Developer Academy Fall 2020

Executive Summary

Spark successfully launched its first Developer Academy, a networking and educational course designed to increase the pipeline of diverse talent in real estate development. This October, sixteen emerging real estate developers completed the two-week course, led by Corey Leon of the National Development Council, and enriched with more than 35 local real estate development professionals. The course culminated with participants presenting a capstone project pitch to real estate and finance experts.

The Developer Academy (DA) was designed to achieve the following participant goals:
1. Provide access to training in the fundamentals of real estate development
2. Build formal and informal business relationships
3. Foster a supportive ecosystem that includes lenders, grant makers, city staff and mentors
4. Create opportunities to access financing for projects

Here are the key outcomes from the course, as measured through anonymous surveys and one-on-one pre- and post-course interviews.

> 100% reported an increase in knowledge in real estate development finance
>
> 100% reported an increase in relationships with peer developers
>
> 100% reported an increase in relationships with real estate development professionals
>
> 88% are likely to reach out to Spark Capital for financing or Spark for additional technical assistance or networking
>
> 100% are likely to reach out to a peer Developer Academy Graduate
>
> 94% are likely to reach out to professionals they met during the Developer Academy
>
> 100% would recommend the Developer Academy

Developer Academy graduates will continue to work with Spark to further their learning, strengthen relationships, and implement their real estate development projects. Each participant will receive admission to three additional Developer Academy Deep Dive sessions (2-hour one-topic sessions delivered by experts in the field) and five technical assistance hours with real estate development professionals.

The second cohort of the Developer Academy will begin in April 2021. Based upon the feedback from participants, we will be making some key adjustments:
- Moving networking and capstone sessions, reducing from 4 hours to 3 hours of instruction
- Offering more networking sessions, including some before the first day
- Tweaking the capstone project and offering a canned city RFP as a capstone option

Developer Academy Fall 2020 Report

The following details the key indicators of success for the program, a narrative explanation of how the program was implemented, and reflections of the participants themselves.
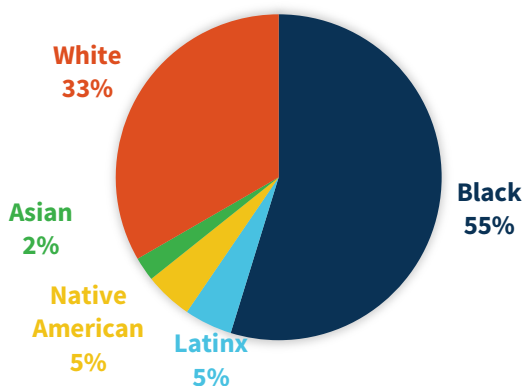
Developer Academy Applicants

For our first cohort of the Developer Academy, Spark, under the guidance from the National Development Council and our local Development Academy Advisory Group, utilized an online survey to ascertain the kinds of information local emerging developers wanted and needed to know. More than 60 individuals completed this survey in May and June of 2020. The team synthesized the results and used it to tailor the curriculum and structure of the course. [3]

Marketing of the Developer Academy application process was limited to direct emails to the survey respondents, social media, electronic newsletters, the Spark website, and word of mouth. We accepted applications electronically for a period of three weeks in August. 41 individuals completed the application process, which included the submission of a resume, application and completion of the aforementioned survey. The charts below demonstrate the self-reported racial, ethnic and gender identities of all the applicants.

RACE/ETHNICITY

White 33%
Asian 2%
Native American 5%
Latinx 5%
Black 55%

GENDER IDENTITY

Male 37%
Female 63%
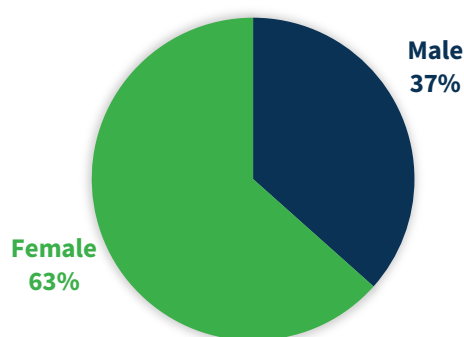
Selection Criteria

While we wanted to enroll all the individuals who applied, we knew the online platform (chosen because of the COVID-19 pandemic), required that we keep the first Developer Academy cohort small in order to facilitate true relationship building and cohesion of the group. Our goal was to have under 20 participants for this Fall 2020 session.

To aid the selection process, the Spark Developer Academy Advisory Group created a rubric that numerically assigned value to the following three objective criteria:
- Experience – had previous history in real estate, community development or construction
- Project Readiness – owned land to be developed or had identified goal for development

- Target Profile – identified as a person of color, female, or worked in nonprofit or public sector community development sphere

Point values (1-5) were assigned to each category, and Spark staff reviewed the application materials to assign the corresponding values to these objective criteria. The 16 highest scoring candidates were selected for participation in the course, with an additional participant choosing to audit the course – watching the recorded curriculum content only.
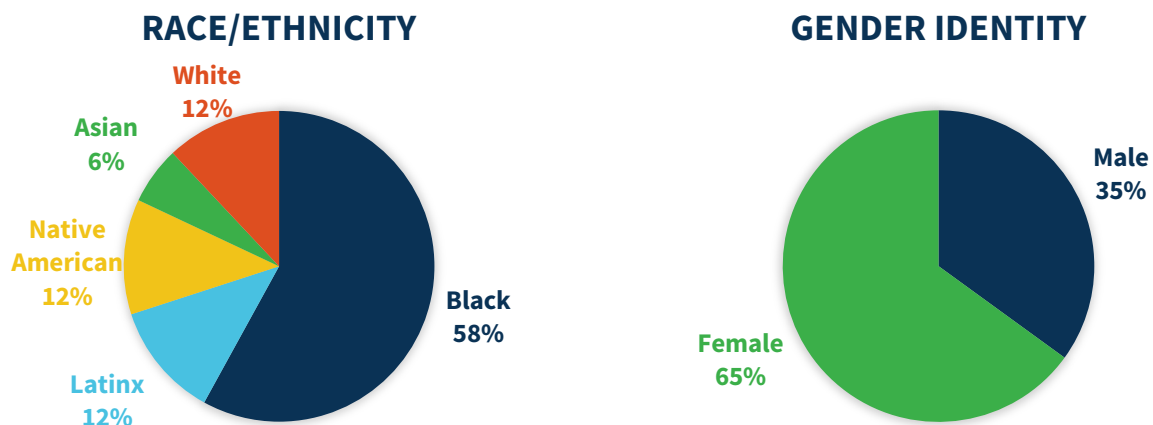
Fall 2020 Cohort

The Fall 2020 Developer Academy cohort represented an amazing group of visionary real estate developers. Each individual brought a unique set of strengths and assets to the cohort, and over half were individuals who had already owned property they wanted to develop.

Juan Daniel Sanchez	Brandi Liberty
Katrina Adams	Franchell Abdalla
Kyle Keith	Kassie Inness
Jewell Rodgers	Nancy Williams
Dr. Ralph Lassiter	Angel Starks
Shaun Ilahi	Ruben Gomez
Tiba Brown	Donell Brown
Justine Knapp	Lynn Dittmer

The information below represents the cohort's racial, ethnic and gender identities, as self-reported in their applications. This mirrored the demographic breakdown of total applicants, with the exception being a reduction in the number of White participants. 12% accepted compared to 33% that applied.

RACE/ETHNICITY
White 12%
Asian 6%
Native American 12%
Latinx 12%
Black 58%

GENDER IDENTITY
Male 35%
Female 65%

Other important attributes to note include the following: 12% of participants worked in nonprofit organizations, and 36% were participating from areas outside of Omaha, although all had ties to the metro and were looking to develop property here.

Scholarships

Of the 16 fully enrolled Fall 2020 participants, 8 individuals reported a need for full or partial scholarships. Spark and its sponsors were able to fulfill all scholarship requests to cover the full or partial program fee of $400. Spark raised a total of $3,700 in participant fees and provided $2,700 in scholarships, reflecting 42% scholarship rate.

Spark secured $59,500 in cash contributions from partners and sponsors to support the program, covering 90% of the program expenses. Program partners included: Freddie Mac, Bank of the West and Wells Fargo. Sponsors included: Midwest Housing Development Fund (MHDF), Field Day Development, Alley Poyner Macchietto Architecture, Noddle Companies, GreenSlate Development, RDG Planning and Design, Lamp Rynearson, two anonymous individuals, and the Omaha Chamber's REACH program. In-kind contributions included an estimated value of $12,500 from the time donated by the Advisory Group members, the technical assistance providers, the speakers, and the capstone evaluators.

Knowledge Gained

The primary participant goal of the Developer Academy was to increase knowledge of real estate development process and development finance. During post-Developer Academy interviews and surveys, 100% of the participants reported increasing their knowledge in these areas. While no formal assessment of knowledge was conducted, the presentation of the capstone project included the completion of project cost summary and operating pro forma, representing a significant educational outcome. Additional iterations of the DA may include more detailed survey questions about the amount of knowledge increased by subject.

> 100% of Developer Academy participants reported an increase in knowledge in real estate development finance.
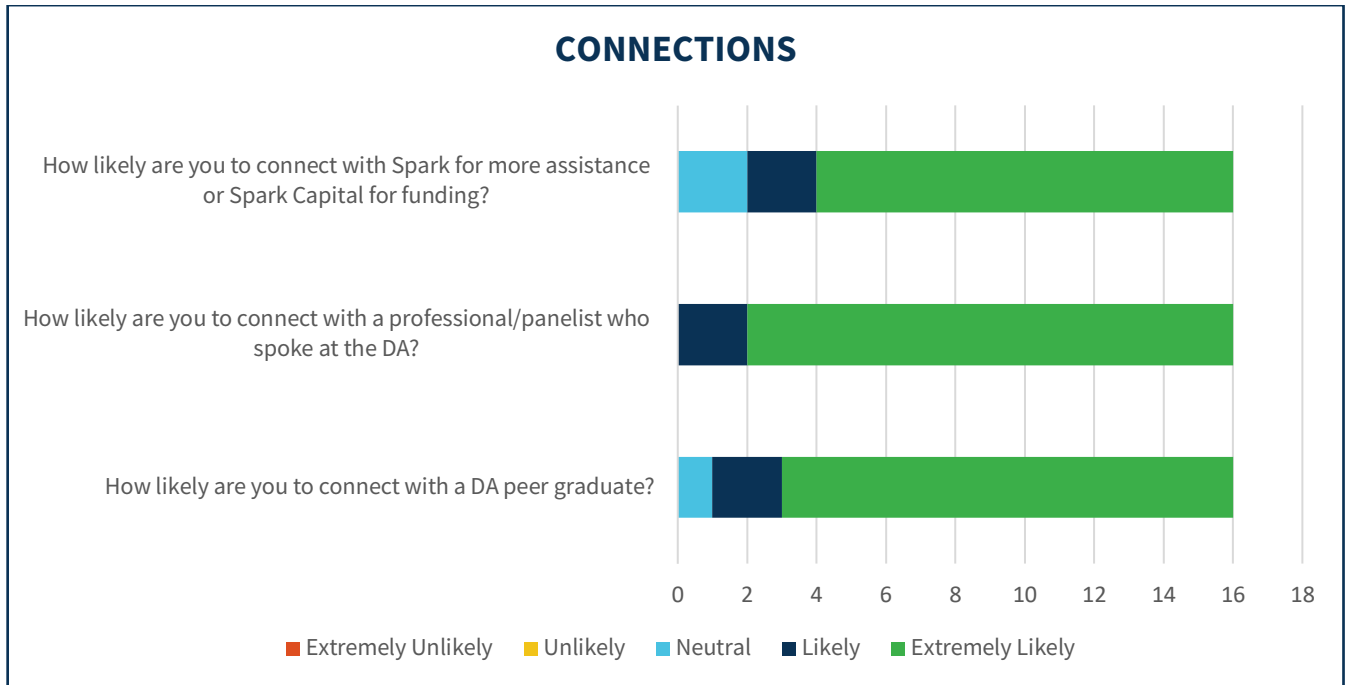
Interviews with the participants focused on the kind of information learned that they felt was most valuable. Some comments are as follows:

- The list is too long. I learned so much and will use all of it in my future career.
- Learning how to do an operating proforma was probably the most helpful tool I picked up. Having the NDC spreadsheets will come in handy.
- I learned local-level knowledge that I can't get in school, like how to navigate the City of Omaha Planning Department or go about the construction process.

Relationships

The second and third primary objectives of the Developer Academy were to build the participants network of peers and professionals who will be able to assist them as they continue in their careers as real estate developers. These objectives were also successful, as measured and reported in both anonymous survey responses and closing interviews. The following table illustrates the likelihood of

the participants engaging with Spark staff, peers, and real estate professionals who presented information to the class.

CONNECTIONS

Interviews with the participants after the completion of the Developer Academy took place the first full week of November. At the time of their interview, more than half of the participants reported that they had already reached out to a peer or to a panelist for support! Additionally, Spark created a Facebook group for graduates to continue to share knowledge and interact virtually with each other. The relationship building continues!

Capstone Projects

The Capstone Project served as the primary method of assessment of knowledge gained. Participants were able to work by themselves or in groups; furthermore, they were able to build out a concept for a property they owned or join forces on someone else's property. In all, we had 9 capstone presentations, presented to three real estate and finance experts – Mike Maroney from Omaha Economic Development Corporation, Dave Fischer from MHDF and Tony Schultz from Nebraska Business Development Center. The projects presented ranged from row houses and multiplex homes to mixed-use and multifamily developments. Each 15-minute presentation illuminated the core project concept (the who, what, when, where and why) and also tackled the financing (the how). Participants completed a project cost summary, a 10-year operating pro forma, and also calculated out their likely permanent financing loan amount and any gap.

Participants generally enjoyed this experience but offered great insight on how to improve the next iteration of the capstone projects. On a 1-5 Likert scale, the capstone experience rated a 4.41. Suggestions for improvement included more 1x1 time with technical assistance providers, the

provision of a sample presentation, use of a canned city RFP for those without property, and more time to work on the project within the class itself.

Panel Presentations

The fall 2020 Developer Academy included panel presentations from 35 real estate related professionals – architects, engineers, city staff, developers, real estate brokers, construction and property management staff, lenders and owner's representatives. Many participants remarked that these local connections were the highlight of the Developer Academy. The following chart shows the rating of each of the 12 panels by topic. All panels scored above 4.25.
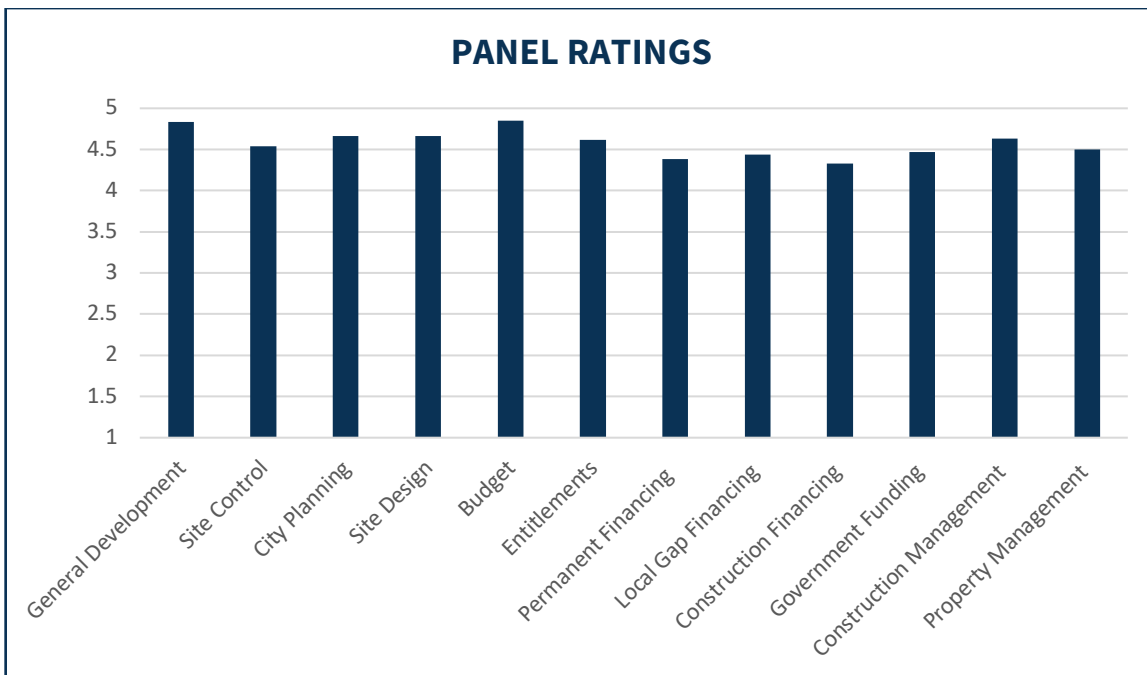
The 35 professionals who donated their time for this effort included staff from the following partner organizations or entities:

City of Council Bluffs	Blair Freeman
City of Omaha	Dundee Bank
MAPA	Great Western Bank
CBRE	First National Bank of Omaha
PJ Morgan	Nebraska Investment Finance Authority
Seldin	Nebraska Business Development Center
Noddle Companies	Omaha Municipal Land Bank
GreenSlate Development	Omaha Economic Development Corporation
Lamp Rynearson	Midwest Housing Development Fund
Investors Realty	Field Day Development
Lund Ross	Alley Poyner Macchietto Architecture
Baird Holm	

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We were humbled by their in-kind donation of their time, and their genuine willingness to continue to build relationships with the graduates of the Developer Academy. All offered their contact information for follow-up and many offered their ongoing assistance at no charge.

Net Promoter Score

100% of Developer Academy participants were extremely likely to recommend the experience to others.

The anonymous post assessment asked participants if they would recommend the Developer Academy to others. The resounding answer was yes. 100% of the participants said they were extremely likely to recommend the DA. Since we are relying heavily upon word of mouth to build our reputation and audience for our next cohort of the Academy, we are thrilled with these results.

Additional Technical Assistance

At the post course interviews, we asked the graduates what their ongoing technical assistance needs were, and how soon they would need to apply for Spark Capital Loan Fund support for their projects. Most indicated a need for additional knowledge-based services (i.e., Deep Dive educational courses) while other asked for Spark to set up meetings with professionals to support their project development or provide mentorship. Two individuals said they would need Spark Capital funding within the next 12 months. Several others indicated a longer timeframe of 1-3 years. Other comments related to technical assistance reflected the need to have Spark review their project budgets as they continue to develop their concept. Financing and access to financing resources came up in 50% of the interviews.

Recommendations

The Developer Academy Graduates had wonderful suggestions for improvement before the next iteration of the course. Key highlights included the following comments and remarks:

- Increase the timespan of the course, but reduce the number of hours per day
- Add in-person activities when it is safe
- Increase time spent doing case studies
- Secure technical assistance providers for each capstone pair or group
- Separate networking sessions from capstone work sessions
- Increase networking time with peers and panelists