pre-meeting survey was issued to the stakeholders. [Exhibit B]

Pre-meeting Survey

All focus group members, regardless of attendance, were solicited to complete a pre-meeting survey. The purpose of this survey was to gather preliminary data before the formal meeting. The survey included a combination of qualitative and quantitative questions. To collect as much data as possible, the survey remained open for two weeks, after the meeting, to allow those who were unable to attend the opportunity to complete the survey.

Topics covered included:

- identification of the services their affiliated organizations provide;
- how they rank or prioritize professional support factors for DOC;
- if and how they interface with DOC professionally; and
- their opinions and ideas around the related topics.

Focus Groups

The focus group meeting objective was to ideate how the participants and their organizations could better support developers of color to activate and complete their real estate development projects successfully. JOG incorporated the pre-meeting survey data as well as summarized developer data in the focus group methodological design.

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The meeting opened with a "Burning Building" exercise with three options of escape. There was no wrong answer as with each choice, the individual could get hurt, fall, or ultimately be trapped - it was juxtaposed against how many DOC feel when trying to activate and complete their development projects. The metaphorical fire illustrated how DOC dreams, along with community progress, have historically and continuously gone up in smoke. The building fires would continue to occur if something was not done to stop it permanently. This activity set up the ideation activity where participants would be required to identify solutions "*without boundaries*" to address the problem.

Topics covered included:

- perceptions of DOC as it relates to their field;
- professional experiences working with DOC;
- DOC strengths and assets;
- DOC challenges, barriers, and gaps;
- DOC project descriptions; and
- magic wand ideation.

Group Exercise: "*Journey to Utopia*"

This exercise was framed as 'moving Beyond just Putting our Fires with DOCs barely Surviving to Activating and Completing projects to Thriving.'

"*Journey to Utopia*" was the primary data collection method for the focus groups. The purpose of the exercise was to understand the barriers that a 'fictitious developer of color' would face along the journey to project completion and beyond. Participants had to identify how developers of color currently navigate government, non-profits, and philanthropy, and brainstorm ideas on how specific change could better operationalize and empower the DOC.

This ideating exercise required the focus group participants to work in teams of three to move their "prescribed" developer of color through the major stages along the development "*journey*" from readiness to predevelopment to activation [construction] to project completion and beyond to reach "*Utopia*."

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The exercise required them to

- think about and record what happens within each development phase;
- what the development process is like;
- what barriers the developer of color could face and they would remove;
- and how they would navigate around those barriers to advance and reach "*Utopia*."

Although fictitious, the 'developer of color' situations were real. The participants were instructed to collaborate throughout the 'journey,' maintaining their role as either an a) real estate professional; or b) fictional developer of color.

Advisory Group Methodology

Sharing Session I - Data Findings

The initial advisory group sharing session was designed to provide transparency around research methodologies, outreach, collaboration, and action design. JOG presented the summarized findings of data collected from developer interviews, surveys, and focus group sessions. Advisory group members were asked to provide their reaction and feedback to the data: "*is the data consistent with your observations*" "*is there anything new here*" and "*does this ring true, or is there another way of interpreting it.*"

Next, the advisory group members were also instructed to react and add additional ideas to the focus group ideation ("Journey to Utopia"). The prompts included "*are the identified development phases complete & important for successful development project completion,*" "*help prioritize/rank ideas,*" and "*what would it take and who would have to collaborate & support to achieve these ideas.*"

Topics covered included:

- Sharing initial developer* data analysis, and
- Sharing results of focus group* "Journey to Utopia" ideation.

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**developer/focus group member anonymity maintained*

Sharing Session II - Program Design

The overall purpose of this session was to provide transparency, ensure the accuracy of data collected, and solicit feedback. Since the majority of the advisory group members participated in both sessions, JOG opened by asking the members to reflect and verify *if their input* was captured accurately from the previous session. [Exhibit C] Next, the group participated in an ecosystem mapping exercise. [Exhibit D]

JOG shared its preliminary DOC Capacity Building program vision. [Exhibit E & E-1] The advisory group members' feedback was solicited.[Exhibit E-2]

Topics covered included:

- a presentation of the preliminary design ideas for the LISC pilot program,
- the essential elements of planning and designing a scaled DOC program

Phase III. Secondary Data Collection Phase

In January 2020, JOG conducted secondary data collection with affiliated organizations and other non-competitors, outside of the Twin Cities, operating equitable development programs targeting developers of color, providing technical and financial assistance. The intent behind pursuing these data collection sources was to add an independent perspective, offer a standardized set of processes and metrics, and suggested performance expectations. This approach could broaden and fast-track the conceptualized processes or functions that can be practiced regardless of the Twin Cities market and the target audience nuances. The primary source of data collection was conducted virtually via a website scan. Four requests for phone interviews were made targeting the organizations that were operating current programs; this outreach resulted in 1 phone interview.

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Generic Benchmarking Methodologies

Website scan

Seven websites were reviewed, and information was collected about their work with developers of color. This data was compiled and analyzed for modeling and guidance in program design.

Topics covered included:

- Program description and history; including years operated; reason for establishing the program; DOC selection process; developer participant profiles;
- Program challenges and successes for the DOC and the host organization;
- Qualitative and quantitative program evaluation criteria;
- Information around funding and operating cost trends;
- Lessons learned in ongoing program development and implementation; and
- Outcomes for developer program participants, including program and participant evaluation, participant program completion rates, and construction and completion rates of target developer projects (in and out of the program)

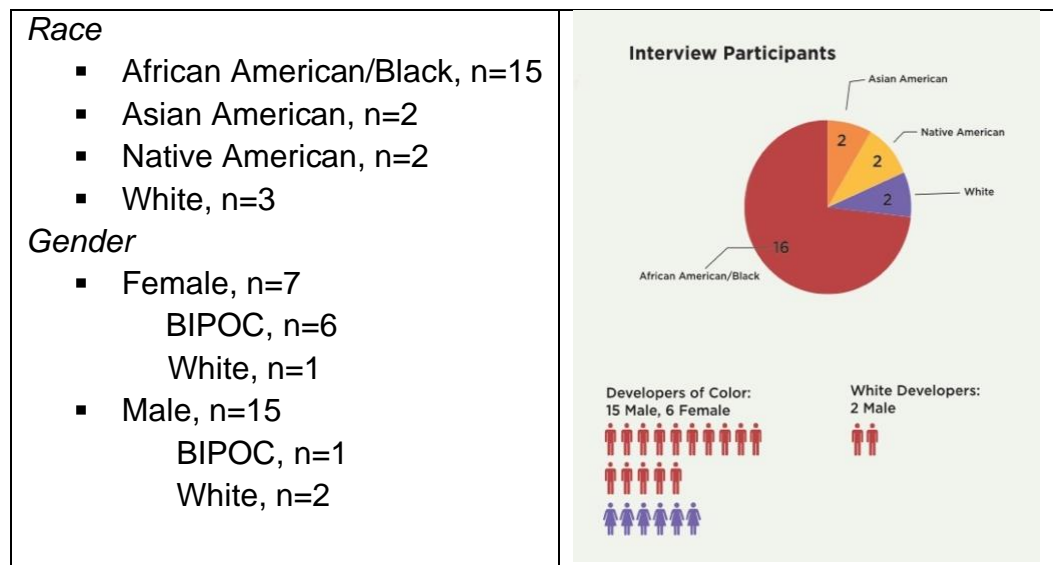
Virtual interviews

Investigative benchmarking questions were formatted as a structured conversation with the intent to deep-dive around strategy and more with the organizational program leaders. One phone interview was conducted. Topics covered were consistent with website scans; interviews sought content that was not shared on the organizations' website or for points of clarification. These findings informed program design. [Exhibit F]

DATA ANALYSIS

The findings reflected in this data summary are interwoven throughout the report. This section discusses all data findings, which are intended to inform the program design and implementation.

Developer Participant Demographics



Profile of Developer Participants

Experience

- DOC: 0-20+ years
- WD: 10-30 years
- 5 DOC represented 4 CDCs and 1 CDI
- 1 WD represented 1 CDC
- Age of entry to profession ranged from approximately 20s-50s.

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Developer related professions and fields of study

- Architecture
- Construction
- Electrical
- Finance
- Plumbing/Piping
- Property operation/management
- Research
- Urban planning

Housing real estate development projects

- Single-family
- Duplexes, triplexes, and quadplexes
- Smaller multi-unit buildings, 8-15 units
- Large multi-unit buildings, 50-200 units
- “Green” housing
- Affordable housing
- Market rate housing

Commercial real estate development projects

- Accessory dwelling units
- Churches
- Corporate
- Cultural spaces
- Health care buildings
- Hotels
- Industrial/manufacturing
- Office space
- Schools
- Small business
- Theatre

Strengths, Assets, and Community-Based Mutual Support

In this project, "strengths and assets" refer to developers of color individual and universal characteristics in the real estate development industry. Developers of color strengths and assets are interwoven throughout all sections.

For the sake of this section, any individual and collective strengths and assets of developers of color related to professional support factors and magic wand ideations will be discussed in the following sections.

Community Questions, Solutions, and Knowledge Exist Within the Same Places and People.

“Developers with ties to the community can bring the experience to overcome local challenges” -stakeholder

“[Developers of color have a] mission-driven desire to better both themselves and the communities” -stakeholder

When asked why they were pursuing real estate development, most developer participants identified development as an asset-based strategy to create wealth. Developers of color participants specifically named community-based reasons for pursuing development, whether it be from the familiarity with community needs or dreams for community thriving. These were primary driving factors for developers of color participants; it was either secondary or not mentioned by white developer participants. This commitment to the community is uniquely manifested in the developer of color values and practices.

- DOC tend to
 - Live and work in the same neighborhoods they target to develop;
 - Innovate contemporary solutions for contemporary challenges when traditional development fails;

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- Dream big for underinvested communities, incorporating their unique cultural perspectives and values that other developers and stakeholders do not possess;
 - Possess creative placemaking and problem solving for communities they belong to;
 - Possess critical empathy for placemaking and problem solving for communities they do not belong to i.e., another BIPOC community; and
 - Ideate types of development they wish to occupy and manage, such as mission-driven.
- WD tend to
 - Live and work outside of neighborhoods they develop in;
 - Pursue development project types that have demonstrated financial success and significant rates of return; and
 - Accumulated project wealth leaves the community.

Developers of Color are More Likely to Mentor, Provide Project Advice, and Share Resources with BIPOC Developers

*“Developers of color have strong existing networks with one another”
~stakeholder*

- Interview content shows that DOC is already providing advice, sharing resources, and advocating for other developers of color. For most, despite having limited resources, this is an uncompromisable value;
- When asked, all advanced-level career DOC agreed to participate in some form of mentorship;
- WD mentor less in general, and WD are more likely to give individual advice rather than engage in a formal mentor partnership;
- DOC and WD are both likely to have an organic formation of relationships; WD-based relationships determine network power; and
- DOC is more likely to be siloed into professionally formed subordinate mentoring relationships versus organic peer-to-peer relationships where there are opportunities for value exchange.

Systemic Barriers in Professional Experiences

In this project, "barriers, gaps, and challenges" refer to developers of color individual and communal adverse or racially disparate experiences in the real estate development industry and beyond.

For the sake of this section, obstacles related to professional support factors were focused on. Developer of color barriers, challenges, and gaps are interwoven throughout this report.

Developer of Color Networks Possess Less Institutional Power than White Developer Networks

"N e t w o r k s a r e y o u r N e t - W o r t h" ~stakeholder

"Knowing there's not a lot of Black, let alone women, in this field in the Twin Cities, it's hard to see what other barriers I'm going to go through. It's been very exclusive." ~DOC, African American woman

"Back when I started my company, I made SO many mistakes. There were a lot of people along the way who pulled me aside to point out what to pay attention to." ~WD

White developers tend to be inherently aware of real estate as primary wealth creation strategy. They belong to critical professional networks that are an advantage of their "white" privilege, family heritage, or happen early in their careers compared to developers of color. Most white developers benefit from privileged, generational connections, and wealth that positions them to maintain their development dominance over developers of color. Because developers of color are more likely to lack the personal or family wealth, investor and banking connections, they heavily rely on debt to finance their development projects. If a project fails or some delays typically happen, this can have devastating impacts on them, their families, and their community. Therefore developers of color continue to fall farther behind.

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- White males dominate the real estate development industry.
 - White networks tend to exclude DOC; and
 - Women developer networks tend to be for white women and exclude women developers of color.
- Real estate development is generational.
 - WD is more likely to be second or third generation developer;
 - If WD immediate families weren't developers, they are still more likely to become developers based on extended relative/friend networks; and the overall lack of barriers to entry their privilege provides.
 - DOC are more likely to struggle to become first-generation developers.
- Real estate development success is determined by wealth.
 - WD are more likely to have access to family/friend equity sources;
 - WD are more likely to be introduced to critical networks at an early age/early in career;
 - DOC are less likely to have positive, decision-making level established relationships with financial institutions;
 - DOC continue to be targets of modern-day redlining;
 - DOC tend to be stirred toward affordable housing programs with low AMI and discouraged from market-rate opportunities- even when the DOC has development experience and a record of success;
 - WD higher wealth positions them to have the full capacity to advance all phases of a development project - talent and financial; and
 - WD have options beyond financial institutions to fund their projects including personal wealth (equity) and investor networks so they can move their projects through completion faster and more economically than DOCs

White developers are linked to more powerful networks that offer them advantages that developers of color are unaware-of or aware-to access. These professional circles are described by both white developers and developers of color as exclusive, elite, and challenging to break into.

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Developers of color networks-- despite being built on mutual professional support and survival-- don't hold the same systemic influence or power, and often don't have pre-existing relationships with vital stakeholders and agencies. These imbalances can be observed in cross-racial project partnerships.

- White developers
 - have more options in choosing a partner;
 - tend to partner with white developers with similar credentials;
 - partner with DOC for “diversity” reasons, whether it’s explicitly required or not;
 - describe hiring DOC with less documentable experience as a liability; and
 - have more power in DOC partnership and can leave the connection unscathed.

- Developers of color
 - have been recommended and then left with no option but to be a subordinated partner with white developers who have “more experience”;
 - are often tokenized and pushed to be the community liaison.
 - These positions benefit WD to leverage more established trust from BIPOC communities; and
 - These positions take DOC away from knowledge transfer opportunities.

For Developers of Color with No Completed Projects to 30+ Years in the Industry - There is an Immediate Lack of Belief or Trust in Developers’ of Color Knowledge and Skills.

“Racism/lack of belief exist from institutions that developers of color can do the work.”~stakeholder

Developers of color, white developers, and stakeholder data all suggested a “belief gap” in developers of color in the Twin Cities area. However, when stakeholders and institutions within the real estate development ecosystem

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systemically perpetuate this belief gap, there are devastating impacts on individual developers' of color careers and the communities they intend to develop in.

- DOC sufficiently demonstrated
 - comprehension of critical steps for developing a feasible project;
 - realistic awareness of ability and capacity;
 - meaningful comparisons between DOC and WD experiences and opportunities; and
 - higher levels of individual prerequisite knowledge and skills than WD (rather than WD network/team knowledge and skills possess)
- WD described
 - DOC initially as knowledgeable as any WD, but changed perspective as the interview progressed;
 - DOC as not having access to the opportunities they have had, yet did not describe them as equally knowledgeable to them when compared to them at a similar career stage;
 - DOC as not knowledgeable about certain development project types such as utilizing tax credits and related project requirements
 - These descriptions are consistent with how DOC described WD views around their professional knowledge and skills in general and lack of ability to understand more complex financing/tools.
- On stakeholder practices, DOC and focus group participants described racial disparities of:
 - Government stakeholders assuming DOC has lower credentials, especially when *any* white colleague is also present;
 - These experiences are made more extreme for women developers of color.
 - Stakeholders assume DOC lack the ability to understand more complex financing products/programs;
 - Stakeholder trends indicate recommending introductory trainings to all DOC despite prerequisite knowledge, skills, and professional experience;

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- Stakeholders do not reveal all requirements to DOC upfront which serve to stymie or discourage progress unfairly;
- DOC tend to be more familiar with how development government processes intersect than siloed government professionals; and
- Government professionals are guiding DOC to trainings that are introductory to them.
 - These experiences are made more extreme for women developers of color.

Barriers in Predevelopment, Construction, and Completion require Intentional Intervention, Improved Systems, and Processes for DOC Success.

“Developers of color have limited experience completing housing finance deals, even as project managers/leads within a non-developer of color firm.” ~stakeholder

“[DOCs] Lack of access to adequate capital to respond to RFPs; lack of capacity/knowledge/experience in navigating pursuit of public financing; unnecessary complexities involved in pursuing funds.” ~stakeholder

“If I don’t have [equity], I can only do what’s acceptable in the marketplace. So my vision gets capped.” ~DOC, African American man

Developers of color, white developers, and government professionals all describe the real estate development project processes, for government approval, as tricky to navigate. This includes

- unintentional and intentional withholding of information around 'what is' needed for project approval, review delays, associated fees, and the timeline of steps leading to a decision.

Government professionals also indicated a lack of informational protocol and centralized resources for their job requirements, which results in inconsistent technical assistance and navigation for developers of color.

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Prolonged timelines require some processes to be repeated multiple times, multiple delays, unexpected requirements, and professional fees increase total predevelopment costs. These instances can

- prohibit the activation [construction] of their projects, cut into necessary operational costs, lead to eventual financial failure of the project, and a myriad of cascading adverse outcomes.

Due to compounded predevelopment shortfalls and rising costs, developers of color have been forced to abandon their projects and struggle to pay off associated debt. Developers of color indicated a desire for shifting effort toward more assistance with navigating city government barriers rather than currently focusing on introductory level knowledge and skills training.

- Predevelopment barriers
 - Associated costs are incredibly high;
 - Application and approval processes is unclear, unintentionally and intentionally;
 - City government professionals lack informational protocol and centralized resources for their positions;
 - Prolonged timelines require resubmittal and even higher associated cost; and
 - Compounded barriers result in DOC abandoning projects before construction begins and struggling to pay the associated debt.
- Construction and completion barriers
 - Create prolonged timelines resulting in paying various contractors more than once;
 - Financial shortfalls when DOC only is advised to have funds for project development, but not for maintaining operating costs;
 - May not begin during activation [construction] but occur later requiring DOC to abandon project right before completion; and
 - Once completed, DOC may be lacking funds to hold on to or manage developed property.

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Developers' of Color Missed Development Opportunities

"I got it 95% of the way done; sided, shingled, roofed, windows, painted, concrete. And then the bank said they wouldn't continue to finance the project." ~DOC, African American man

*"It's frustrating. I identified these opportunities 10, 20 years ago."
~DOC, African American man*

"In the past 12 months, we've been offered or given for-profit opportunities, regular marketplace, at least three times a month that we have to say no. ... I just say no because I know we can't pay for it." ~DOC, Asian American man

"From my experience, the opportunity to fail for developers of color was much shorter. They need the ability to take risks - yet have a safety net." ~stakeholder

Developers' of color missed development opportunities have more to do with conservative project approval practices and lending approval standards than individual professional deficits. Biased professional practices, conscious or not, result in disparate construction and completion rates between developers of color and white developers. Additionally, developers of color-specific barriers around maintaining operating costs mean missed development opportunities affect all levels of experience, including developers of color with decades of experience and previously demonstrated project success. These dynamics perpetuate subordination, where there is no way under the current system to prevent this pattern from repeating itself.

- DOC
 - Have creative solutions for underinvested communities, but these solutions are considered to be high risk or turned away for lack of "demonstrated success" [experience];
 - Do not want to abandon their dreams and visions, but have to delay them while meeting 'white-coded' professional standards;
 - Can be professionally siloed into investing only in the neighborhoods they belong to; and

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- Despite a lack of knowledge transfer on Low Income Housing Tax Credit (LIHTC), can be professionally siloed into pursuing affordable housing over market rate, yielding less return on investment.
- WD
 - Are approved for projects regardless of community impact or harm or if they have engaged the community at all;
 - Are generally 'approved' if financing is needed;
 - Dominate both affordable housing and market-rate housing markets; and
 - They are often not expected/mandated to transfer knowledge when partnering with a DOC.

Support Factors and Resources: Status and Opinions

In this project, “support factors” refer to varying real estate development professional resources, including technical assistance, case management/coaching, individual project guidance, training programs, educational programs, and systems navigation assistance.

For the sake of this section, any ideations around professional support factors (including specific ideations for LISC) will be discussed in the magic wand ideation section.

Developers of color perceptions of strengths, and barriers related to professional support factors

*"Even when I was going to DTAP-- in my humble opinion-- the white men in the room had less experience than I, even about housing. They were talking about the projects they were leveraging and the partnerships they had. I was really fascinated; how did you pull that off? White social capital matters."
~DOC, African American woman*

Developer of color participants took differing approaches to describe the same phenomenon. Few developers of color participants described

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professional support factors as sufficient, but all identified barriers to access as the more significant issue. Some developers of color said resources were insufficient precisely because of inaccessibility. Regardless of their approach, developers of color were able to identify where many key support factors exist. Developers of color participants could name many more resources than white developer participants; white developers said they were unfamiliar with a variety of resources because they haven't needed to access them.

- DOC participants were able to identify specific organizations, entities, and individuals where professional support factors exist.
- Identified professional support factors included:
 - Financial resources
 - Technical assistance
 - Short and long term training
 - Formal educational programs and institutions
- DOC participants were able to identify more professional support factors than WD participants. DOC are more likely to depend on accessing occupational support factors

Stakeholder Ranked Prioritization of Professional Support Factors

“Once relationships are formed between a developer and [government] staff, these barriers should be much lower for that specific developer, but will remain for other developers.”
~stakeholder

“Due to a lack of advertising or curriculum, assistance is not well known and is likely inconsistent between [government] staff” ~stakeholder

“We need communities of practice - shared learning experience” ~ stakeholder

As a primary function of the focus and advisory group participants, much of the data JOG collected was around support factor ideations. However, the pre-survey asked focus group participants about support factors in their

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affiliated organizations and within the real estate development ecosystem. They identified nine predetermined support factors their affiliated organizations provided; JOG then asked survey participants to rank these in order of priority or importance (see chart below).

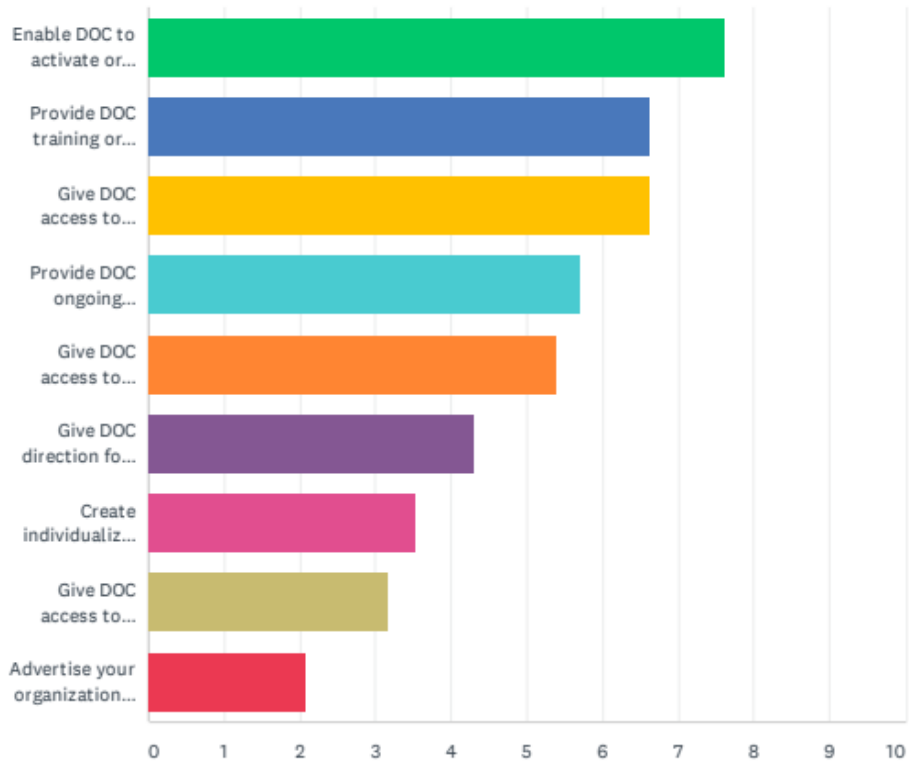
Description and Ranked Value

Enable DOC to activate or complete real estate development projects	7.62
Provide DOC training or technical assistance to understand the critical steps for developing a feasible development project	6.62
Give DOC access to equity financing	6.62
Provide DOC ongoing technical assistance or coaching	5.69
Give DOC access to relevant information (tax programs, types of loans, available properties, etc.)	5.38
Give DOC direction for navigating additional services/support needed	4.31
Create individualized service/support plans for DOC	3.54
Give DOC access to professional networks	3.15
Advertise your organization's services/support	2.08

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Q8 We want to understand what support factors are most important for supporting DOC. What priority of importance would you give these services/supports?

Answered: 13 Skipped: 0



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LISC Roles, Financial Products, and Services: Developer Awareness and Perspectives.

“LISC has always been my champion. The women [staff] there brokered a lot of opportunities for us.” ~DOC, African American woman

“[Twin Cities] LISC isn’t known as an organization of color at all, so there’s a lack of trust there.” ~DOC, African American woman

Developers of all racial backgrounds had mixed information and perspectives on Twin Cities LISC. Of those who were aware of their products and services, most said their “money is too expensive” and that they wouldn’t seek their financial products. They also described positive experiences with LISC staff and positive long-term partnerships with Twin Cities LISC.

Developer participants described Twin Cities LISC.

- LISC has fostered long-standing positive relationships between developer participants and staff;
- LISC has been supportive of cultural development efforts;
- Developer participants may have never engaged with Twin Cities LISC services, but were aware of them; reasons for not engaging included “*expensive money*”, “*not willing to lend enough money (insufficient)*”; and “*no need for their assistance*”; and
- LISC is more known for their neighborhood- and community-based efforts and less known for private development-based efforts.

Generic Benchmarking Analysis

Generic benchmarking illuminated the importance around equity and leveling the playing field for developers of color and their leadership in community development within the Midwest. Real estate development ecosystem trends in benchmarked organizations included the following:

- Support factors consist of the following
 - Training and mentorship
 - Investment
 - Network building

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- Reasons why organizations started their programs, include the need to address racial disparities, representation, and underinvestment in communities of color;
 - All of these organizations have BIPOC-specific programming; FCI, REDI-LISC, ULI-Chicago includes white women in program enrollment
- Ideal and accepted candidates have prior experience and a four-year degree or equivalent, except for D-TAP;
- Trainings tended to be offered in 3 durations: 2-3 weeks, 15-16 weeks, and 5-8 months;
- Collaborative organizations provided training; and
- Desired outcomes included: measurable individual developer outcomes; successful construction and completing development projects in underinvested communities.

Evaluating similarities, differences, and success metrics, this benchmarking objective was to gain an independent perspective around how TC LISC might rethink its predevelopment support, consider new programs, financial services, and partnerships.

External organizations *“lessons learned”* (program factors with demonstrated success):

- Embedding equity factors such as DOCs participating on steering committees provide demonstrated success;
- Existing professional support factors advocate for formal educational pathways;
- Collaborative partners discovered thru the pilot program - “don’t recreate what exists in the ecosystem”;
- Ongoing outcome measurements, navigation and advocacy are essential; and
- Peer-to-peer professional relationships allow mutual learning and challenge traditional subordinating mentor relationships.

Magic Wand Ideations

In this project, “magic wand” refers to a theme across this project’s qualitative data collection methods and practices. Throughout our process, developers and stakeholders were given a “magic wand,” which allowed participants to think outside the realm of lived and historical experience, outside of institutions, to ideate what might need to happen for developers to construct and complete real estate development projects. These ideations are incorporated in the recommendations and program design, but can also be considered as future program design elements.

Magic Wand: DOC Ideate How They Can Successfully Construct and Complete their Development Projects

“As far as hoping or wishing, it’s never really been a reliable source of opportunity for me.” ~DOC, Native American man

*“I think true disruption in housing starts on the financial vehicle side.”
~DOC, Asian American man*

For developers of color, magic wand ideations consisted of the following:

1. “Big Picture” ideations: for community and beyond
 - a. Disinvested neighborhoods of color would have cultural corridors
 - b. Existing locally-owned businesses would benefit from diversified, high-end commercial development
 - c. Places like North Minneapolis would be a destination, like Uptown Minneapolis
2. Ecosystem ideations: for the real estate development industry and practices
 - a. Career pathways: in high school, college, and beyond
 - b. Hold impact funders accountable to funding DOC
 - c. No more “best-effort” for MBE goals; mandated goals must be achieved, or financing is withheld
3. LISC ideations: for their role within the ecosystem
 - a. Tiered coaching and navigating programs for multiple levels of experience
 - b. Mitigate costs that disproportionately affect DOC, including prolonged predevelopment/construction costs and higher interest term loans

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- c. Connect DOC with vetted contractors of color and WD; and broader LISC network
- d. Emphasize infill lot model for Twin Cities-specific development and housing needs

Magic wand: where stakeholders can truly advocate for and support developers of color; professional insights on how to make systems navigation have more equitable outcomes

“Outcomes not outputs!” -stakeholder

“Change needs to happen within an election cycle and in the first quarter of the year.” -stakeholder

“From my experience, the opportunity to fail for developers of color was much shorter. They need the ability to take risks - yet have a safety net.” -stakeholder

As with developer participants, stakeholder participants were also awarded magic wands throughout the data collection process. Since stakeholders were provided additional data-gathering opportunities, cooperatively-designed ideas and recommendations developed for this project. They are segmented in this section.

Pre-survey Ideations

The takeaway ideations of “Q14: If you had a magic wand and magically DOC were activating [constructing] and completing projects successfully, what would have changed - in your organization, for DOC, and beyond?”

Responses included:

- DOC would be entering the Twin Cities real estate development industry with formal training [where needed]; DOC would have access to development programs in 4-year schools, NDC training, and ULI REDI;
- Intentional navigation change and assistance for government in the real estate development ecosystem;
- Change project requirements, 1:1 technical assistance, and financing tools to help DOC succeed and mitigate regionally-specific disparities-

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related risk; reduce predatory nature of targeting/benefiting from disparities-related risk; and

- White developers would have to be willing to play their part in diversifying the white-dominated real estate development industry and professional networks.

Focus Group “Journey to Utopia Ideations

The takeaway ideations of the ‘Journey to Utopia’ exercise include:

- the segmenting of “readiness” and “beyond completion” phases of development;
- the urgent need for government navigation change and assistance;
- training and knowledge transfer around tax credits and multiple sources of funding; and
- creative appraisals.

Data Sharing Session Ideations

- Share compiled lists of education/training
- Preparation for emotional journey thru coaching
- Government stakeholders should be honest and transparent about technical language, project shortfalls, and potential resources
- Hold impact funders accountable to funding DOC and their projects
- Mature and creative appraisals
- Provide high-quality market data and funds for market studies
- Ecosystem raising MBE standards and numbers

Program Design Sharing Session Ideations

- Knowledge transfer on traditional finance ability
- Emphasize development project pipelines

Racial equity is about applying justice and a little bit of common sense to a system that’s been out of balance. When a system is out of balance, people of color feel the impacts most acutely, but, to be clear, an imbalanced system makes all of us pay. ~ CSI President Glenn Harris

5 What is Racial Equity? Glen Harris, President. Center for Social Inclusion

CONCLUSION

Despite the past efforts of LISC and others, developers of color are not progressing past pre-development to more advanced stages of financing to construct and complete their development projects and beyond. The purpose of this study was to uncover and name specific capacity barriers that developers of color face and to inform the program design of the capacity building Initiative. The findings point to barriers beyond capacity that are historic and systemically rooted in racism. The evidence from the study has resulted in the following principal conclusions:

- 1) Developers of color disproportionately lack the access to and relationships with robust networks that would offer them advantages in the real estate development industry and ecosystem; would provide a path to wealth creation that has historically harmed and excluded many BIPOC communities;
- 2) Developers of color possess less personal or family wealth and critical investor and banking connections compared to white developers. This results in developers of color heavily relying on debt to finance their development projects which can result in significant and often devastating hardships to them and their families;
- 3) Development projects presented by developers of color in beginner, mid-level, and high-level experience are perceived as "overambitious" at a higher rate than white developer projects. Developers of color projects can be viewed as too risky because they do not fit within "prescribed development models." These factors result in higher rates of professional siloing to pursue projects specified by others with limited return on investment;
- 4) Developers of color are often directed to partner with experienced developers to get project approval; this tends to be coded as white developers who possess equity, financing capacity, professional resources, and preference. In these professional partnerships, they are

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then racially/ethnically "tokenized" and pushed or even siloed to be the "community liaison." Developers of color tend to be withheld from opportunities to advance knowledge and skill development to lessen the likelihood of future dependence in co-development ventures. There usually is no operationalized protocol or standards or requirements from government and funders to diminish this subordinating role;

5) Multiple systemic barriers within the predevelopment phase that include a) lack of critical knowledge transfer; b) disproportionate amounts of predevelopment costs; and c) additional incurred debt from prolonged project timelines-- prohibit the first advancement of developers of color development projects, often resulting in a project never reaching activation [construction]. The real estate development ecosystem contributes to this failure when it does not require knowledge transfer in co-development ventures and stakeholder professional practices.

6) Part of the disparities in wealth between white developers and black developers are due to blacks being less likely to own homes, having lower home values, and having lower equity to debt ratios in their homes. The level of start-up capital invested in any business is strongly associated with business success. Differences in start-up capital may be due to differences in the personal wealth of the entrepreneur because this wealth can be invested directly in the business or used as collateral to obtain business loans.

7) A large percentage of developers [entrepreneurs] of color face three primary barriers - financial capital, family business background, and human capital. In general, many entrepreneurs fail to plan appropriately, finance, and pace their real estate ventures, but the impact this has on entrepreneurs of color is more devastating. It not only leaves them vulnerable to the unknown but often unable to make/afford necessary adjustments, discouraged to continue, and result in business insolvency.

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8) Developers of color demonstrated varying evidence of trauma that stems from systemic racism in real estate, racial discrimination in banking, modern-day redlining, and racial covenants. Despite engaging active coping strategies, developers of color are still left with risk ridden dependence on debt.

Anecdotes

“The housing market has long been the #1 way that average Americans accumulate wealth, so the 'wealth' gap has a lot to say about the origins and persistence of racial inequality in Minneapolis. As startling as the wealth gap is between blacks and whites, its even sharper between owners and renters. The takeaway is that the seemingly "neutral" real estate market represents an unequal playing field. Access to housing is full of deep inequities between whites and people of color, and between renters and homeowners. This inequality is central to the politics of our cities, yet we often ignore it.”⁶

“When looking to understand what is behind the very large black-white disparities that exist in Minnesota, compared to other states, in a 2018 book co-authored by Professor Samuel L. Meyers Jr., director of the Roy Wilkins Center of Human Relations and Social Justice at the Humphrey School of Public Affairs at the University of Minnesota described it as "the Minnesota paradox." Dr. Meyers contends that the large gap is largely due to specific benefits made available over time to the white population that's led to substantially higher wealth than blacks. He argues that wealth results from the favored treatment whites have long received from banks in making loans.”⁷

⁶ Chart of the Day: 2016 US Median Net Worth by Race. By Bill Lindeke. April 4, 2018. Streets.mn

⁷ How Did Minnesota Become One of the Most Racially Inequitable States? Star Tribune. Randy Furst and Mary Jo Webster. September 2019

RECOMMENDATIONS

To create a transformative impact associated with TC LISC 2019-2022 investment goal, the organization commissioned this study to uncover the capacity barriers that developers of color face to

- better inform and enhance their short and long term strategies to train, develop, and support developers of color;
- build a strong coalition of partners to influence meaningful change in investments and practices within the local commercial real estate industry;
- position LISC to affect change throughout the system; and
- to add this significant initiative to its portfolio of services.

To align with TC LISC and its commitment to increase its investment in underinvested people and communities of color; and the intent of this study and its data-based findings, it is recommended that TC LISC:

- launch [Year 2021] a *collaborative multi-year development program initiative* to build the full capacity of the local emerging and experienced developers of color in the Twin Cities that *intentionally* supports their wealth creation goals and helps bring to existence their *visions of authentic community* thru the full support of their *projects to fruition* and beyond in the greater Minneapolis and St. Paul areas;
- establish a steering committee that includes developers of color to help shape and bring cultural context to all aspects of this program initiative; and
- commit to fixed program pillars: 1) anti-gentrification and anti-displacement; 2) wealth creation; and 3) multigenerational impact for underinvested people and communities of color

With the understanding that a major collaborative effort will take significant time in planning and coordination to launch, TC LISC would be well served and positioned if there was a start-up demonstration of its theory of change. It is recommended that TC LISC:

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- establish a *capacity-building pilot project* that lays out the foundation for structuring, funding, and operating a scaled initiative;
- plan and launch a pilot program demonstration [Inaugural: 3rd Q'2020] with a small cohort of developers of color with existing projects and feasible project concepts that includes pre-development funders roundtables; buildout investors and guarantors' network; vetted professional service providers with subsidized fee structures; and opened professional and capital networks [**Exhibit G**];
- identify a partner organization and flagship sponsor;
- establish a collaboration with white developers and developers of color to brainstorm and engage a coaching approach to support a professional peer-based relationship where there mutual agreement that every individual has value to add creating shared benefit; and
- Include pilot program metrics, monitor, capture data, and evaluate to maintain transparency, report progress, key learnings, and identify actual equity and operating costs.
- Continue secondary research benchmarking through direct outreach, site visits, and tracking program success and lessons-learned with
 - 1) LISC Chicago – YIELD Learning Network; and
 - 2) Capital Impact Partners Equitable Development Initiative in Detroit MI

The pilot project will begin an transformative effort by TC LISC to demonstrate its' ability to lead significant change in the market that impacts people and communities of color, benefits the local and state economy, and influences future change in the 21st century.

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Appendix

- Exhibit A Consent Form
 - A-1 Interview Guide & Questionnaire: DOC version
 - A-2 Interview Guide & Questionnaire: Non-DOC version
- Exhibit B Survey Tool
- Exhibit C Ideation Chart
- Exhibit D R.E. Provider Eco-System Chart
- Exhibit E DOC Capacity Building - Inaugural Year Program Direction
 - E-1 DOC Capacity Building - Pilot Program Direction
 - E-2 DOC Capacity Building Program Direction - Advisory Feedback
- Exhibit F External Benchmark Chart
- Exhibit G DOC Pilot Program Framework