## Developer Academy Spring 2021
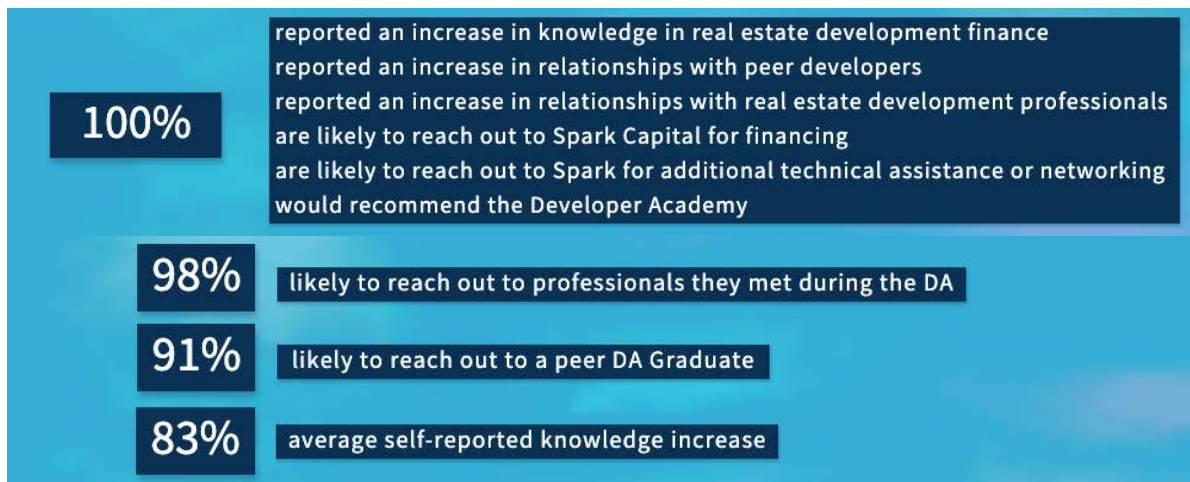
### Executive Summary

Spark successfully completed its second Developer Academy, a networking and educational course designed to increase the pipeline of diverse local talent in real estate development. In April 2021, our second cohort of 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 interviews completed before and after the course.



**100%**
- reported an increase in knowledge in real estate development finance
- reported an increase in relationships with peer developers
- reported an increase in relationships with real estate development professionals
- are likely to reach out to Spark Capital for financing
- are likely to reach out to Spark for additional technical assistance or networking
- would recommend the Developer Academy

**98%** likely to reach out to professionals they met during the DA

**91%** likely to reach out to a peer DA Graduate

**83%** average self-reported knowledge increase

Developer Academy graduates will continue to work with Spark to further their learning, strengthen relationships, and implement their real estate development projects. Participants are encouraged to enroll in our Deep Dive series (single-topic, 2-hour sessions offered bi-monthly), attend social networking events, and engage in 1x1 assistance with Spark Capital and NDC staff.

The next cohort of the Developer Academy will begin in October 2021. Based upon additional feedback from participants, we plan to make some key adjustments:
- Offer some portions of programming in-person to accommodate different learning styles
- Line up panelists with key capstone project milestones
- Add time between the end of class and the final capstone presentation to investors
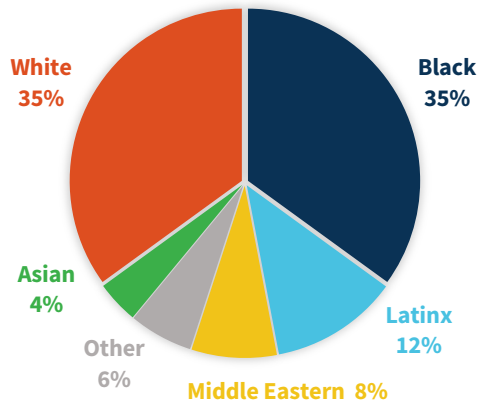
# Developer Academy Spring 2021 Report

The following details the key indicators of success for the Developer Academy program, a narrative explanation the Spring 2021 DA process, and reflections of the participants themselves.
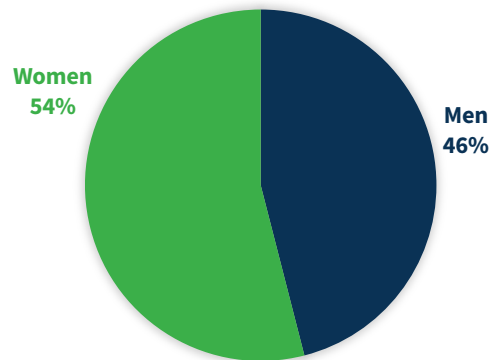
## Developer Academy Applicants

The second installment of the Spark Developer Academy was designed based on the guidance from the National Development Council and our local Development Academy Advisory Group. It followed a very similar schedule and agenda to the Fall 2020 course–online instruction and local panels over two weeks in the afternoons, with a capstone presentation serving as the final course project.

Spark staff marketed the Spring 2021 Developer Academy application process to individuals who were not accepted into the Fall 2020 cohort, and to the general public via social media, electronic newsletters, the Spark website, and word of mouth from Fall 2020 DA Graduates. We accepted applications electronically for a period of three weeks in February-March. 26 individuals completed the application process, which included the submission of a resume and a revised application using Google Forms. This streamlined application process represented a substantial improvement over the Fall application process, as the Advisory Group members had ready access to all the information that applicants submitted. The charts below demonstrate the self-reported racial, ethnic and gender identities of all the Spring 2021 program applicants.

## RACE/ETHNICITY



- White 35%
- Black 35%
- Asian 4%
- Other 6%
- Middle Eastern 8%
- Latinx 12%

## GENDER IDENTITY



- Women 54%
- Men 46%

## Selection Criteria

Based on the successful online experience keeping the first cohort small, we opted to keep the second cohort to a similar size. This small group helped to facilitate true relationship building and group cohesion. Heading into selection, our goal was to have under 12-18 participants for the Spring session.

To aid the selection process, the Spark Developer Academy Advisory Group tweaked the selection rubric that numerically assigned value to the following three objective criteria that were self-reported via the online application, offering further clarity on three key areas:

- Experience – whether they had previous history in real estate and the number of years of experience
- Project Readiness – whether they owned land to be developed and/or had identified a project for development and the timeframe for their proposed project
- Track Record – whether they had some success in development before and whether they had secured funding to support a project

No verification of the applicants' self-assessments was conducted, other than a review of a resume. Using the rubric, Spark staff reviewed the applications and resumes and assigned point values (1-5) to each category. Five additional points were given to those individuals who self-identified as Developer Academy participant priority population: a person of color, woman, gender expansive, non-profit, or public-sector employee.

On March 9, 2021, Advisory Group members reviewed the scores, applications and resumes. Consensus was built to create a threshold score of 18 points to help narrow the field, and then individual Advisory Group members selected their top 10 candidates, based upon further review of the applications and resumes. As a result, 17 applicants who scored at or above the threshold *and* who received the most votes were selected for the course. Ultimately, one participant declined participation based upon a last-minute conflict, so the cohort reduced to 16.

## Spring 2021 Cohort

The Spring 2021 cohort represented an amazing group of sixteen new and emerging real estate developers. Each individual brought a unique set of strengths and assets, and over half were individuals who had already owned property they wanted to develop for their capstone presentation.

| | |
|---|---|
| Amy Augustyn | Maj Jafari |
| Antonia Dorsey | Ricardo Castro |
| Ja Keen Fox | Samuel Cooper |
| Katherine Freeto | Satyam Mistry |
| Kelly Jiminez-Smith | Sonia Macias |
| LaQuinte Campbell | Tricia Patterson |
| Maher Jafari | Tyrone Blair |

The information below represents the cohort's racial, ethnic and gender identities, as self-reported in their applications. These numbers typically mirrored the demographic breakdown of total applicants, with the exception being a reduction in the number of White participants—23% accepted compared to 35% that applied. This could be attributed to the points assigned for priority populations.

## RACE/ETHNICITY



White 23%
Black 41%
Middle Eastern 12%
Asian 6%
Latinx 18%

## GENDER IDENTITY



Women 53%
Men 47%
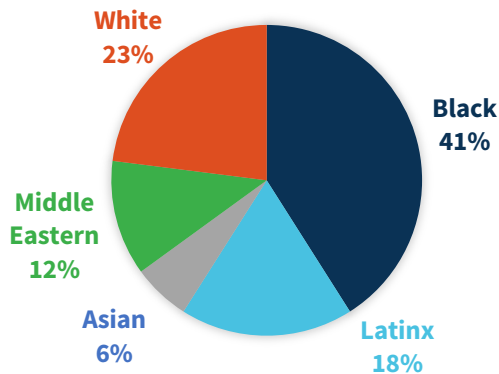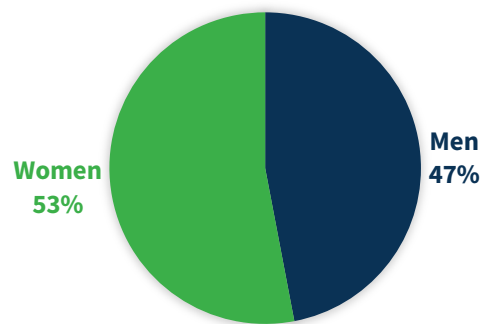
## Scholarships

Of the 16 fully enrolled Spring 2021 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 $500. Spark raised a total of $5,250 in participant fees and provided $2,750 in scholarships, reflecting 34% scholarship rate.

Spark secured $57,250 in cash contributions from partners and sponsors to support the program. Program partners included: Freddie Mac, US Bank, and Wells Fargo. Sponsors included: Field Day Development, CIT Bank, Baird Holm, Olsson, Lamp Rynearson, Bluestone Development, Great Western Bank, Foundations Development, Earhart Griffin, Dundee Bank and two anonymous individuals. 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 traditional 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. Furthermore, participants were asked to score their increase in knowledge by subject matter on a scale of 1-5, with 1 reflecting no knowledge increase, 3 a moderate increase, and 5 a high increase. Knowledge increases averaged 4.14 (or 83%) across all ten curriculum topics, with the highest increases reported in "preparing a sources and uses of funds" (4.67) and the lowest increase in "selecting a general contractor" (3.75).
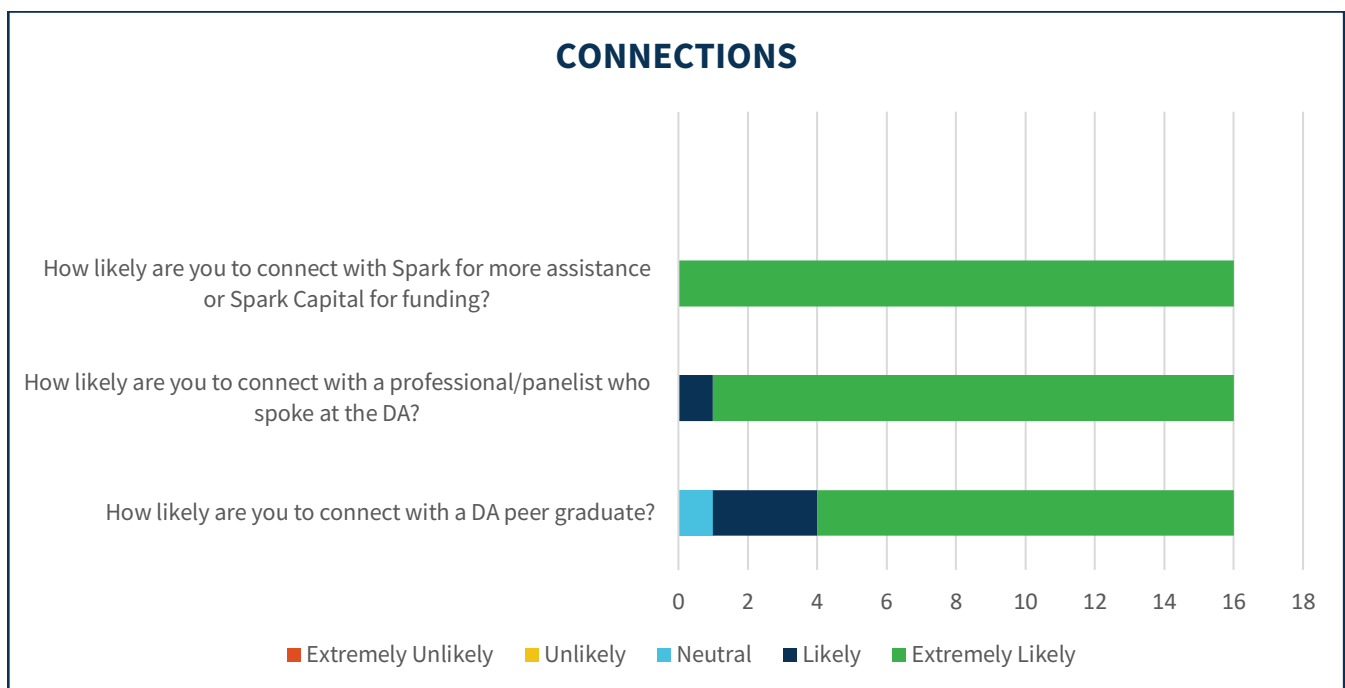
> 100% of Developer Academy participants reported an increase in knowledge in real estate development finance.

Interviews with the participants focused on the kind of information learned that they felt was most valuable. Some comments are as follows:

- Understanding the numbers and the proforma was my key takeaway.
- The process is so nuanced and intensive. I will need to delegate to a well-informed and well-connected team, if I want to be successful.
- I have a much better understanding of the economic barriers to infill and missing-middle development in Omaha.
- Learning how lenders calculate loan amounts, what they'll underwrite, and what they need to approve a deal and how to package it is the most important thing I learned.

## 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.



Interviews with the participants after the completion of the Developer Academy took place the second week of May. At the time of their interview, many participants reported that they had already reached out to a peer or to a panelist for support, and three groups were continuing the partnership formed in their capstone project! Graduates were added to the private DA Graduate Facebook group, and they continue to share and learn from each other virtually. We will be hosting a DA Social mid-June to continue to connect all graduates, speakers, mentors and Advisory group members with in-person networking, and plan to continue to offer these opportunities as long as pandemic health restrictions permit us.

## Capstone Projects

The Capstone Project served as the primary method of assessment of knowledge gained. Based upon their pre-course interview, participants were assigned into project groups based upon type of development, property and experience level. This session, each group was matched with a single mentor—an experienced developer, DA graduate, or lender—to offer check-ins throughout the two-week course. Each group was able to build out a concept for a property that one group member owned, or they sought out available property in the community.

On the final day of class, we watched 7 capstone presentations delivered to three real estate and finance experts – Chad Tettenborn, Westgate Bank; Cassie Kohl, First National Bank; Marcos Hernandez, US Bank; and Tony Schultz from Nebraska Business Development Center. The projects presented ranged from single-family 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. In addition to offering a week between the end of the course and the presentation in the fall, we are hopeful to establish key check-ins with the City of Omaha early in the next cohort's capstone presentation experience. On a 1-5 Likert scale, the capstone experience rated a 4.36.

## Panel Presentations

The Spring 2021 Developer Academy included panel presentations from 38 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 ten panels by topic. All panels scored above 4.25.



**PANEL RATINGS**
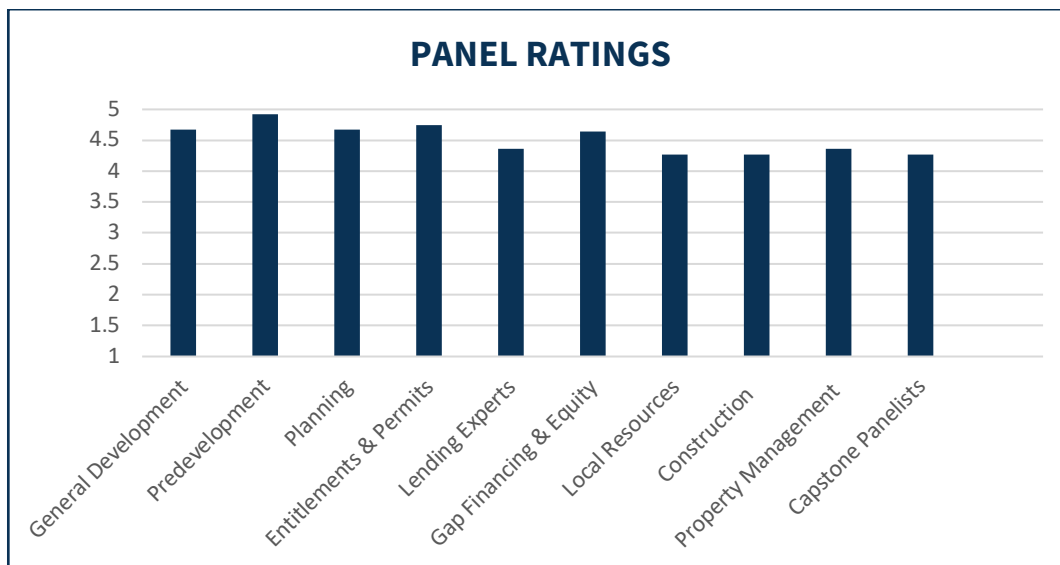
The 38 professionals who donated their time for this effort included staff from the following partner organizations or entities:

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|---|---|
| City of Council Bluffs | Great Western Bank |
| City of Omaha | American National Bank |
| MAPA | First National Bank of Omaha |
| CBRE | Nebraska Investment Finance Authority |
| PJ Morgan | Nebraska Business Development Center |
| Seldin | Omaha Municipal Land Bank |
| Lamp Rynearson | Midwest Housing Development Fund |
| Burlington Capital | Field Day Development |
| Olsson | Alley Poyner Macchietto Architecture |
| Lund Ross | Apogee Professional Services |
| Turner Construction | Foundations Development |
| Project Advocates | Access Bank |
| Baird Holm | Great Southern Bank |
| Blair Freeman | Westgate Bank |
| Dundee Bank | |

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 continue to rely heavily upon word of mouth to build our reputation and audience for future technical assistance offerings, we are thrilled with these results. Two graduates have reached out to set up Spark presentations with the real estate investor groups they participate in (InvestHER, Omaha Real Estate Meetup, and Omaha REIA), and Spark staff will speak to these audiences to increase interest in the Developer Academy for the Fall 2021 session.

## 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. Eight individuals said they would need Spark Capital funding within the next 12 months. Several others

indicated a longer timeframe of 1-3 years. All participants will be scheduled for a follow-up call with Lee Alexander, our Real Estate Finance Director, based upon the timeframe they outlined in their post-session interview.

Participants from both the Spring 2021 and Fall 2020 cohort will continue to receive technical assistance from Spark to help their capstone and other real estate projects progress. Additionally, they will all be invited back, at no cost, for the proposed in-person sessions of the Fall 2021 Developer Academy. We recognize that online learning has its limitations, and we want to make sure that graduates have access to refresher courses, particularly of the budget and pro forma materials, when they need them.

## 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:

- Add time between the end of the class and the capstone presentation
- Have Corey review all capstone budgets *before* the final presentation
- Add in-person activities when it is safe
- Increase time spent doing case studies and go visit local developments
- Line up panels to support the capstone progression, for example, meet with City staff to review zoning of property after the panel on zoning and permits
- Separate networking sessions from capstone work sessions