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Moving Towards More Equitable Development

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Equitable development is an approach for meeting the needs of underserved communities through policies and programs that reduce disparities while fostering places that are healthy and vibrant. It is increasingly considered an effective placed-based action for creating strong and livable communities.

This approach is meant to counter-balance some of the development philosophies of the past, which–whether intentionally or unintentionally–served to segregate or further disadvantage various communities rather than benefiting stakeholders in an inclusive way.

There are clear initiatives, tangible examples, and award-winning projects which can help demonstrate the approach as a means for rebuilding communities. The outcomes of equitable development are the result of clearly set expectations, collaborative problem solving, and persistent leadership.

Equitable development is driven by priorities and values as well as clear expectations that the outcomes from development need to be responsive to underserved populations and vulnerable groups, in addition to using innovative design strategies and sustainable policies.

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PROMOTING INCLUSIVE URBAN GROWTH IN THREE U.S. CITIES

BY: KERRY CURRY
FEBRUARY 25, 2019

The booming economy in the Dallas/Fort Worth metropolitan area, fueled by corporate relocations, business expansions, and in-migration, can mask some of the region's heady challenges: rising home prices, a high poverty rate, and long-term racial and economic segregation. A new study of three U.S. cities looks at mitigating inequality without stalling development.

"Dallas in many respects is a microcosm of America," said Cullum Clark, director of the Bush Institute–SMU Economic Growth Initiative and an adjunct professor of economics at Southern Methodist University, while speaking at an event in Dallas, cosponsored by ULI North Texas, in January. Clark is a contributing author to Beyond Gentrification: Towards More Equitable Urban Growth, a new report from the Center for Opportunity Urbanism (COU) in Houston that was distributed at the event.

The report's five other authors, including Joel Kotkin, the executive director of the COU and a fellow in urban futures at Chapman University, also spoke.

The report takes a deep dive into development in three major cities—Chicago, Los Angeles, and Dallas—and the impact on working-class and minority neighborhoods. While some gentrification occurs organically as the result of market forces, some occurs as the result of conscious public policies, such as tax increment financing, or a combination of both.

Over the past couple of decades, Dallas's city center has undergone transformative changes with an expanded and revered arts district, new downtown luxury residential high-rises, two Santiago Calatrava–designed bridges spanning the Trinity River, and the creation of Klyde Warren Park, a popular urban oasis built over a freeway that connects portions of the urban core that had been previously bifurcated by the highway.

Dallas's problems, however, are visible for anyone venturing south of Interstate 30, where high rates of poverty are concentrated in mostly minority neighborhoods marked by a history of neglect.

Dallas imposed racial housing segregation by law in 1916, and that segregation was reinforced through federal, state, and city policies through the years. And even though legal segregation ended during the 1970s, it continued in other forms such as redlining by the banking industry, city code enforcement that resulted in the demolition of minority-owned homes, and years of neglect of minority neighborhoods by Dallas City Hall.

Dallas has not had the high-displacement gentrification that other places such as San Francisco, New York, or Southern California have experienced, although fear exists that it could be headed in that direction, Clark said. So far, several gentrified areas of Dallas appear to be thriving without large displacements of moderate-income people, including east Dallas, Bishop Arts, and the Cedars.

Plenty of opportunities exist for the Dallas area to forge a path toward more inclusive urban growth in the future, he said, due in part to the abundant, affordable land for development and redevelopment in the southern sector, where the city's poor, minority residents live. "We've had too little capital coming into southern Dallas, not too much," said Clark, who said the land mass of southern Dallas exceeds the whole city of Atlanta. Of southern Dallas's 250 square miles (647 sq km), an estimated nine square miles (23 sq km) are vacant and available for development, according to the report.

Clark said there are economic arguments to consider for inclusive urban growth initiatives.

"Historically, cities are the world's greatest engines of upward mobility, but we now know that where a person grows up and lives has enormous impacts on their prospects in life," he said.

The number of jobs in Dallas's lower-income zip codes—an area with 750,000 residents—has declined by 16.6 percent since 2000 while the population in those zip codes has grown by 7.1 percent, according to proprietary research using census data by Wendell Cox, a coauthor of the report and a senior fellow at COU and the Frontier Centre for Public Policy in Winnipeg, Manitoba, Canada.

Said Clark: "I believe we are on a path that will pose real challenges to the sustainability of the whole region's economy. We have really large numbers of potential workers who are enormously spatially removed from where the best opportunities are." That creates severe labor market inefficiencies for the booming northern suburbs where businesses cannot find enough low- and middle-skilled workers.

Potential solutions outlined in the report include a revamp of the city's notoriously slow and difficult zoning and permitting process, pursuit of federal funding opportunities such as the low-income housing tax credit and the new Opportunity Zone incentives, creation of a public or nonprofit large-scale land bank to acquire cheap land for future development, and the mobilization of private capital to build 60,000 affordable homes that experts say are needed in Dallas.

Henry Cisneros, former U.S. secretary of the Department of Housing and Urban Development under the Clinton administration, said that changes toward more equitable urban development means focusing on things such as educational opportunities from pre-kindergarten through community college, mobility to get lower-income residents to job centers, infrastructure spending to support growth initiatives, and affordable housing.

"A key element of this is intentionality," Cisneros said. "Local communities have to decide, intentionally, to create this harness between the growth opportunities and the human capital needs," he said. "It's not good enough to just talk about this among the leadership elite at a cocktail party."

COU's Kotkin said that gentrification in America's large cities had some positive results since it helped people rediscover the advantages of living in an urban core, but it failed to help the plight of the middle class and working poor.

"The shift into the cities has slowed very dramatically," Kotkin said, noting as an example the slowing population growth in New York City and the declining population of San Francisco. While urban renewal worked on some levels, it also came with its own set of problems. "This great urban renewal—urban renaissance—hasn't ever really reached a large percentage, or even a majority, of the people in these urban areas," he said. "Gentrification created its own undoing . . . by becoming so expensive."

BEYOND "BEST EFFORTS": WHY COMMERCIAL REAL ESTATE NEEDS TO CATCH UP ON DIVERSITY

BY KIRK SIKES, EVAN MITCHELL, SOMMER HYMEN
SEPTEMBER 9, 2019

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Diversity is best defined in one of two ways. Inherent diversity relates to built-in characteristics, such as age, gender, race, and disability. Acquired diversity is derived from the sum of one's experiences, such as an appreciation for a foreign culture developed as an expatriate during a professional assignment abroad. The combination of inherent and acquired diversity leads to diversity of thought, unlocking innovations that are inaccessible in a homogeneous working environment. Corporate diversity consultant Selena Rezvani notes, "Diversity of thought yields a kind of positive friction from varying approaches, training, and mind-sets."

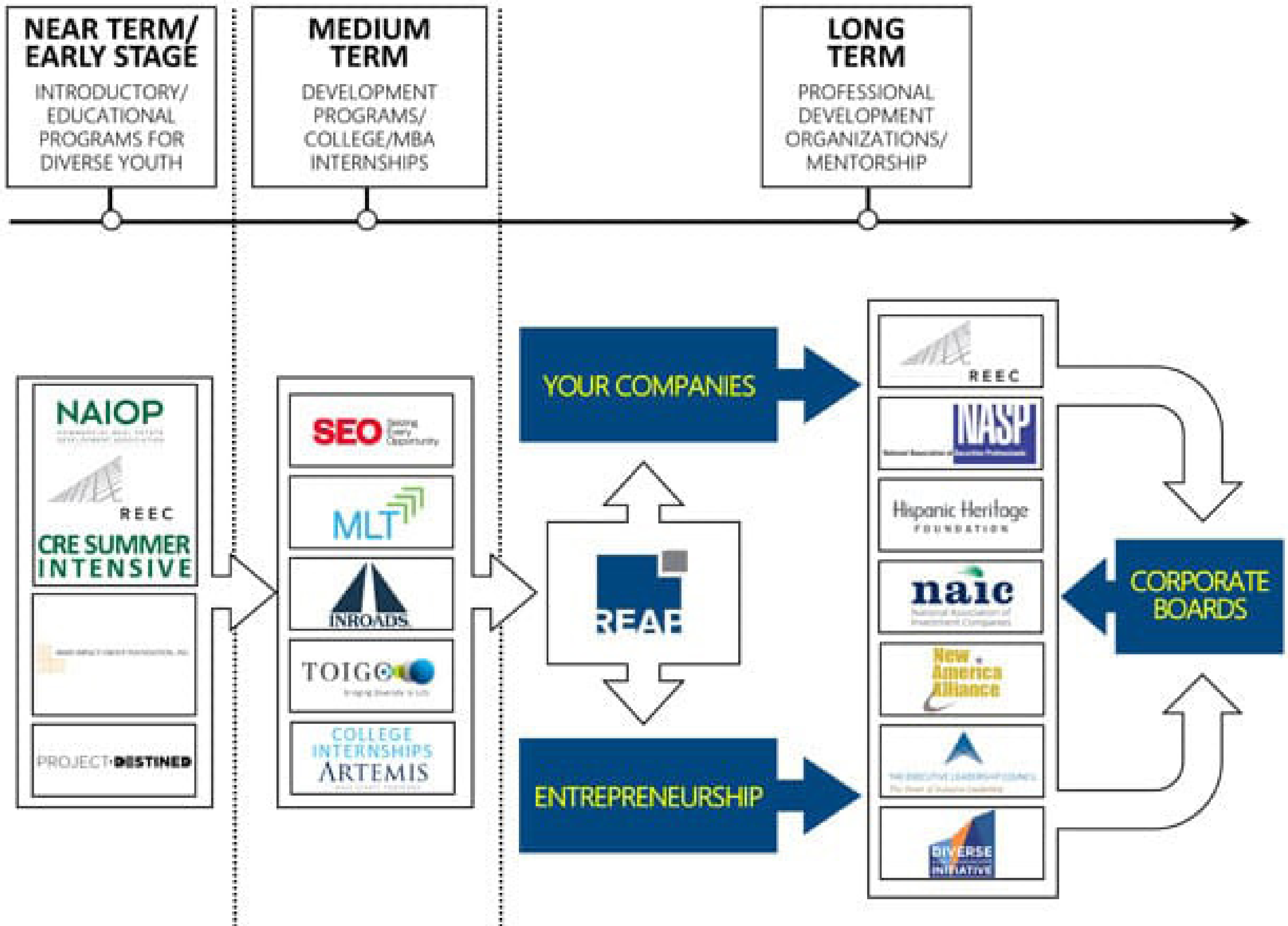
Several organizations have investigated the impact and benefits of commitment to diversity in the workplace. Research by management consultant McKinsey & Company concludes that diverse teams are more likely than others to look deeper into the actions of their peers and highlight their biases, sharpening workplace awareness and skills as a result. Diverse thought also promotes creativity and innovation; a variety of experiences, perspectives, and opinions lead to organic ideas that a uniform environment could not inspire. In addition, eliminating the necessity for assimilation or "fitting in" allows every employee to direct his or her full attention and effort toward creativity and innovation. Finally, diverse teams appeal to diverse clients and customers, creating access to previously untapped marketplaces, improving corporate images, and increasing employee satisfaction.

The Yield on Diversity

Once an organization has fully committed to creating diversity, it is likely to see improved performance as well as an increased ability to attract, develop, and retain talent from a broader pool. According to a 2015 report from McKinsey, gender and ethnically diverse teams are respectively 15 percent and 35 percent more likely to perform above the national industry median. The National Association of Investment Companies also reports that "female representation in top management leads to an average increase of $42 million in firm value," and that diverse firms "outperformed the median Cambridge U.S. Private Equity funds during a majority of vintage years."

An article released by the Brookings Institution in September 2018 and based on data from the U.S. Census Bureau projects that the United States will become minority white by 2045. As the demographics of the country change, the workforce profiles of domestic industries will inevitably change as well. Nevertheless, many sectors have proved resistant to becoming early adopters of the shift toward diverse teams that reflect the rapidly changing national demographics. Investment management is notably among those resisting.

While extensive research concludes that diversification is among the most enduring principles of sound investment management, a report published by the CFA Institute Research Foundation earlier this year states that "[diversification], and the



positive friction that it yields, is remarkably absent from team construction across all spectrums of the investment profession." This includes senior leadership as well as ownership of investment firms, as evidenced by the mere 1.1 percent of assets currently under management globally that are managed by women- and/or minority-owned firms.

The commercial real estate (CRE) industry is not immune to this trend. In The Diverse Asset Management Project Firm Assessment, written by Bella Research Group and the Knight Foundation, researchers determined that only 0.7 percent of the 889 real estate investment management firms in their data set were women-owned, and a mere 2 percent were minority-owned.

Historical Challenges in the CRE Industry

What is preventing CRE firms across the country from embracing the opportunity that arises from increased diversity? Executives suggest that the industry has been slower than others to promote diversity due to the historical lack of equity investment and firm ownership among minorities. Commercial real estate is broadly viewed as a legacy industry in which family connections or previously established networks are often the determining factors for success. Without these advantages or exposure to the industry, minorities are unlikely to pursue careers in such unfamiliar territory.

There has been little improvement in gender and racial diversity within CRE over the last three decades. For the minorities and women who pursue CRE careers, the pathway to executive leadership is a lonely and difficult one. These compounded challenges that are presented to women and minorities by the CRE industry ultimately turn away many of the few who initially chose to face them as they opt for industries that offer a clearer path to advancement.

In contrast to commercial real estate, other industries have made strides with diversity over the past 40 years. By way of example, Harvard Business School and the Wharton School at the University of Pennsylvania made concerted efforts in the 1970s to enhance their pipelines of domestically diverse students. As a result, the business sector has grown to reflect a more significant presence of diverse teams and managers. A 2016 Forbes article describes how one executive approaches workplace diversity: "As a tax partner at Deloitte Tax, Jorge Caballero takes responsibility for developing a more inclusive workforce and advancing more diverse leaders into senior leadership roles where they can have more of an impact and greater influence. 'Diversity plays a critical role in everything that we do, including the diversity of thought that we bring to serve our clients,' says Caballero. Two-thirds of our new hires last year were women and minorities, and I can't help comparing that to 36 years ago when I was but one of one minorities in my starting class. That's a huge demographic shift and you have to be prepared to retain those individuals by developing them, providing the right mentorship and sponsorship, and helping them advance into leadership roles. In our case, that ultimately means promoting them into the partner and director ranks."

White Men Hold More Than 75 Percent of U.S. CRE Senior Leadership Positions

Unfortunately, the broader increase in diversity across the business sector has not yet been reflected in the CRE industry. CRE opportunities are extremely difficult for qualified diverse candidates to access, from entry-level roles through senior leadership positions. NAIOP–the Commercial Real Estate Development Association used data from the U.S. Equal Employment Opportunity Commission as the basis for its Diversity Report, published in 2013, which focuses on employment in the commercial real estate industry. The data show that more than 75 percent of senior executive jobs within the CRE industry nationwide were held by white men. In comparison, 1.3 percent were held by black men. White women were highly under-represented, holding only 14.1 percent, and nonwhite women held less than 1 percent of senior executive jobs. "Among persons employed in commercial real estate disciplines, being a minority or being a woman is a significant barrier to professional advancement," the report says. "Being both a minority and a woman is a double impediment. Minority women are significantly less likely to advance from mid-level manager to senior executive than either white women or same-minority men."

Tammy K. Jones, founder and CEO of Basis Investment Group, one of the only commercial real estate investment platforms investing in CRE debt and equity led by an African American and woman in the United States, said, "I can still walk into a room at a CRE conference in 2019 and be one of the few women and the only African American attending. For an industry that prides itself on being focused on the bottom line, the diversity that leads to greater performance is not reflected in our leadership, and it's time for this to change."

In short, the historically insular nature of the real estate industry has drastically limited the ability of human resource professionals across the industry to materially influence the composition of its perpetually fraternal corporate culture. As individuals, we naturally gravitate toward the familiar and are not instinctively inclined to venture into the unknown. These tendencies are key elements in understanding the persistent lack of diversity within the CRE industry.

Inclusion in business has been a long-standing problem, despite some modest advancements in certain sectors. Such a deep-rooted mentality in the CRE industry cannot be undone simply with "best efforts." Change of this magnitude requires a paradigm shift of grand proportion to deconstruct what has effectively become a preordained result. Diversity and inclusion must be interwoven in the industry's fabric, similar to the way that sustainability has become a part of our everyday lives through legislation, policy, and heightened corporate responsibility. If we hope to see change, we must take action. Here are five strategies to guide that action:

Strategy 1: Change the Industry from Within

Before we can advance inclusion and diversity in the CRE workplace, we must first consider how to change the perceptions of others. Take, for example, a Knight Foundation study of women- and minority-owned investment firms, which concludes that the perceived risk of investing with women- and minority-owned firms is high, despite evidence to the contrary and the subsequent absence of a "legitimate reason to not invest with diverse asset managers in the 21st century." It is crucial that the strategies for achieving this goal reflect the ethos of the business. Corporate leadership must also be forthcoming and transparent about these strategies. The company may benefit from hiring a diversity consultant or chief diversity officer (CDO) who specializes in developing inclusion initiatives that align with the team's roadmap. To be effective, the CDO must have the ear of the leadership team; diversity and inclusion must also be an integral part of the DNA of the company and a key element of its strategic plan.

As these initiatives take shape, each member of the leadership team should be accountable for ensuring that the initiatives are taken seriously by the staff. Success is often achieved when coupled with compensation, so diversity and inclusion (D&I) success should become part of the company's evaluation and compensation procedures. Progress and improvement are impossible without unilateral commitment to a plan for achieving them. Establishing performance metrics and deadlines is a key element in tracking a company's progress. Furthermore, clear correlations between business development and strategies for diversity and inclusion will ensure that each plan drives the other. In the same manner that many companies have recently prioritized a sustainability strategy, so too should they ensure that diversity and inclusion strategies are prioritized with the same urgency.

Strategy 2: Change Young Minds

In late 2018, Deloitte released the results of its 2019 Commercial Real Estate Outlook on upcoming trends and developments in the industry. Eighty-six percent of survey respondents said that diversity on the boards of CRE firms leads to better returns, and 79 percent said the CRE industry is not doing enough to improve diversity overall.

U.S. Census data show that 10,000 baby boomers will turn 65 every day during the next 10 years, and situational distress (i.e., retirement, declining health, and death) will effectuate the transfer of wealth to the millennials and gen Xers of today. As a result, the flow of capital to real estate firms will be increasingly determined by an investor's assessment of a respective team's ability to consider a well-rounded set of opinions and perspectives as they approach every transaction. The progression toward a minority-white U.S. population will make firms with less diverse teams and less likelihood of outperformance less appealing. CRE firms that commit to diversity will be increasingly likely to gain interest from a broader range of investors, attract and retain a wider pool of employee candidates, and ultimately position themselves for outperforming their peers who have failed to make the same commitment.

Today's millennials will become tomorrow's investors and senior CRE professionals. It is essential to educate diverse youth on the many career opportunities and entrepreneurship possibilities that the industry offers. Commercial real estate is relatively unknown and not top of mind among many minorities. Companies like Google and Microsoft understand that early exposure to career opportunities is critical in creating an early-stage pipeline. To that end, Basis Investment Group has formed the Basis Impact Group (BIG) Foundation whose mission is to create a pipeline of women and minorities in the commercial real estate industry. BIG's first initiative was the sponsorship of an educational program designed to introduce young people of color and women to careers in commercial real estate. Through BIG's work with the Real Estate Executive Council (REEC) and the Commercial Real Estate Development Association (NAIOP), two national real estate trade organizations, BIG will help thousands of young people navigate an industry that historically has excluded them.

Strategy 3: Increase Industry Access through Innovation

Led by older, iconic leaders and their long-term confidants, the CRE industry conducts itself today in much the same manner as it did at its inception. While the prevalence of real estate's "old boy network" has definitely hampered change, advancements in technology, innovation, and sector disruption over the past few years have created new points of access for minorities to an industry that has been less than open. As the CRE industry continues to evolve, innovations like CRE tech and crowdfunding have already demonstrated their game-changing ability to rewrite the real estate rulebook, much like the introduction of the iPhone altered the course of mobile communication. Not only have these innovations revolutionized the industry's operations, but they have also empowered diverse individuals from other sectors to exploit these new access points and circumvent the former barriers to entry. Within a very short period, traditional CRE firms have become analogous to landlines and rotary-dial phones while CRE tech and crowdfunding are the cellular connectivity of the industry, creating access for a diverse pool of talent who was previously placed on indefinite hold.

Commercial real estate is a relationship-oriented industry, and the cornerstone of the business is partnerships. There will be increasing opportunities to form real estate partnerships as a result of this technology revolution. In addition, structural innovation fueled by the frenzy we are beginning to see with the advent of Opportunity Zone (O-Zone) legislation is expected to be a game-changer and could create the next crop of CRE entrepreneurs. Minorities who understand these underserved O-Zone communities best, and who connect with the community, could have a tremendous competitive advantage either to raise capital on their own to invest or to create partnerships with nondiverse investors. Firms that continue to follow the industry's traditional business patterns may miss vital chances to collaborate with the innovative minds of diverse professionals and entrepreneurs who have accessed the industry through nontraditional channels and who bring a fresh perspective on the industry and communities shaped by a wider variety of influences and experiences.

In the marketplace of today, change—particularly as it relates to technology—is inevitable. For those who choose not to embrace it, doing nothing will likely cost something.

Strategy 4: Close the Wealth Gap by Capitalizing on CRE's Unique Positioning

The need to develop a strong pipeline of young women and minorities stems from one of America's longest-standing and most divisive epidemics: the racial wealth gap. "Redlining," a loan practice implemented by the Federal Housing Administration (FHA) shortly after its establishment in 1934, was the catalyst for a dramatic widening of what was already a significant disparity in wealth creation between majority and minority populations. The practice derived its name from government maps that were color coded to delineate "good," or predominantly white, neighborhoods from declining "bad" neighborhoods—typically black communities—that were highlighted in red. Mortgage loans were regularly extended to residents of "good" neighborhoods, while those who occupied "bad" neighborhoods were intentionally and systematically denied an opportunity to enter the housing market supported by advantageous loans.

The Servicemen's Readjustment Act of 1944, commonly known as the G.I. Bill, has received extensive praise over the decades. As described by President Bill Clinton, the bill was "the best deal ever made by Uncle Sam" and "helped to unleash a prosperity never before known." But, while the bill fueled the creation of the white middle class overnight by providing veterans with low-interest-rate mortgages and access to educational opportunities, minority veterans were largely—and intentionally—excluded. For example, of the 67,000 mortgages provided through the G.I. Bill for veterans in New York City and northern New Jersey between 1944 and 1946, fewer than 100 were given to minority veterans. In Mississippi during 1947, 86 percent of the skilled jobs were filled by Caucasian veterans and 92 percent of the unskilled jobs were filled by African American veterans—jobs that were supposed to have been promoted through the G.I. bill. As previously stated, we see a similar trend in the composition of today's CRE executive ranks. The income generated by the CRE industry and disproportionately allocated to white males through the 75 percent of senior executive roles that they currently hold, in comparison to the 1.3 percent of these roles held by African Americans, demonstrates another barrier to wealth creation through real estate for black professionals and widens the expansive wealth gap between the white and black populations of the United States that grew from the institutionalized discriminatory practices surrounding the G.I. Bill.

According to nationally acclaimed author Brandon Webber, "The lack of access to a family home meant a long-term loss of wealth for African Americans. A family home purchased in 1946 in a good neighborhood with a strong tax base and solid schools became financial wealth to pass on to family members, borrow against to start a business, or send kids to college." A recent Brookings Institution article investigates the devaluation of assets in African American neighborhoods resulting from racial bias. Researchers investigated the negative perceptions of African Americans and the resulting discrepancies between mortgages issued to white and African American prospective homeowners, which began with the G.I. Bill and continue today, as evidenced by recent events like the disproportionate damage to diverse minority families from the subprime mortgage lending practices that led to the 2008 financial crisis. The results of their investigation demonstrated that homes in predominantly African American neighborhoods are worth 23 percent less than homes of similar quality located in neighborhoods with little or no African American population. This racially motivated devaluation is commonly known as the "segregation tax" and cumulatively equates to a $156 billion loss of wealth across all predominantly African American neighborhoods throughout the United States.

Net worth (or wealth), the sum of the value of total assets minus the value of debts, provides a snapshot of household financial well-being. Striking racial differences are evident when looking at total household wealth. Nonwhite households have only a fraction of the wealth of white households. Whereas white households have a median wealth of $247,500, Dominicans and U.S. blacks have a median wealth of close to zero. Of all nonwhite groups for which estimates could be made, Caribbean black households had the highest median wealth with $12,000, which represents only 5 percent as much wealth as white households.

Racial differences in asset ownership, particularly homeownership, contribute to vast racial disparities in net worth. Homes—the most valuable asset owned by middle-class households—represent the bulk of middle-class wealth. However, unequal opportunities (past and present) to build other assets and to reduce debt are contributors to the vast racial wealth gap substantiated in the analysis titled "The Color of Wealth in Boston," by Ana Patricia Muñoz et al., published on March 25, 2015.

A main driver of the difference in net worth of average Americans continues to be the ownership of real estate. We can begin to address this inequity by exposing people of color in the next generation to the vast opportunities that exist in commercial real estate. While we cannot go back in time to provide access to jobs, real estate, and opportunities that were provided by the G.I. Bill, we can take proactive steps toward leveling the playing field through the commercial real estate industry.

The CRE industry remains one of the most expedient ways to create wealth, but only if you have access to opportunity. It is not uncommon in our $15 trillion CRE industry for millionaires to be created by investing in one or two deals. Providing a pathway to this type of equity ownership in commercial real estate for African Americans and other minorities across the United States (and particularly in the communities where they live and work) could have a transformational impact on closing the wealth gap. Investing with qualified diverse real estate entrepreneurs will in and of itself have social impact. Taking the bold step to be inclusive and to diversify access to CRE equity investment will also lead to better overall returns. While this will not happen overnight, we can begin to examine strategies for change now.

Strategy 5: Partner to Build the "Diversity Ecosystem"

As in most sectors, change in the CRE industry typically begins at the top of each organization and filters down throughout its supporting staff. Once senior industry leaders have committed to investing with women and minorities, hiring minority vendors, and building a diverse workplace, what do they do next?

Past efforts to improve diversity in CRE have been fragmented. As an industry, we have been poking at the diversity problem over the last 30 years, with a few organizations attempting to eradicate the issue on their own; as a result, very little has changed. Many firms are hiring CDOs whose primary strategies for attracting diverse talent are limited to college campus recruiting.

When diverse undergraduate candidates are identified and introduced to the industry through entry-level roles, the common absence of diversity within the middle or senior levels of real estate organizations may make the candidates' prospects for longevity seem uncertain and a tangible career path seem unclear at best. Achieving true diversity and inclusion is immeasurably beyond the capacity of a single firm or a handful of trade organizations; it requires industry-wide awareness and commitment. Until the CRE industry has embraced diversity at all levels, from the top down, efforts to induce change will be largely futile.

CRE professionals can fully appreciate the crucial role that strategic partnerships play in achieving desired outcomes. We propose the leveraging of existing partnerships and connectivity networks to build a "diversity ecosystem" that is essential in changing the face of the CRE industry. The diversity ecosystem will approach the problem from multiple angles at once, beginning with early exposure in high school, continuing through college- and graduate-level programs, then moving on to middle and senior management mentorship programs as well as entrepreneurship and board training to develop a pipeline of qualified diverse candidates and drive them toward our businesses.

Despite the significant number of talented diverse professionals, organizations that are open to increased diversity but unsure of the next steps often say that "we can't find them." As the diversity ecosystem broadens and develops, this sentiment will no longer be plausible or acceptable. The good news is that a number of organizations and programs focused on improving diversity at various points in the continuum already exist. Some of these organizations include the Real Estate Executive Council (REEC), the Real Estate Associates Program (REAP), the National Association of Investment Companies (NAIC), the New American Alliance (NAA), the Executive Leadership Council (ELC), the National Association of Securities Professionals (NASP), the Hispanic Heritage Foundation (HHF), and the Diverse Asset Managers Initiative (DAMI). As majority firms align themselves with these powerful organizations, they will find some of the most talented and outstanding real estate and investment professionals in the United States. We challenge firms and individuals alike to expand the ecosystem by developing alliances with organizations that are critical to creating a true continuum. As connections are strengthened, the ecosystem will become viable and self-sustaining, creating the continuum for including, developing, and maintaining diverse talent in the commercial real estate industry.

In the age of connectivity, we cannot underestimate the importance of bridging the void between isolated and fragmented initiatives. Building a continuum that unilaterally addresses the diversity challenges facing the CRE industry is the only way to make a long-term and scalable impact. Investing in this targeted continuum through sponsorship and collaboration will yield far better results than singular initiatives like primarily recruiting college-level candidates, which is not always a sustainable strategy. The CRE industry is ready for an innovative solution to an age-old problem; the diversity ecosystem is the future and promises to create the long-overdue change that we seek.

Conclusion

The pathway to success for addressing the lack of diversity in CRE is a multifaceted approach. We highlighted five key strategies to consider that together could transform this industry. It begins with changing the mind-set at the top by incorporating diversity and inclusion metrics into a firm's DNA and strategic plan. The leadership team must additionally recognize that diversity is not merely a social initiative, but rather a strategic pursuit that will ultimately lead to improved financial performance.

Second, today's millennials will be tomorrow's real estate investors and the demographic shifts toward a minority-majority population make embracing diversity a business imperative.

Third, technology has created a disruption in both the customer base and among the providers who will be able to see our industry differently and through a diverse lens. Diversity of thought and perspective will lead to innovation and disruption in the ways we invest in CRE assets.

Fourth, as one of the most expedient wealth-creation industries, CRE is uniquely positioned to have a transformational impact on closing the racial wealth gap, a crisis that has reached epidemic proportions.

Finally, as an industry, the diversity challenge is bigger than one firm or trade organization, and true change will require a new approach. Through strong partnerships and the creation of a diversity ecosystem, an extensive pipeline of talented and diverse commercial real estate professionals and entrepreneurs can be developed, mentored, nurtured, and retained.

John W. Rogers Jr., chairman and chief executive officer of Ariel Investments, said, "When a group of diverse people are considered and included, the very best talent always surfaces and the best outcomes result for all parties. Diversity and inclusion are not only the right thing to do, it's the best thing to do for our companies and the customers we serve."

In the CRE industry, we are rewarded for staying ahead of the curve and for identifying opportunities that others miss. If we refuse to acknowledge the competitive advantage that diversity offers in our pursuit of returns, we are willingly accepting lower yields and additional risk. As fiduciaries and industry leaders, none of us should be willing to expose our firms or our investors to the quantifiable risk posed by a lack of diversity. The results are clear: diversity leads to big performance.

Kirk Sykes is chairman of the Basis Impact Group (BIG) Foundation, an arm of Basis Investment Group, which is pursuing an education program to introduce young minorities, youths, and women to careers in real estate. He is also chairman of the Real Estate Executive Council (REEC) and former chairman of the Federal Reserve Bank of Boston. Eyan Mitchell is director of investor relations at BIG, and Sommer Heyman is an intern at the BIG Foundation. Opinions in this article are expressly those of the authors and not the organizations referred to herein.

IS THERE A BUSINESS CASE FOR DIVERSITY AND INCLUSION?

BY RALPH BOYD
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In recent years, discussions about diversity and inclusion (D&I) have evolved from focusing on social preferences, values, fairness, and opportunity, to whether a business case for diversity can be made. Increasingly, studies done by researchers at leading academic institutions, research organizations, and consulting firms conclude that a business case for diversity exists—and it is a compelling one. In fact, the thrust of this growing body of research is that a statistically significant relationship exists between diversity and virtually every key aspect of organizational performance.

What is being discussed when we refer to diversity and inclusion? Diversity reflects the attributes that distinguish each of us and underscores our uniqueness as individuals. Diversity commonly is thought of in two fundamental dimensions: "inherent diversity," also referred to as identity diversity, relates to our immutable, built-in traits and characteristics such as gender, race, ethnicity, disability, age, and sexual orientation. "Acquired diversity," also known as cognitive and experiential diversity, involves our many different backgrounds and the sum of our learning, training, values, influences, experiences, and thinking styles.

In considering the value of D&I as an organizational strategy, it is useful to understand diversity as the degree of constructive difference within an organization. As a recent study commissioned by Deloitte explains, diversity is the "what." It is the measure. And if diversity is the "what," inclusion is the "how." It is the method and the mind-set from which an approach to achieving D&I flows naturally. It is the way we go about creating a productively diverse organizational culture—one that maximizes the practical value of the heterogeneity that diversity reflects.

Inherent diversity and acquired diversity often overlap and can be mutually reinforcing, but they are not the same, nor is one necessarily a reliable proxy for the other. Each is valuable, but much more so when they are combined within a comprehensive D&I strategy. In fact, the emerging research reveals that diversity has the most profound impact on the broadest array of key performance indicators when companies' inclusion strategies purposefully involve both dimensions of diversity, inherent and acquired. Furthermore, researchers at both McKinsey & Company and the Boston Consulting Group (BCG) insist that the positive effects of a well-formulated D&I strategy are most pronounced and more sustainable when D&I principles are part of—and aligned with—an organization's broader strategy to grow the business and better serve its mission.

Diversity's Impact on Performance

Groundbreaking research by Scott Page, professor of economics and complex systems at the University of Michigan, provides perhaps the most rigorous assessment of the impact of diversity on group performance to date. Page's critically acclaimed book, The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies, published by Princeton University Press in 2007, lays out in painstaking detail how—by using advanced predictive models—he determined that cognitive diversity within teams is actually more important than expertise, and that diversity materially improves the speed and quality of decision-making and problem-solving, especially when decisions and problems are difficult, complex, and nonroutine (because routine favors expertise). Subsequent studies published by the Kellogg School of Management and Deloitte corroborate Page's conclusions, affirmatively linking heterogeneity to better team performance, especially when teams include diverse participants who complement subject matter experts.

In addition to improved decision-making, the research arm of the Catalyst—a global nonprofit organization that conducts extensive research and advises senior corporate leaders on matters of diversity and inclusion, especially as they affect the experience of women in the workplace—comprehensively summarizes in its online blog much of the empirical research linking acquired diversity to better enterprise risk management, organizational agility, creativity, and innovation, as well as studies correlating inherent diversity with improved marketing outcomes, reputation and brand value, regulatory compliance, and success in competitive bidding processes, securing operating licenses, and acquiring talent. Researchers hypothesize that both forms of diversity play a demonstrably positive role in successful employee engagement and retention efforts, thus helping businesses maintain a competitive advantage in the market for human capital.

Of particular interest to most businesses are the voluminous study results showing a strong positive relationship between diversity and financial performance. This research, including two McKinsey studies involving more than 1,000 companies globally, correlate diversity (typically using inherent diversity indicators, including age, gender, and race, with profitability measured by the earnings before interest and taxes (EBIT) margin and long-term value-creation metrics (net operating profit less adjusted taxes—invested capital multiplied by weighted average cost of capital).

Other studies succinctly discussed in Catalyst and Medium.com's Awaken blog have added to the list of non-GAAP (generally accepted accounting principles) financial performance metrics favorably influenced by D&I strategies. They include the following: earnings per share (EPS), including cumulative EPS growth; return on assets and equity; total shareholder return (TSR), i.e., dividends plus stock price accretion; gross and net margins; customer and revenue growth; market share; market capitalization; acquisition premiums; and valuation multiples. Generally, data from these studies are not sufficiently disaggregated to determine the relative contributions of inherent and acquired diversity to these operating results. However, the increased use of probative qualitative analytics is helping us better understand both the relative and aggregate value of all the relevant dimensions of D&I.

Personal and Institutional Preferences

While the volume of research supporting the business case for diversity continues to grow, personal and institutional preferences favoring diversity are becoming clearer and more pronounced. In the real estate context, cities—Boston and Philadelphia are two among many prominent examples—openly require, or at least favor, bids responding to their requests for proposal (RFPs) that include meaningful participation of diverse developers, contractors, and vendors, particularly minority- and women-owned business enterprises (M/WBEs). Beyond that, according to a recently commissioned ULI social-equity assessment, many developers report that in addition to winning development rights and securing project approval, considerations of diversity and inclusion continue throughout all phases of their work, from project vision and design, to the hiring of local contractors, and to producing outcomes that favorably affect underserved neighborhoods and communities close to the project.

Pressure on developers and other real estate professionals to deploy inclusive teams also comes from corporate clients who have come to expect—if not prefer—working with a diverse mix of professionals attuned to increasingly diverse (and diversity-conscious) customers, clients, stakeholders, and other interested parties capable of affecting project outcomes. TD Ameritrade's Market Drive reports that this preference for inclusion is also reflected in recent marketing studies showing that millennial and generation Z consumer cohorts are strongly influenced by perceptions of diversity when making decisions about whom to buy from, rent from, work for, and otherwise do business with. Real estate development icon Jonathan Rose is perhaps most prescient in his belief that the strongest push for diversity is yet to come—and when it comes, it will be driven by the reality of generational and demographic shifts along with the resulting demands they place on the real estate industry. In discussing the real estate industry's "diversity problem," real estate magazine and website The Real Deal quotes Rose as saying, "You don't negotiate [away] reality. Diversity is reality."

Diversity research makes it clear that diversity matters for business. It also suggests how D&I principles can practically be applied in real-world situations and in ways that create value for a broad spectrum of stakeholders. In the real estate context, when properly done, D&I strategies can be accretive to the interests of many, from developers to neighboring communities affected by development projects.

Applying D&I Principles: The Omni Boston Seaport Hotel

For New Boston Hospitality, an entity affiliated with the Davis Companies, a 43-year-old Boston-based development company, diversity and inclusion are woven into virtually all aspects of its development of the Omni Boston Seaport Hotel project on Massachusetts Port Authority (MassPort) land in Boston's thriving Seaport Waterfront District. The $550 million project includes development of a 1,050-room hotel and adjacent retail space. Diversity, inclusion, and community outreach were critical elements of Davis's approach to winning the project initially and continue to be part of its execution strategy throughout all phases of construction and its aftermath.

Davis's inclusion strategy for the project reflects two things that real estate professionals at the top of their game know. First, D&I and notions of social equity increasingly are part of their bread-and-butter business considerations. Second, effectively incorporating them as part of a sustainable growth strategy can create a competitive advantage, especially when tactics used to advance diversity help build operational capacity and fortify relationships with important partners and stakeholders for current and future undertakings.

Davis's approach to D&I—while inspired and well meaning—is also carefully aligned with its strategic business objectives, both immediate and long-term. They include the following:

- Securing the development rights in a highly competitive RFP bidding process;
- Recruiting capable partners—both contractors and vendors—with the experience, expertise, and resources necessary to complete their respective assignments on time and on budget;
- Recruiting and cultivating capable M/WBEs as partners on the Omni Hotel project as well as on future projects;
- Constructively engaging neighboring communities and community-based organizations;
- Proactively engaging key stakeholders, thought leaders, and influencers, including public officials, community leaders, the media, and unions;
- Recruiting and maintaining the trust of key investors and achieving meaningful minority equity participation in the project; and
- Growing a more diverse talent pool and recruiting pipeline for Davis specifically and for the commercial real estate sector more broadly, and contributing to the creation of a more inclusive and diverse commercial real estate development ecosystem.

Davis's inclusion strategy closely mirrors its strategic objectives and aligns with the tactics used to achieve them. Davis first had to prevail in a highly competitive bidding process based on MassPort's RFP. The RFP included an ambitious M/WBE participation goal of 17.9 percent, accounting for 25 percent of MassPort's award determination.

A bedrock element of Davis's inclusion strategy involved securing diverse talent for all stages of the project, from planning and operations to design, engineering, lighting, acoustics, and tech and security. It sought to surpass the RFP's target, so rather than achieving the 17.9 percent RFP goal and stopping, the Davis design team instead secured commitments amounting to a 31 percent M/WBE participation rate. This gave Davis a significant competitive advantage in bidding on the RFP given the importance that MassPort placed on minority participation in the site's development.

To advance its plan, the Davis team actively recruited

M/WBE firms with the requisite complement of talent and resolve, along with a demonstrated willingness to work closely with experienced partners. Davis was careful to select M/WBE firms amenable to receiving feedback and coaching, while also developing expertise, building capacity, cultivating relationships, and effectively performing their contractual roles.

Davis then paired certain diverse firms with more experienced majority contractors, particularly those with rigorous training, coaching, and mentoring as part of their organizational DNA and operating ethos. This helped ensure the quality and timely completion of the work. It accelerated learning processes, allowing participating M/WBE partners to sharpen their operational chops and develop greater know-how and expertise in real time. These "guided collaborations" positively affected the current project, while also creating greater capacity and more opportunity for meaningful M/WBE participation in future projects. It also elevated the visibility and stature of the diverse firms, enhancing their ability to attract the talent necessary to expand, grow, and compete successfully for future work.

Another aspect of Davis's strategy emanated from its expanded vision of inclusion, a vision that incorporated community outreach activities ranging from partnering with local unions to recruit and train local residents (especially those from vulnerable local neighborhoods) for permanent post-construction jobs in the hospitality and retail sectors, to identifying promising students for learning, mentoring, and internship opportunities, treating them as potential future talent for the real estate sector. This latter part of Davis's strategy addresses directly the often-repeated commercial real estate industry lament about the paucity of minority candidates for employment within the sector.

These engagements are substantive, meaningful, visible, and compelling. Intentional or not, they may come to represent the industry's more evolved understanding of—and deeper appreciation for—the impact that developments like the Omni Hotel project can have on diverse communities and their constituents, and the corresponding role that these communities may play in helping achieve successful outcomes for the project and businesses that eventually will operate from the premises. This outreach element within a larger inclusion strategy illustrates the extent to which large-scale commercial developments of this kind can help move the needle on inclusion and collaboration by engaging diverse neighborhoods and communities, facilitating their active participation, and in the process gaining their trust and the trust—and even gratitude—of key public officials.

This, too, can reassure investors, mitigating some—but not all—of their concerns about various social and political issues that can delay or outright derail the timely completion of a project like the Omni Hotel development. In this instance, Davis's proactive, public-facing approach to affected communities likely contributed to achieving not only diverse minority participation in the development, but also financing it, since $7 million was raised from diverse minority investors through syndication. As much as anything, this shows that Davis effectively identified and located diversity's sweet spot, using D&I not only as an ethical or regulatory imperative, but also to Davis's advantage in the competition for talent, capital, and the approval of influencers, stakeholders, and decision-makers. Ultimately, its D&I strategy was a central feature of its win.

HOW FOUR DEVELOPERS ARE BLENDING SOCIAL EQUITY AND HEALTH CONCERNS INTO FUTURE PROJECTS

BY HOLLY ROSENKRANTZ
SEPTEMBER 24, 2019

With health and social equity becoming an increasing focus in the real estate industry, four prominent developers speaking at the ULI Fall Meeting in Washington, D.C., highlighted ways in which they are prioritizing these issues in their corporate strategies, portfolios, and projects.

Executives from Vornado Realty Trust, Local Initiatives Support Corporation (LISC), Lendlease Americas, and Jonathan Rose Companies spotlighted concrete ways to shift real estate practices to encompass a focus on healthy people and inclusive communities. The industry overall is increasingly seeking to advance the integration of health, wellness, and social equity across portfolios and is finding compelling economic and social reasons for doing so, the developers said.

"The United States was founded as a land of opportunity, and a poor distribution of opportunities and services based on zip code is a poor allocation of justice," said Dawn Mottram, director of strategic initiatives at Jonathan Rose Companies. "We are mission based. Everything we do is driven by our mission, and our mission is to address these issues."

From a commercial real estate perspective, Vornado views its premier Chicago property theMART as a showcase and case study for incorporating public wellness concerns into its real estate development goals, said Daniel Egan, vice president of sustainability and utilities at the company. The property has received a Fitwel 2-star rating, recognizing the ways it supports the physical, mental, and social health of tenants. Fitwel is a building rating system providing guidelines on designing and operating healthier buildings.

Vornado views theMART as serving not just its tenants, but the broader Chicago community, Egan noted. Opening up the historic grand staircase at the property created a popular gathering space that enhances the community, he said. The Grand Stair can hold more than 100 people and serves as an event space for the community. The Art on theMart events, among the largest digital art projections in the world, add to the vitality of the area and enhance the cultural hub, he said.

"When we think about social equity, we are focused on our tenants, our employees, and the larger community," Egan said. There is a link for companies between trying to attract and retain talented employees and having a highly desirable location, he said. Commercial tenants can highlight the Grand Stair as a hub where employees can get in their 600 steps. "We developed a live/work/play approach where tenants can help their employees focus on their mental and emotional health," he said.

The company plans to take the same approach when it redevelops Penn Plaza in New York City. "We are aware that Penn Station is a place you like to get through as quickly as possible," Egan said. "We are charged with transforming a neighborhood and fostering that live/work/play mentality. We want to serve not just the tenants but the surrounding communities."

For residential development, Mottram said

Jonathan Rose seeks to develop properties that deliver social, cultural, and wellness enhancements to the people who live there. Beyond including features in properties such as health suites for seniors or community spaces that accommodate gathering, the company puts a strong focus on public safety features.

"We hear over and over that without safety in the community, nothing else really matters," she said. Features like community garden planting or movie nights where youth can engage with local police officers strengthen the property and the community, she said. Similarly, mobile food banks enhance food security opportunities for residents.

For Lendlease, the Barangaroo Skills Exchange in Sydney, Australia, is a key example of incorporating social equity into its practice, serving as a pop-up college for construction workers so they can learn new skills, said Eleni Reed, head of sustainability for the Americas at Lendlease. The company's FutureSteps fund is a philanthropic initiative to help address homelessness in Australia. In the United States, Reed said Lendlease has created a Barrier Reduction Fund which provides grants for qualified applicants to mitigate certain costs associated with entering the construction industry.

LISC seeks to develop underserved communities around the country by integrating social justice, equity, and inclusion into its projects, said George Ashton, managing director of strategic investments at the Community Development Financial Institution (CDFI). One hurdle that investors in this mission sometimes encounter, he said: "These projects sometimes take longer, and we all know time is money. It is hard sometimes for financial people to think about the tradeoffs that come with these kinds of projects."

More broadly, ULI is working on an ongoing assessment that takes stock of how the real estate industry thinks about and takes action on health and social equity. The study will be available in early spring, said Reed.

Ultimately, it is crucial that developers move past challenges in incorporating these concerns into their projects, Egan said. A key challenge, he said, can be dealing with the complexity of physical space—where do you find the space to address health and wellness concerns? Features like nursing rooms for mothers and defibrillators installed in public spaces enhance the viability of properties for tenants.

"It is so important to look at the impact of providing these spaces," he said. "It leads to lower turnover, more satisfied tenants. Results can be quantified."

"These kinds of decisions can be supported by data," Ashton concurred.

FUNDING ULI DIVERSITY INITIATIVES IN FOUR U.S. REGIONS

BY BETH MATTSON-TEIG
MAY 20, 2019

Ten years ago, ULI Colorado launched its Real Estate Diversity Initiative (REDI). The grass-roots program has become a model within the Institute for fostering education and career opportunities for people of color and women that is now poised for national growth. In 2015, ULI Minnesota reached out to ULI Colorado for guidance on launching their own program. Through ULI Minnesota's partnership with United Properties, the program secured funding for both the Minnesota and Colorado programs.

ULI is leveraging a grant from the Robert Wood Johnson Foundation to expand the REDI program throughout its network of district councils in the United States. Earlier this month, ULI announced four grant winners that include St. Louis, Kansas City, Memphis, and Indiana. Each will receive a $20,000 grant spread over two years that will help them launch their own REDI programs. ULI is also using grant funds to provide additional resources to all of its district councils, including a REDI guide and quarterly informational conference calls.

"This national grant that is now available is a huge opportunity for other district councils to have the funding that they need to begin to launch this program," says Marianne Eppig, manager of ULI Colorado—and one of the more than 300 graduates of Colorado REDI. Both the Colorado and Minnesota councils have worked closely with ULI to create the REDI guide that gives other councils a framework for starting their own programs.

"We are absolutely thrilled that we won a grant. The REDI program seems to be a wonderful next step for our work in equity, which in St. Louis has grown into what we're calling our Equitable Communities Initiative," says Kacey Cordes Mahrt, chair of Mission Advancement at ULI St. Louis and vice president, assistant director of Project Management, Affordable Housing at U.S. Bancorp Community Development Corporation in St. Louis.

Building diversity is an issue that moved to the forefront in St. Louis following the 2014 police shooting in Ferguson, Missouri, and the subsequent protests both in Ferguson and throughout the state.

Missouri's governor created the Ferguson Commission, which released a comprehensive report and call to action that included a list of objectives aimed broadly at improving racial equity throughout the state. ULI St. Louis took that to heart and started looking for ways that it could make a positive social impact. "We absolutely need to cultivate a group of developers of color and women to really help us get the big regional work done than is needed, meaning organic redevelopment of so many neighborhoods and pockets of the city that we currently don't have the capacity for," says Cordes Mahrt.

The grant will layer on top of work that ULI St. Louis has been doing to build relationships with stakeholders in community development. The council is currently taking applications, lining up mentors and speakers, and identifying development sites to serve as case studies for its first REDI class of 30 that will start this fall. "It is so exciting and cool to see the response to the program just in conversation during meetings around town," says Cordes Mahrt. "People are just thrilled that ULI is providing leadership here."

Providing Hands-On Learning

In Colorado, the idea to create a diversity initiative originated as an education and mentorship program that would serve people of color and women. ULI Colorado partnered with the Denver Office of Economic Development and also applied for and received a $15,000 ULI Foundation grant to help seed the program.

Three years later, they added a hands-on learning component that gave participants an opportunity to develop hypothetical real estate plans for real-life examples, specifically in "Jump Start" neighborhoods where the city wished to direct reinvestment. "From that point, the program really took off because we really gave the students something tangible to do, which was to come up with project proposals for these sites," says Michael Leccese, executive director of ULI Colorado. Participants in the program are split into teams, with each team coming up with a detailed site plan, design, financial pro forma, and marketing plan.

To date, ULI Colorado's REDI students have completed seven study sites. Not only do the students benefit from working through all the different aspects of a redevelopment project, but the sites also benefit, adds Leccese. "Our program sheds light on these development opportunities and there has since been positive development or proposals at all of these sites," he says.

Colorado and Minnesota will be sharing best practices and lessons learned from their own experiences with the REDI program. One of the things that ULI Colorado strives to do is curate a mix of participants from different backgrounds so that there is not an imbalance from one sector, such as architecture and design. It also is important to pick good case study projects. Sites that are too large can be overwhelming, and sites that are too small may not be able to provide enough discussion and project work.

ULI Minnesota makes a point of recruiting panelists and speakers who are women or people of color when possible. "We realized quickly that it was very important to have more of our faculty reflect the participants in the program," says Aubrey Albrecht, senior director of ULI Minnesota. Both councils have found that REDI graduates have returned as resources to help guide others through the program.

The REDI guide also gives district councils the flexibility to shape programs according to their goals or needs. For example, Minnesota's curriculum does cover the basics of teaching hard and soft skills of developing a project. Panels and speakers throughout the 13-session course delve into topics such as understanding construction costs and financial feasibility. However, the program also has a strong emphasis on building relationships to help advance the careers of participants. "Part of the aim of REDI is to help professionals to expand on their networks through the many mentors, facilitators and other industry experts who give their time and expertise to the program," says Albrecht.

REDI has generated success stories for graduates, including opening doors for new opportunities or new career paths within real estate. Another measure of success has been watching the graduates who have stayed with ULI become volunteers, get involved with communities, and really help drive impactful change within the organization, adds Leccese. Participants pay a nominal fee of $250 to $300, which includes a textbook and meeting sessions along with a free one-year ULI membership after completing the program.

RECRUITMENT OF NONTRADITIONAL CANDIDATES CAN BOOST INDUSTRY DIVERSITY

BY RACHEL KAUFMAN
MAY 21, 2018

Panelists at the ULI Washington Trends Conference in April said having a more diverse staff benefits the bottom line and addressed some of the ways they are trying to attract talent to the industry.

"If everyone around the table looks the same, it's hard to get outside of that box," said Jodie McLean, chief executive officer of EDENS, a real estate developer, operator, and owner. "Many people at EDENS do not have what we call the right résumé. They're the right people." McLean is also a ULI Governing Trustee.

Julie Smith, chief administrative officer at the Greenbelt, Maryland–based Bozzuto Group, a real estate development and construction company, concurred that hiring candidates from the same MBA programs is going to result in a fairly homogeneous group of people, both in terms of their racial, sexual and gender identities and in terms of their thought processes.

"If you fish in a different pool, you'll have more diversity," she said. She cited self-made billionaire Sara Blakely, the founder of Spanx, who was a communications major.

Usha Chaudhary, president and chief operating officer of Washington, D.C.–based developer and property manager Kettler, said that though her company has no diversity program in the traditional sense, it has grown to be diverse organically, with about an even male/female split among employees. "We want to be reflective of the community we live in and the customers we serve," she said, a point echoed by Smith.

Panelists disagreed on how to measure diversity, or whether it should even be measured to begin with.

"To try to put a number on it is, I believe, a mistake," Chaudhary said. "If diversity and inclusion is how you live your life, it's not a program or initiative. It's who you are. It's like integrity or honesty or transparency—how would you measure that?"

But McLean said intentionally building a diverse company has yielded many benefits.

"We have been really intentional about changing our board makeup [and committing to diversity] all the way down," she said. "We have seen operational results that outperform our peers, and so we definitely benchmark there. . . . So I think it's not only good for our people, but it's good for our business."

Diversity also boosts engagement and retention, she said. Smith agreed, saying having a diverse company helps a company keep employees as they advance in their careers.

"I think one of the reasons we lose candidates is—whether it's a minority or a woman—[they say,] 'I don't see anybody like me in the C suite. I have a window of opportunity, and I can either stay here and be stuck, or find a runway that's a little bit clearer,'" Smith said.

"I think companies are really challenged with the top of their organization. Sometimes you have to move aside or put another chair at the table or do something that will give people some sense of confidence that they can achieve their career goals at the company." Otherwise, a company can lose talented candidates to the competition. "Turnover is really expensive," she said.

Panelists suggested that to begin building a more diverse company, hiring managers should look at more diverse candidate pools and not discount someone because his or her résumé is different from one submitted by a "traditional" candidate.

Chaudhary has begun to hire outside the industry. "I brought over some people from the Washington Post, and they're doing great," she said. (Chaudhary herself was chief financial officer at the media company at one time.)

But panelists agreed that employee referral programs are the best way to grow more diverse. They are "by far the best way to build an organization," Smith said. "[Employees are] not going to risk their own reputation in your company on someone they think is going to flake out.""

AS BOISE BOOMS, FORMER HUD SECRETARY SEES A CHANCE FOR GREATER EQUITY

BY CARISSA WOLF
JULY 30, 2018

Behind the new home construction, park improvements, and a rising downtown skyline that are attracting out-of-state migration, some longtime families in Boise, Idaho, are struggling to afford housing in a market that has seen rents more than double in the past decade. The average home price is now beyond the means of the average area income.

"The reason we live here is the quality of life and we better pay attention to it," said ULI Idaho's chair and local developer Clay Carley, speaking at a forum of civic and government leaders hosted by ULI in July.

"While creative and entrepreneurial classes enjoy the fruits of prosperity in the nation's growing cities, large parts of the population find that prosperity just out of reach," former U.S. Department of Housing and Urban Development (HUD) Secretary Henry Cisneros told a forum of Boise leaders gathered for a conversation about building equitable cities in an urban nation.

"When I think of cities on the rise like Austin or Nashville, I put Boise in the category of progressive cities growing a strong economy. So many things are possible," Cisneros told the audience that included elected city officials, business executives, and nonprofit leaders.

Cisneros said the growing prosperity of Boise positions the city to help solve social problems long thought beyond the scope of municipal government.

"People are locked in a permanent underclass where life is just different," Cisneros said, offering city leaders a blueprint for bolstering the economic mobility for some of its most vulnerable residents. He said that by expanding opportunities for their citizens, cities can advance economic expansion.

"The purview of city government has changed. And leadership on a broad set of issues is important and those are these big national issues like income inequality. We can build our cities, we can build our economy, and design our communities in ways that make it possible to address those other issues."

He said cities that are on the rise and in a position for strong economic growth like Boise are even better positioned to create more equitable urban environments.

"This is a moment in history that is great for cities," he said. "For the first time in the history of mankind, more people live in cities than in rural places. The U.S. is clearly a metropolitan nation."

That American urban landscape is changing, and that positions American cities to address urban problems in ways they never have before, Cisneros said.

We have a new American economy that is no longer rooted in manufacturing but in entrepreneurial growth, creative pursuits, and innovation. Where factories once loomed large, universities, international trade, and medical hubs make up the new economic anchors of our cities.

These changes not only changed the face of American cities but also position cities to make new changes. That entrepreneurial, innovative, and creative spirit shapes local government and could serve as a foundation to help cities usher in a more equitable future, Cisneros said.

"All of these things taken together has created an urban renaissance," he said.

But amid that renaissance, major problems fester, he noted. Roughly 65 percent of the population lives in 100 of the largest cities and for some of that population, life is not equal.

Cisneros said the innovation and brainpower that drive today's cities could help solve some of our more perplexing problems of inequality.

"In a time when the federal government has backed away from the equality agenda and states have never had that much interest, with income inequality, cities have a stake and cities have a role," Cisneros said. "You don't have to solve the problems of the world, we just have to solve them locally and people will notice and follow.

"It requires big thinking about the people left behind," he said.

The former San Antonio mayor who coauthored Building Equitable Cities: How to Drive Economic

Mobility and Regional Growth drew from his research to explain how cities can focus on strategies to expand opportunity for more residents and boost economic expansion. He offered civic and elected leaders a blueprint that outlined how cities can create more inclusive, equitable environments in which to live and thrive. Cities thrive when people thrive, the authors write.

Cisneros offered case studies of cities that implemented strategies and programs that help residents climb the economic ladders that would ultimately help boost a city's bottom line. He pointed to efforts already happening in Atlanta that aim to address the inequitable fallout from gentrification to efforts in New York City to increase the number of affordable housing units and initiatives in Denver and San Antonio to make community colleges more accessible and affordable.

"You can't do these things without a growth economy," he said.

He reconciled the growth ethic with the equality ethic, noting how San Antonio aggressively recruited new industry to the city. Those efforts created economic stepping stones that helped residents climb the income ladder, he said.

His talk and research looked at strategies that cities employed to bolster struggling neighborhoods and improve the quality of services to residents while strengthening the education, workforce, and financial outcomes of community members. He said that efforts to reduce disparities in education outcomes by neighborhood, income, race, and ethnicity as well as initiatives to increase affordable housing in more affluent areas and collaborations with anchor institutions such as universities and hospitals to spur community development should all be part of the effort to narrow economic gaps.

"Cities are not going to solve the issue of inequality, but they do have a place in the discussion," he said, imploring cities to invest in job creation, education, and transportation as a catalyst for bridging the gap and boosting economic expansion.

Private and public sector, civic leadership, and philanthropic partnerships are critical to making investments and strategies work, he said.

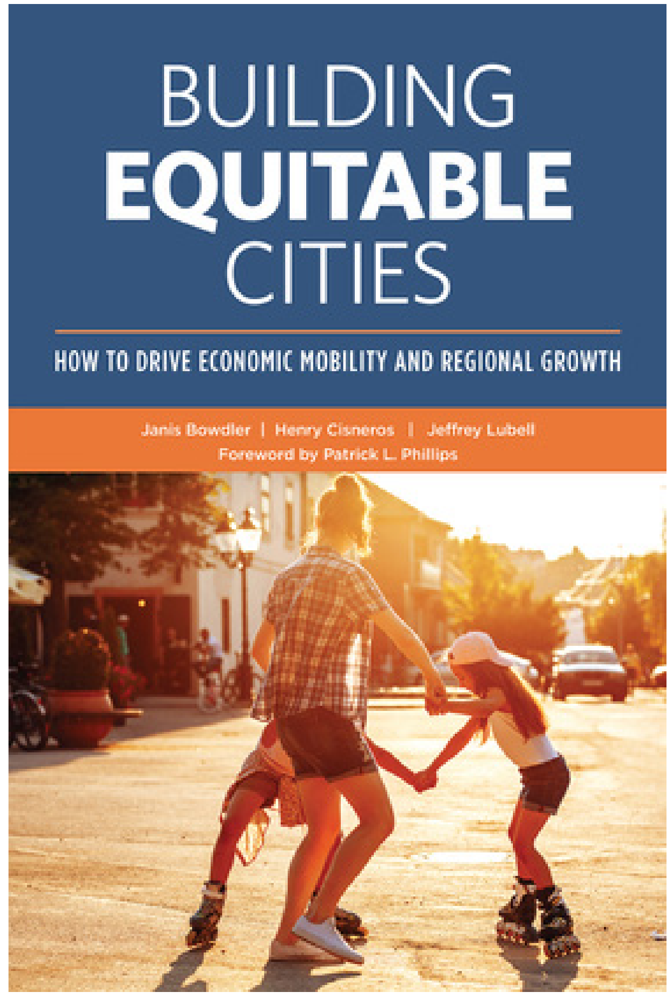
"Cities have to be intentional and guiding that process. It's hard. It takes a long time, and most political leadership doesn't have the patience to stay the course," he said. "The city can't lead, but it can steer. You don't need to paddle, but you do need to steer the boat."

EQUITY: A NATURAL NEXT STEP IN THE EVOLUTION OF CITIES

BY HENRY CISNEROS
FEBRUARY 3, 2020

Over the past 40 years, I have had the privilege of observing the evolution of U.S. cities from a range of perspectives. I have seen cities become more capable and sophisticated in nurturing both a healthy regional economy and the economic and social capacity of their residents. While there is more they can do to accelerate the trend, cities increasingly are working to foster the conditions that lead to economic mobility, a vital component of broader efforts to create a more equitable society. The concerted effort to promote economic mobility that we recommend in this volume is consistent with this trend—a logical next step in the evolution of cities.

Of course, U.S. cities have been evolving throughout the history of our country. In this preface, I provide a brief overview of cities' progression and show how promoting economic mobility and other components of the equity agenda are a natural and important role for cities in the 21st century.



The Historical Progression of U.S. Cities toward Equity Goals

Cities and their municipal governments have been an integral part of American progress since the founding of our nation. Early in American history, cities such as Boston and New York City assumed important roles as centers of commerce, ports of trade, and staging areas for the immigrant populations that swelled the nation's population. From the early to mid-1800s, city governments incorporated and organized themselves to provide basic municipal services such as police and fire security, street maintenance, sanitation, and water distribution.

As the number and scale of cities grew and new mechanical devices could be applied to the urban quality of life, city governments offered or supervised the establishment of electric utilities to generate and distribute power for street lighting and for the use of households and businesses. By the latter years of the 19th century, city governments were using the latest engineering techniques to design flood control projects, construct ports and levees, plan parks and public auditoriums, establish libraries, and build educational institutions, including public schools and colleges.

In the early years of the 20th century, city governments directly addressed a new range of issues related to their increasing populations. Many were spurred by reformers such as Jacob Riis, who described the squalor of urban living conditions, to build better housing to replace the poorly built and unhealthy tenements that crowded many city neighborhoods. And with the advent of the New Deal and its strategy of stimulating the economy through public investment in massive public improvements, city governments joined the federal government to provide public housing and build large-scale public works such as dams and urban water reservoirs, green spaces and recreation areas, and thruways to facilitate the movement of motorized traffic.

While the most urgent intent of the Franklin Roosevelt administration was to increase employment, the crisis of the Great Depression uncovered the dire conditions of poverty, hunger, illness, and aged frailty that affected millions of Americans. During the Depression, cities became full partners with the federal government in the nation's first equity agenda and became the tip of the spear for programs to generate employment, ensure new social safety nets, and create a legacy of lasting public improvements. The immensity of the economic crisis and the shock to the nation's conscience embedded concepts of equality, fairness, and opportunity in the fabric of the nation's social, political, and economic institutions for generations thereafter.

In the years following World War II, city governments participated in the growth of the American economy through innovations in local economic development. City governments invested in massive convention centers, collaborated to provide sports stadiums for the expanding public interest in professional football and baseball, and assumed catalytic roles in the strengthening of urban downtowns. City leaders led the way in clearing spaces for corporate office headquarters, extending mass transit via rail and subway systems, and explicitly spurring urban development using tax abatements and urban renewal.

As the nation's economy began to deindustrialize in the 1960s and manufacturing plants left urban core areas, city populations increasingly moved to the suburbs. Policy makers, scholars, and the media declared an "urban crisis." Social commentators, such as Michael Harrington in his 1962 book The Other America: Poverty in the United States, painted a stark picture of inequality and human suffering. The civil rights movement drew attention to the racial dimensions of the urban transformation as poverty became more concentrated, neighborhoods were segregated by race, and jobs and wages in the cities declined.

President Lyndon Johnson's Great Society initiatives committed to a wide range of human services programs that, though they were initiated and funded at the federal level, required city governments and nonprofit organizations in the cities to deliver the programs at the local level. The Johnson administration updated the Roosevelt equity agenda and declared a War on Poverty in urban and rural communities. The scope of its human services programs was broad, including early child development, job training, K–12 education assistance, health clinics, and programs for seniors. Neighborhood antipoverty efforts and organizations such as the Model Cities Program and the community development corporations sponsored by the Office of Economic Opportunity built on and expanded human services traditionally offered by churches and settlement houses. Those human-capital investments and the accompanying mobilization of community participation harnessed the momentum of civil rights–era laws, such as the Voting Rights Act, and of numerous Great Society initiatives in education, health services, and income security.

Channels of Funding for Equity Programs

In the 50 years since the rollout of the Great Society programs, significant change has taken place in the funding channels for programs with equity objectives.

Some programs have relied on local governmental budgets principally from city and county governments, school districts, and community colleges. State governments have been participants in equity programs, particularly through their departments of health and education. The federal government has remained a major source of funding for human services programs through the specific channels, or silos, of the cabinet departments. Examples include Community Development Block Grants and the HOME Program from the Department of Housing and Urban Development, Economic Development Administration initiatives from the Department of Commerce, health clinic initiatives from the Department of Health and Human Services, school lunch programs from the Department of Education, funding for manpower training from the Department of Labor, and rural development programs from the Department of Agriculture.

In addition to government agencies, philanthropic foundations have played major roles over the years in supporting new approaches to delivery of human services. The Ford Foundation, the Rockefeller Foundation, and the Annie E. Casey Foundation, for example, along with area foundations in many metropolitan regions, have contributed a steady stream of resources to human services over many decades. Corporate partnerships and contributions in areas such as child care, youth programs, and educational interventions have expanded the funds available for needed human services in communities. Detroit's steady comeback has required a combination of engaged leadership and financial resources from the Kresge Foundation, JPMorgan Chase, and Quicken Loans. Many cities have raised funds broadly through United Way campaigns and benefited from local civic involvement by volunteers working at the grassroots level. The combination of these massive commitments represents financial resources and human energies available for local equity programs coming through many channels of distribution and focusing on specific neighborhoods, organizations, and needs.

Local Delivery Capacities for Equity Programs

On the receiving end of these resource channels is an equally wide array of delivery and execution entities. The range of government and nonprofit organizations committed to enhancing opportunity and equality is wide.

It includes church initiatives such as Catholic Charities, various Protestant ministries, Jewish community centers, and other church commitments to child care, homeless services, and senior services. Nonprofit organizations of many kinds are in the field. Some are community-based organizations with strong advocacy commitments, such as the Industrial Areas Foundation. In most metropolitan areas, there are strong and experienced community development corporations and more recently community development financial institutions; both types of organization have received funding from the federal level to work in designated subareas of cities or in rural communities but augment those funds with local resources.

Most municipal governments have extensive human services departments that operate senior nutrition programs and various forms of training initiatives. In the education arena, school districts offer not just traditional K–12 programs, but also after-school programs, literacy initiatives, compensatory education, and increasingly early pre-K instruction. They are joined in the education space by community colleges, four-year colleges, and universities in access-to-college programs, including scholarships. In most communities, small, neighborhood-level, even block-level volunteer programs work with youths, assist senior citizens, feed the homeless, repair deteriorated homes, and provide street patrols, surviving on minimal budgets funded locally.

Cities as Leaders in Efforts to Promote Economic Mobility

There are many reasons why cities can be effective leaders of efforts to promote economic mobility and other equity initiatives. Cities can frame appropriate responses because they are close to the problem. City leaders are in the best position to understand the makeup of poverty in their respective communities. City governments can be coordinators, in the sense of orchestra conductors, of the disparate capabilities and resources that exist at the local level to combat poverty. They need not be the initiator in every case or the sole provider of resources, but they can frame the local context, create a network of action to engage existing organizations and streams of funding, and weave them into a coherent response. The task is to match the delivery capabilities, traditions, specializations, and resources of organizations with the spectrum of needs identified within the community. Cities are institutions of permanence and therefore have the capability to set up long-term arrangements. They also can respond to the scale of the effort in that they have responsibility for every neighborhood and every district of the city and can make sure that the entire geography of the city is covered.

Though cities are well positioned to help residents move up the economic ladder, and many are actively engaged in doing so, there is more that cities could and should be doing. In this volume, we have compiled a range of recommendations for how cities and their partners can use place-based and people-based approaches to promote economic mobility. We hope that these ideas will be helpful both as guidance and inspiration for cities interested in more actively promoting an equity agenda.

In addition to this practical guidance on how to promote economic mobility, we also provide suggestions for how cities can develop a strategic plan for promoting this mobility as part of a broader equity agenda, along with the operational infrastructure needed to advance that plan. While a growing number of cities are focusing explicitly on an equity agenda and some have appointed chief equity officers, no city government in the United States today has created an overarching equity umbrella and assembled under it the myriad governmental and independent efforts involved in equity programs. It is a city leadership task that can be achieved. It would apply the necessary scale and coordination of effort to combat the widespread, persistent, and accelerating growth of inequality as it manifests itself in America today.

Engaging cities as leaders in a national strategy of combating inequality is America's best hope for ensuring that our historical experience of progressively building a more fair society continues and that our ongoing quest for a more equitable society will drive our future.

__Henry Cisneros__ is chairman and cofounder of CityView, which invests in urban residential real estate projects, and is chairman of the executive committee of Siebert Cisneros Shank, a national public and corporate markets finance firm. Cisneros served four terms as mayor of San Antonio and was secretary of the U.S. Department of Housing and Urban Development under President Bill Clinton. He is a member of the Urban Land Institute, vice chair of Habitat for Humanity International, and a member of the board of the Bipartisan Policy Center and the Urban Institute in Washington, D.C.

HOW THREE CITIES ARE ADDRESSING RESILIENCE, EQUITY, AND REVITALIZATION

BY MIKE SHERIDAN
MAY 8, 2017

U.S. mayors are working diligently to help solve the pressing issues of revitalization, equity, and resilience facing the country's cities.

"Once upon a time, equity was a self-evident truth in this country," Mayor Ethan Berkowitz of Anchorage explained. "We want to make sure that each and every member in the community is included in the economic outcome and is a valuable participant in the process."

Berkowitz; Mayor Rosalynn Bliss of Grand Rapids, Michigan; and Mayor Sam Liccardo of San Jose, California, spoke at a forum presented by the Rose Center for Public Leadership in Land Use. A program of the National League of Cities in partnership with ULI, the Rose Center seeks to foster creative, efficient, practical, and sustainable land use policies by providing public officials with access to information and other resources. Since the Rose Center was established nine years ago, mayors and other public officials from 32 cities have participated in the center's Fellows program, said ULI's Global Chief Executive Officer Patrick L. Phillips.

Debates about social equity and neighborhood gentrification often take on a zero-sum characterization, he continued, focusing on winners and losers instead of the shared common ground. "As industry leaders, it is up to us to help find solutions and models that can be used to trigger investment in cities and help achieve better outcomes for a broader cross-section of our population," Phillips said.

While gentrification is a complex issue, it does not have to be a "haves versus have-nots" one. Through best practices and the expertise of members, organizations such as ULI are aiming to demonstrate that building for inclusivity means building for success.

In Washington, D.C., Phillips said, the Rose Center is working with District Mayor Muriel Bowser and her team to ensure that the redevelopment of a former hospital site in a gentrifying area of the city will provide strong benefits for existing residents of the adjacent neighborhood.

"The city has already built two public facilities on the site, and several buildings are being renovated for mixed-income housing and commercial uses," Phillips added. "A major sports arena is in the works. It's a phenomenal investment in an area of the city that is rich in community character and historic significance. The key is making sure that those who are living alongside this new development benefit as much as those who move to it."

Mayors Berkowitz, Bliss, and Liccardo echoed Phillips's theme, agreeing that in today's partisan world, citizens are looking to local officials to help solve their problems.

"We're living in a time when there is highly divisive political rhetoric," said Berkowitz. "We don't have the luxury of fighting with each other like they do in Washington, D.C. We need to produce results. One of the responsibilities as mayor is to be positive and supportive of the inclusion of all residents."

Anchorage is the biggest city in America's biggest state, where more than 100 languages spoken are spoken. "We contend with issues related to the classic definition of resilience as being able to deal with acute shocks and acute stresses," he continued. "Mayors are in a hurry to get things done. In Anchorage, we seek to reach out to all and get them prepared for shocks and opportunities."

During a discussion moderated by Michael E. Grass, executive editor of Route Fifty, a digital news publication from Atlantic Media's Government Executive Media Group, the mayors noted the challenges they face.

Grand Rapids is a city of roughly 200,000 with a hot housing market and a diverse economy. "We are a city built on the furniture industry with a vibrant downtown and 32 unique neighborhoods," said Bliss. "Our city is also a tale of two cities with tremendous growth and excitement, but significant racial disparities," she added. "We have 17 census tracks with double-digit unemployment, and these are our neighborhoods that are the most racially and ethnically diverse. In order to be a prosperous city, everyone needs to be a part of our success. We're currently working on a number of initiatives focused on racial equity, and each one is critical to having a significant impact on addressing systemic racism and eliminating racial disparities."

On the West Coast, the nation's tenth-largest city is surrounded by wealthy counties with wealthy, successful companies like Intel, Google, and Facebook, said San Jose Mayor Liccardo. "That success has left some of our residents behind," he said. "We are proud of our great history of innovation, but we are challenged by growth and opportunities and difficulties of growth all around us."

San Jose is unique in that its growth has been guided by individuals who were not born in the United States. "Immigrants are the secret sauce of our success," he added. "Some 40 percent of our adult population is foreign born. We welcome immigrants and we're proud of them. More than half of startups were started by foreign-born individuals."

Like other American cities, San Jose is challenged by equity issues in a big way, he said. "We're investing $1 billion over the next 20 years in affordable housing and it's not going to be enough," Liccardo added. "We know that the suburbs get richer while big cities have to address the more needy residents. But companies are looking to return to the big cities, and that's a good thing."

AIMING FOR EQUITABLE DEVELOPMENT WHILE FOCUSING ON GENUINE CITIZEN PARTICIPATION

BY AMANDA ABRAMS
MARCH 25, 2019

As cities across the U.S. Southeast are attracting investment, the resulting growth can bring with it a downside, with only a limited number of perspectives being heard and represented in the planning. Panelists speaking at ULI's 2019 Carolinas Meeting in February discussed how to solicit genuine participation from the full range of groups affected by development.

"For the people in real estate, are we aware of the harm we've caused, the legacy we step into?" asked Kofi Boone, a professor of landscape architecture at North Carolina State University. He pointed out aspects of policies such as redlining and urban renewal, which crippled some neighborhoods for decades and resulted in deep economic disparities and very low economic mobility in North Carolina.

To change that model, he said, "the new themes need to be authentic engagement, building relationships, facing injustice, and being outcomes-based. These are the successful projects."

Developers and community organizers do not need to reinvent the wheel. Models for interaction already exist; for example, there is Arnstein's Ladder of Citizen Participation, which illustrates levels of engagement with residents, from manipulation all the way up to full citizen control. But true engagement is not easy to accomplish. "In my professional life, we haven't gotten to the top third [of the ladder]," explained Boone. "It's usually surveys [that are used], and they're always the same questions, without any real input."

But there are good examples out there of projects that truly aim to benefit the community where they are located. In Washington, D.C., for instance, the developers of the 11th Street Bridge Park knew that the project had the potential to gentrify and displace people living in nearby Anacostia, a low-income community. In response, they began investing in the area 10 years before the park would be finished: helping residents buy homes, build businesses, and find jobs, and encouraging area artists.

And in New Orleans, the Ashé Cultural Arts Center was created from a crumbling building two decades ago. Now a bookstore, gallery, performance venue, and youth-focused bicycle repair shop, "it had a dramatic impact on the neighborhood and property tax values," said Boone. But because its development was paired with civic engagement and political activism, virtually no residents were displaced due to its success.

Jillian Johnson, mayor pro tem of Durham, North Carolina, agreed that getting citizens' voices into the process is key to reducing the negative effects of gentrification. Durham, for instance—a city in which over 50 percent of residents are people of color—is simultaneously experiencing rapid growth and a very severe affordable housing crisis. To address it, the municipal government is trying to figure out how to engage residents.

"Equity requires an inclusive democracy," said Johnson. "People know their own problems best. Getting their opinions and expertise—that's critical to making good decisions as a policymaker."

She admitted, however, that Durham doesn't yet have that kind of inclusivity, and that getting there will be a challenge. "We need to remove barriers to participation," she explained. "Right now, we hear from all the same people. There are systemic and institutional barriers that prevent [other] people from getting educated and engaged."

Many of the hurdles that Durham is experiencing are shared by cities around the world: legacies of distrust resulting from disastrous past city planning initiatives; large amounts of destabilizing global capital coming in from elsewhere; state and federal governments that explicitly limit cities' ability to solve their own problems; and crumbling public housing infrastructure due to years of deferred investment.

In response, Durham developed several new institutions and actions to bring in new voices. They include a racial equity task force that will come up with concrete recommendations to help the city function more fairly; a series of "community conversations" held around Durham to discuss the city's budget process; a new participatory budgeting process that will allow the public to determine how $2.4 million should be spent; a focus on diversifying city boards and committees; and an Equitable Community Engagement Blueprint to guide future development.

Bringing in new voices is a work in progress, said Johnson, but it is one that Durham—and all city governments—need to proactively engage in. After all, she said, cities are where people are going to be in the future. "And this is the level of government that's most accessible. Our decisions most directly impact our people."

In Atlanta, Odetta MacLeish-White has a similar task, but with a slightly different perspective. She is the managing director of the Transformation Alliance, a collaboration of nonprofit organizations, universities, and government that aims to ensure that the benefits of MARTA, the city's rail system, are shared by all of the city's residents.

In a way, the organization is trying to unwind some of the gentrification that was unwittingly caused by the city's famed BeltLine. Today, Atlanta has the worst income inequality among American cities—and that translates into measurable disparities.

For instance, life expectancy for residents living near MARTA's Oakland City Station, a primarily African American neighborhood, is 72 years; for those living near Buckhead Station—a much more upscale area—the average life expectancy is 82 years. "That's a lot of life to be denied because of your race," said MacLeish-White.

That is the kind of thing the Transformation Alliance is trying to gradually address with its initiatives. "We have twin North Stars," said MacLeish-White. "They are the centrality of transit, and being explicit about race and racism."

The group has developed an "equity evaluator," a tool that can be used to determine the potential benefits and damages of a given development or policy. Using scoring criteria, the assessment tool helps rank projects according to how they affect the city's equity; MARTA is reportedly planning to incorporate its principles into its request for proposals (RFP) process.

The group has also focused on establishing "third spaces" for people of color. These are places away from home or work where Atlantans of all ages can rest, play, or hang out—without fear of being arrested. Currently, the Transformation Alliance is building sports fields under MARTA lines where young people can play soccer; the transit company is donating decommissioned rail cars that can be used as libraries or continuing education classrooms nearby.

There are other initiatives, too: a giant mural at the King Memorial MARTA station that was essentially crowdsourced by residents; the Transformation Academy, which teaches participants about the history of racism in Atlanta and what equitable, transit-oriented development looks like.

Ultimately, said MacLeish-White, in a metropolitan area that has been torn apart by urban renewal, racism, and development benefiting only some people, "we're reknitting together the city."

PLANNING FOR EQUITABLE TRANSIT-ORIENTED DEVELOPMENT IN SACRAMENTO

BY KATHLEEN MCCORMICK
NOVEMBER 12, 2018

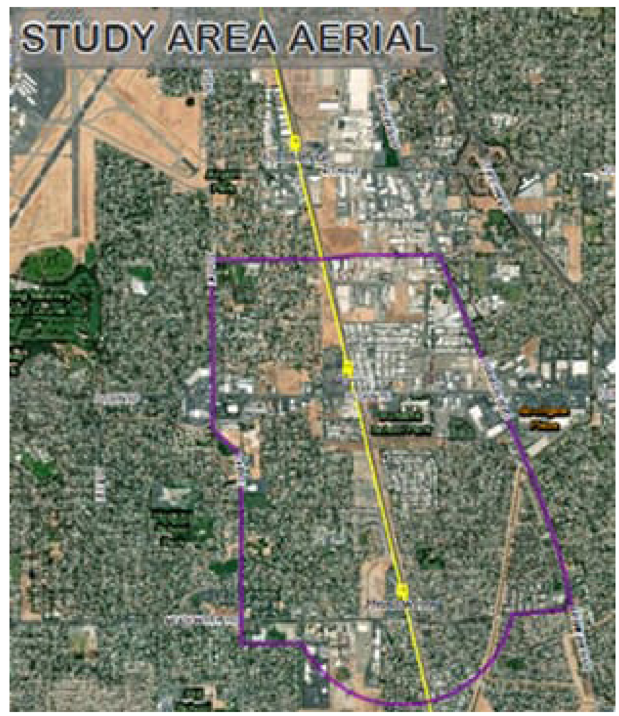
A ULI Advisory Services panel toured South Sacramento, California, in September, meeting with more than 75 city and county officials, local business leaders, residents, and other stakeholders. Panelists were tasked with studying the area near two light-rail stations and offering strategies for equitable transit-oriented development (TOD) that could leverage existing community assets and infrastructure to improve physical, social, and economic conditions.

"The light-rail stations are well designed and poised for TOD expansion," said panel chair David Leininger, former Dallas Area Rapid Transit executive vice president and chief financial officer, during the panel's final presentation. Leininger said that developing adjacent public land "could spur additional ridership," and that the market should support development of assets—"upwards of $300 million of new investment," based on the panel's preliminary development program for the two station areas. The four sponsors—Sacramento Regional Transit (SacRT), Sacramento Council of Governments (SACOG), Sacramento Municipal Utility District, and Sacramento Metropolitan Air Quality Management District—asked the ULI advisory panel to outline a plan for kick-starting a retrofit of the two transit-adjacent neighborhoods into transit-oriented neighborhoods. Their goals were to promote equitable, healthy, and inclusive community development that fosters job and income growth, housing options, and healthy neighborhood amenities with more convenient access to transit, retail, and services.

The sponsors also wanted to reduce greenhouse gas emissions, improve air quality, and increase transit ridership. They cited the need for more housing—with an influx of residents from coastal cities like San Francisco—and a future need for 1,700 new homes in the study area projected by the city's 2035 General Plan. The panel was also done in conjunction with the 10-Minute Walk Campaign—a national initiative by ULI, the National Recreation and Park Association, and the Trust for Public Land—to promote the idea that everyone in urban areas across the United States should have a high-quality park within a 10-minute walk. Their questions for the panel were as follows: How can parks, open spaces, and active connections to transit be part of local infrastructure and community development plans? How should Sacramento reinvigorate existing infrastructure (physical, social, and economic) to grow an equitable, transit-oriented community around these light-rail stations? Which efforts should the public and private sectors partner on to accomplish early, mid-, and long-term changes? With increasing home costs, how could the cost of new housing be balanced with the need for affordable housing? To address these questions, ULI convened a panel including some of the nation's best minds in TOD, economic development, social equity, parks and open space, affordable housing, landscape architecture, and finance.

The four-square-mile (10 sq km) study area, located about eight miles (13 km) south of Sacramento's central business district, centers on the 20-acre (8 ha) Florin Road and 15-acre (6 ha) Meadowview Road light-rail stations, opened 15 years ago as the next-to-last and final stops on the Blue line. In 2016, SacRT extended the Blue line to newer suburban development further south. Now at midpoint, the stations have large, mostly empty commuter parking lots and need improvements for safety and comfort. They are located on busy auto-oriented commercial corridors with businesses like fast-food restaurants and nail salons. Florin Road was "auto-dealership row" until the dealerships headed south. The area also has land uses such as light industrial and offices for public agencies. But decades of disinvestment have left many vacant buildings and lots. The largest concentrations of undeveloped or underdeveloped land sit adjacent to the stations and are owned by SacRT, which is interested in selling or joint-use development of the land.

The challenges of low housing density and lack of connections to jobs, however, have led to the stations' status of the lowest ridership in Sacramento's transportation system. Over half the homes in the study area are 1960s- to 1980s-era suburban single-family—the rest are multifamily and mobile homes. The study area's population of 19,400 has increased by 2,000 residents since 2010, with over 41 percent of households having four or



Aerial of the study area is South Sacramento.

more members. Some 44 percent of residents are under age 25; 30 percent of adults have only a high school degree or equivalent. Unemployment of 11.4 percent is several times greater than the city's 3.5 percent. Half of all households earn less than $35,000 annually from service or low-level white-collar jobs. Fewer than one-third of households own vehicles in an area with little connecting bus service. While the city's crime statistics show that the area is relatively safe, it suffers from perceptions that it is not safe. The recent shooting death in the Meadowview neighborhood of Stephon Clark, an unarmed black man, by Sacramento police has heightened community distrust and anger.

The use of a racial-equity lens for equitable development was "a perfect approach to use in these neighborhoods because of the diversity of residents," said Karen Abrams, program officer for equitable development for the Heinz Endowments in Pittsburgh. The study area includes Latino, Asian, black, and white residents. South Sacramento exhibits a strong sense of pride and identity in its racial and ethnic diversity, a cultural mix reflected in local restaurants, stores, and community centers. But Abrams and other panelists noted that residents also felt neglected, disconnected from government systems, and suspicious of multiple planning efforts that had been done "to the community and not with the community." Residents also expressed fear of displacement, which is happening elsewhere in the city as housing pressures mount. "This work is difficult," and requires time, patience, and commitment, said Abrams. Sacramento leaders need to make sure "that people feel they can be successful in their neighborhoods, and not seek what they want and need by moving out."

Emphasizing public/private leadership, thoughtful land use, and retrofits to create more multimodal options and green infrastructure, the panel offered some ambitious but achievable recommendations:

- Identify and strengthen leadership within the South Sacramento community. The panel advised cultivating leaders within neighborhood associations, business districts, and nonprofit organizations and a structure to improve collaboration between the community and government agencies.
- Identify an "executive sponsor" for a South Sacramento program to develop safe,

ULI Advisory Services panel members met with high school students, and local elected leaders. (Phil Kampbel/ULI)

connected, active, and green pedestrian and bike transit access to improve “first- and last-mile” options. The neighborhoods need infrastructure fixes to make safer and more comfortable sidewalks, streets, and crossings. The panel advised concepts like “complete streets” with protected sidewalks and bike lanes, road diets, traffic-calming measures, and shade trees and greenway trails, as well as bike parking and repair shops. They said that families need “safe routes to school” plans and free or reduced bus and rail passes.

- Establish a South Sacramento TOD working group with representatives from the city, SacRT, SACOG, Sacramento Housing and Redevelopment Agency (SHRA), and volunteer real estate advisers identified by ULI Sacramento ULI to facilitate planning, design, and development on available SacRT land next to the two light-rail stations.
- Build denser mixed-income and mixed-use multifamily housing to provide affordable units, draw people with higher incomes, and stimulate redevelopment along the corridor. The sites are zoned for higher densities, and the panel recommended the development of 920 units of multifamily housing at the Florin station under a long-term land lease. Ground-floor uses could support the neighborhood with a daycare and a sit-down restaurant or bike shop. At Meadowview, the panel advised that 540 senior units with retail space be created. They recommended drawing on the resources and expertise of SHRA, as well as funding through low-income housing tax credits, New Markets Tax Credits, Opportunity Zones, HUD grants and loans, and TOD incentives.
- Jump-start jobs and entrepreneurship with redevelopment and placemaking of available retail space.

The panel said that the repurposing of underused retail space could provide temporary construction jobs and permanent operating jobs in California’s nascent cannabis industry and other businesses. They advised working with trade unions, the community college, and the Urban League to offer job training and skills programs targeted to the area's large population of unemployed or underemployed youth.

- Create parks and recreation facilities, community gathering spaces, and healthy food opportunities through station area design, development, and programming. The panel recommended three acres (1.2 ha) of new parks, plazas, and open space for each station area, as well as urban agriculture and community gardens, community kitchens that could provide business opportunities and cooking classes, and a fresh-food market at Florin.

- Use arts and culture to activate station area development and enhance the study area's sense of place and community. The panel advised programming new parks and gathering spaces for art, entertainment, and festivals, and organizing art projects as a creative outlet for good mental health and for youth leadership development.

"From a real estate and asset standpoint, you've got an alignment already in place with light-rail stations two miles apart," said Leroy Moore, senior vice president and chief operations officer, Tampa Housing Authority. He said that local leaders should seek development around the stations that would create "a more whole community." The availability of undeveloped land next to the stations and the expertise and resources of SHRA, he said, offered "an incredible wealth of opportunity" to fill a huge demand for affordable and market-rate housing with other neighborhood-serving development.

"You're already incredibly well served on transit," said Leininger. "The availability of public lands for development, strong public-sector partners, and a thriving locally based business and retail sector means that development should come. It's a matter of knowing that it's going to come, eliminating barriers impeding development, and getting ready to take advantage of it."

Commenting upon the very limited examples of TOD in the 52-station SacRT system, the panel said that its program for the South Sacramento stations could provide a template to stimulate much more TOD activity throughout the region.

RACIAL AND SOCIAL EQUITY INCREASINGLY ARE PART OF DEVELOPMENT GOALS

BY JOE GOSE
OCTOBER 10, 2018

Over the last decade, the remaking of urban districts around the United States has often led to significant neighborhood upheaval. But developers, nonprofit organizations, and public agencies are placing increasing emphasis on building equitable outcomes into development and renewal, and officials from two organizations at the forefront of that effort shared their experiences at the 2018 ULI Fall Meeting in Boston.

Moderated by Karen Abrams, program officer for equitable development for Heinz Endowments, who also served on a Rose Center for Public Leadership panel that advised Richmond, Virginia, on a historic district development, the conversation highlighted key projects underway as well as the largely novel approach to building equitable community benefits into development agreements.

A.J. Jackson, executive vice president for social impact investments at JBG Smith, a real estate investment trust (REIT) based in Washington, D.C., presented an overview of the company's Washington Housing Initiative, a market-driven approach to building affordable housing in that region. Lisa Abuaf, development manager for Portland development agency Prosper Portland, outlined the community-oriented planning process underway for Broadway Corridor, a mixed-use transit-oriented redevelopment of 32 acres (13 ha) downtown that Denver-based Continuum Partners has been selected to lead.

Despite soliciting community input during the planning and development process, Abuaf and Jackson often are challenged by distrust from communities that have been negatively affected by development in the past. Prosper Portland's previous incarnation, the Portland Development Commission, for example, liberally used eminent domain to develop an arena, a hospital, and other projects that ultimately damaged African American neighborhoods, Abuaf said.

As a result, about five years ago, the agency began developing a new plan focused on fostering community and personal growth and success through racial and social equity. Today, the agency concentrates on three core areas: business development, healthy and complete neighborhoods, and wealth creation—or how to provide business and property ownership opportunities to those who previously lacked them.

"Urban needs have changed in American cities, and the public sector needs to change as well," she added. "It's about, 'How do we empower a community rather than act on behalf of the community?'"

Through Prosper Portland's efforts to steer community involvement in the Broadway Corridor project, a coalition of labor, environmental justice, and people-of-color groups are taking a pivotal role in the planning, she said. Specifically, their input will help guide and ensure that community benefits such as affordable housing, workforce hiring practices, wage requirements, and small business opportunities are part of the plan, Abuaf said.

As part of the Washington Housing Initiative, JBG Smith has joined with the Federal City Council, a nonprofit dedicated to improving the District of Columbia. Together, they intend to build or preserve up to 3,000 affordable workforce units over the next decade and will raise capital from private and philanthropic organizations. Focusing on several "high-impact areas," which show early signs of growth and are likely to gentrify in five to 10 years, is key to the strategy.

Two other important components are the Washington Housing Conservancy, an independent nonprofit created to own and operate the housing, and the Impact Pool, a fund run by JBG Smith that provides debt for housing acquisition and preservation, Jackson said.

"We realized that we could take our skills and our talents and leverage them into the production of affordable workforce housing in a way that other companies couldn't," he said. Currently, the Washington region lacks about 250,000 housing units based on the level of employment in the area, he added.

"That's not something that we're going to solve on our own," Jackson said. "Our intent was to create something that others could replicate in and outside of Washington."

While much of the panel discussion and question-and-answer session focused on ways to increase the supply of affordable workforce housing to enable longtime residents to remain in gentrifying neighborhoods, Jackson and Abuaf pointed out that business displacement often becomes just as important.

"As streetscapes and businesses change, residents discover that they're full of people who weren't there before," Jackson said. "So, we have to really understand that streetscape experience. People need to feel comfortable in their neighborhood."

ULI ADVISORY PANEL CHARTS PATH FOR MORE EQUITABLE KANSAS CITY PARKS SYSTEM

BY JOE GOSE
DECEMBER 11, 2019

The 125-year-old parks system in Kansas City, Missouri, is considered a community jewel. Following the vision of world-renowned city planner George Kessler in the late 1800s, the city has developed parks, greenways, and boulevards along streams to mitigate flooding concerns and connect neighborhoods.

But the parks system also sparked segregation. In the early 1900s, developers and homeowners associations used parks—in addition to discriminatory subdivision restrictions and other practices—to buffer black communities.

A century later, these effects still reverberate in the parks system as development trends, zoning policies, and financial challenges have perpetuated inequity, according to panelists speaking at the ULI Advisory Services presentation. The panel spent the first week of December in Kansas City assessing the parks department and recommending solutions to create a more equitable system.

"During our visits with residents, one resident said that you couldn't talk about parks without talking about race," said Karen Abrams, program officer for equitable development with the Heinz Endowments in Pittsburgh. "That's true for a lot of cities, but there's a unique character that is presented in Kansas City around its parks."

Decades of land annexations, particularly north of the Missouri River, have fueled many of the inequities, panelists said. The city's footprint has grown to some 318.6 square miles (825 sq km) from 59.8 square miles (155 sq km) in 1920, while the city's population has increased to roughly 480,000 from 324,400. Over that time, the parks system has tripled in size to include 12,242 acres (4,954 ha) across 221 parks, 158 miles (254 km) of trails and bikeways, five public golf courses, 135 miles (217 km) of roads and boulevards, museums, community centers, and other amenities.

As a result, parkland in the city's dense urban core, which has the greatest income, employment, and wealth disparities, is about half that in new and more affluent low-density subdivisions such as Shoal Creek in the north, said David Abraham, a lecturer and research scientist with Rice University in Houston.

"An objective person might say, 'The inner-city neighborhood has more density and less parkland, so obviously it appears to be a better

ULI Advisory Services panelists tour the rose gardens of Loose Park in Kansas City. (Paul Angelone/ULI)

market to invest in,'" he said. "But we know that's not the case. We want to highlight the great burden the parks department has in managing the Shoal Creek neighborhood in comparison to the inner-city neighborhood."

Structural and financial challenges are exacerbating problems that come with unchecked park expansion, said Carlton Brown, panel chair and principal of Direct Invest Development, a New York–based developer focused on communities that have been victims of disinvestment. The parks department has failed to clearly delineate its mission internally or to the public, he said, and needs to engage communities in planning and programming.

Although per capita investment of $126.70 in Kansas City parks is above the national average of $87, the department has failed to leverage that investment to create long-term value for residents or attract new development, Brown added. He partly blamed zoning laws that typically call for one-story buildings around parks.

"You have the potential to offer young people a better urban experience than in any other city in the state of Missouri, or in the region," he said. "But you don't have three-story, five-story, or 10-story buildings where you can increase density and offer people that experience."

A $60 million maintenance backlog and scant reserves to address it are among the system's other notable flaws, especially as new park development in northern subdivisions increases the system's sprawl. What is more, the parks department faces a "fiscal cliff," in part because it competes with other city services for the proceeds of a half-cent sales tax, the parks system's primary funding source, said Emeka Moneme, managing director for the Menkiti Group, a Washington, D.C.–based real estate development and services firm. Meanwhile, public improvement dollars, which can pay for park projects, are distributed among city council districts equally instead of targeting the highest needs first.

"The resource constraints that we've seen really put the equity issues into sharp relief," Moneme said. "They clearly show where the fault lines are as they relate to our physical asset and programming concerns."

To create a more equitable system, panelists urged the parks department to explore ways to maximize its current resources and to generate more funding. City officials are already beginning to move toward priority-based budgeting, Moneme acknowledged. But the panel recommended that the city conduct a deeper analysis into long-term maintenance costs before adding park assets.

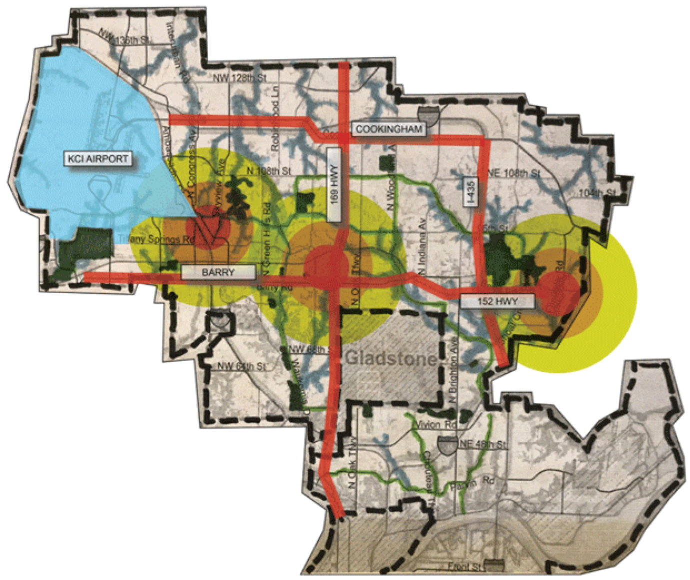
In addition, the panel suggested transferring the oversight of museums, programming, and other services to departments or organizations with core competencies in those areas. That could include giving the public works department the responsibility to maintain the city's boulevards and parkways.

The panel further proposed repositioning or adding value to certain park assets and selling others. Incorporating mixed-use elements into tennis courts adjacent to the venerable Country Club Plaza district to generate revenues came up in a few discussions, said Kate Humphrey, director of development for public/private partnerships in Detroit's housing and revitalization department.

Other ideas include restructuring the golf course operation, which serves a small user base. Specifically, the panel called for replacing the flood-prone Heart of America Golf Course with a green stormwater project and leasing part of it to a golf-oriented entertainment company like Top Golf. Moreover, the panel recommended closing and redeveloping one of the two golf courses in the north.

The panel also recommended that the parks department launch conservancy and "friends of the parks" initiatives. Among other activities, the conservancy would raise funds for the overall parks system but focus on in inner-city park reinvestment, too, said Allison Schapker, director of capital projects for the Fairmount Park Conservancy in Philadelphia. It would also support the friends-of-park program, which would be formed by local residents and take part in capital improvement and other decisions.

"Kansas City Parks has a lot of responsibility and a small pie of resources," Schapker said. "We want to figure out ways to make that pie bigger."



Parks are essential to the physical, environmental, and economic health of people and communities. 10 Minute Walk is a movement dedicated to improving access to safe, high-quality parks and green spaces in cities—large and small—throughout the United States. Led by the Trust for Public Land, in partnership with the National Recreation and Park Association, and the Urban Land Institute, 10 Minute Walk is working to create a world in which, by 2050, all people live within a 10-minute walk of a park or green space.

PROMOTING DIVERSITY AND INCLUSION BENEFITS COMMUNITIES—AND THE BOTTOM LINE

BY PATRICK J. KIGER
OCTOBER 9, 2018

Real estate companies are in a uniquely powerful position to promote diversity and inclusiveness, both within their own workforces and in the communities they develop, according to panelists at ULI's 2018 Fall Meeting in Boston.

It is not just a matter of doing the right thing ethically, they noted. Camille Renshaw, chief executive officer and cofounder of B+E, a tech-driven brokerage and trading platform for net-lease real estate, said diversity and inclusion translate into better bottom-line performance and provide companies with a potent competitive advantage, especially when it comes to attracting the best talent.

Renshaw, who closed $5 billion in transaction volume in the past year, cited the example of a broker who chose to work for B+E instead of accepting an offer from a large firm where he had previously worked, because he felt that at B+E, he did not have to conceal his sexual orientation from clients.

That sort of comfort level with an employer is particularly crucial when it comes to younger workers, Renshaw said. She said that with millennials, it is no longer enough to provide work/life balance. "You have to have work/life integration," she said.

Renshaw, who previously worked as head of sales for Ten-X, a Google Capital company that is a leading online marketplace for commercial real estate, pointed to the industry's glaring gender disparities as a business opportunity. She noted that women earn a median of $115,000 in compensation, compared with $150,000 for men. (Those numbers come from a 2015 study by the Commercial Real Estate Women Network.) As a result, companies that are willing to offer women a fair deal have a competitive advantage in acquiring talent.

Renshaw also cited research showing that companies with higher percentages of women on their boards of directors substantially outperform businesses that do not have women directors. She also said that revenues from innovation tend to rise as the share of female managers increases.

"This is how to make money—bring diversity of thought into your leadership," Renshaw said.

Renshaw said that corporate culture can have a bigger impact upon a company's fortunes than strategy does. While a new business direction can be hammered out in a week's worth of meetings, "it really takes a long time to fix a broken culture," she said. "And it can cost you a lot of money."

Renshaw said that making a company more inclusive requires leaders to confront the issue head-on when they talk to employees, and not to worry about things such as whether they use the preferred terminology for a gay spouse. Workers will respond to the openness of the discussion, she said. "Be humble in the dialogue," Renshaw urged.

After Renshaw urged the real estate industry to build more diversity from within, another speaker urged it to build more diverse and inclusive communities.

Tiffany Jana, founder and chief executive officer of TMI Consulting, a diversity, equity, and inclusion management consulting firm based in Richmond, Virginia, recounted her own experiences as an impoverished single mother living with her children in substandard housing. "I came dangerously close to being evicted," she recalled.

Jana said that real estate developers could have an enormous impact by "creating places that are accessible to the least of us."

But doing the right thing for communities requires facing up to unconscious biases—"the things that cause you to treat people unfairly"—which afflict even those of us who see ourselves as essentially good, according to Jana. Once a person gains that insight, "you have a responsibility to do something about it," she said.

Jana found fault with a status quo in which "a third of our country is spending 30 percent of their income on housing . . . and that's the people who are surviving and doing okay."

But she encouraged the audience not to become so discouraged by the scale of societal problems that they become paralyzed and ineffectual. "Don't look at it as one big problem that you can't attack," she said. "Scale it down to what you can do . . . there are small decisions that you can make every day."

THE LAST FRONTIER OF DIVERSITY

BY G. LAMONT BLACKSTONE
SEPTEMBER 16, 2015

Since leaving the Wharton School in 1987, as one of some 35 African American students of that graduating class of MBAs, I have witnessed proliferating interest by American corporations in the subject of diversity management. (Just google the name of almost any Fortune 100 company and add the word "diversity" to confirm this.) That same year coincided with the release of the Hudson Institute's report titled Workforce 2000, which detailed the rising demographic prominence of minority communities in the labor force.

However, one sector that has lagged behind other economic sectors in embracing diversity is the commercial real estate (CRE) industry, the sector that builds and owns the office buildings, industrial parks, and shopping centers that house the operations of American businesses. So what is salient before we reach the year 2020 is a candid discussion of the tangible benefits—to any industry—of embracing diversity.

I now serve on the board of directors of a major CRE diversity initiative. And during my tenure as a diversity advocate, I have observed that how companies, in any industry, have seen or understood the concept historically falls into one or more of several categories. Three are useful to highlight here:

The demographic time bomb imperative. This acknowledges data projecting that the United States will have a majority-minority population by the year 2050—thereby likely becoming the most influential multicultural republic on the planet. The perceived dividends of adapting to this shift include expanding and maintaining consumer market share, leveraging domestic multicultural markets for reaching foreign consumers, and securing a workforce for the future. In CRE, this is analogous to inner-city development projects that have attracted major retailers such as Target, Whole Foods, and Starbucks.

The stakeholder appeasement imperative. Actual or potential future pressure applied by key constituents such as clients and investors can motivate firms. To illustrate, I can recall a couple of instructive anecdotes from black Wall Street executives. They suggested that the investment banking industry did not begin to embrace minority talent—men and women with credentials stamped by the nation's finest business and law schools—until the rising political power of ethnic minorities in major cities became undeniable. When politicians of color focused on the diversity profiles of public finance teams at elite Wall Street firms, many of those bankers and attorneys were not inclined to be politically tone deaf. A similar response is evident when major institutional investors such as public pension funds, foundations, and endowments use their corporate equity positions to push for better minority representation in corporate management and on corporate boards. For decades, pressure from institutional investors was of minimal concern to CRE companies since that industry historically evolved under private ownership. That has changed, potentially, with the CRE industry's shift to public ownership and the public capital markets. In a competitive market filled with firms that might recognize this strategic advantage of diversity, the benefit is recognized as defensive in nature.

The political correctness backlash. This is not an imperative, but rather a stated or unstated resistance to the notion of diversity. I have seen it in the glazed-over eyes of some attendees at CRE events that I have addressed while speaking on the subject of diversity. At its worst, it views diversity discussions as an annoying nuisance in which firms are asked to trade off the pursuit of qualified talent for the sake of political correctness.

All of the aforementioned approaches to diversity have overlooked or understated a potent value of this aspect of human capital management. This does not diminish the actual benefits of the first two imperatives mentioned above; I simply highlight that there are even greater benefits waiting to be derived. This enhanced diversity dividend is generated by adding diverse perspectives to project teams working on solving business problems in an increasingly complex economic environment. Differences in the way people think about and look at the world can enhance collective performance by challenging status-quo thinking. Understanding how this can occur is the real last frontier of diversity—no pursuit of political correctness or appeasement, just enlightened self-interest and pursuit of profit.

G. Lamont Blackstone, Chairman of REAP

A major real estate firm recognized this well over 15 years ago when it hired an African American classmate of mine who had a marketing background with a major consumer packaged goods company—a seemingly unlikely fit. He went on to build a lucrative career in institutional real estate investment. That example can be readily duplicated by companies that have the vision to embrace it. They may find inspiration to do so from a university economist, Scott E. Page.

Dr. Page is a University of Michigan professor who has done pioneering research into the role of diversity in team performance. As a mathematical economist, Professor Page has demonstrated that differences in how individual members of work teams think (i.e., cognitive diversity) can even trump individual ability. So believing that diversity automatically involves trading off excellence for lower organizational performance is absurd, and Dr. Page has developed various mathematically based models and theorems to prove it. Although Dr. Page's research is focused on cognitive tools such as the differing perspectives, heuristics, models, and experiences that individuals bring to the task of problem solving, it remains for us to recognize the correlation of those cognitive tools with aspects of identity diversity—factors such as race, gender, religion, age, national origin, and educational background (e.g., recruiting from historically black colleges versus exclusively from Ivy League programs). Our willingness to explore the frontiers of such diversity thinking will yield sustainable dividends for the American economy and, by extension, the commercial real estate industry. That is why Project REAP was formed by its visionary founder in 1998—to serve a commercial real estate community with pools of historically overlooked talent.

Lamont Blackstone is chairman of the board of Project REAP, the nation's leading diversity initiative focused on the commercial real estate industry. Follow @projectreap onTwitter.

From left to right: Jason Reece, senior associate director, the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University; Ali Solis, senior vice president of advocacy and external affairs at Enterprise Community Partners; Gustavo F. Velasquez, assistant secretary for fair housing and equal opportunity, U.S. Department of Housing and Urban Development; and Judi Barrett, director of municipal services, RKG Associates, speaking at the recent ULI Housing Opportunity 2016 conference.