



10 Principles for Embedding Racial Equity in Real Estate Development



Urban Land
Institute

About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide. ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 80 countries.

ULI BUILDING HEALTHY PLACES INITIATIVE

The ULI Building Healthy Places Initiative leverages the power of the Institute's global networks to shape projects and places in ways that improve the health of people and communities. Since its inception in 2013, the Initiative has been engaging, informing, and inspiring ULI members to promote human health and wellness through their professional practice as well as through their leadership and influence in communities. Building Healthy Places strives to cultivate champions for health and social equity among the ULI membership, drive industry change towards health and social equity, and make communities healthier and more equitable. Learn more and connect: uli.org/health and health@uli.org.

DIVERSITY, EQUITY, AND INCLUSION AT ULI

ULI is committed to pursuing unrelenting efforts to shape the built environment toward diverse, equitable, and inclusive communities. Specifically, ULI works to:

Connect talent and opportunity for staff, membership, and leadership at ULI to better represent the communities we serve through targeted, measurable organization-wide actions.

Inspire a welcoming and inclusive culture in the real estate industry, underscoring business benefit for members and their organizations through outreach, education, and programs of work.

Lead in tackling structural and systemic barriers across real estate through committed engagement, actionable insights, and best practices.

To learn more about DEI at ULI, visit americas.uli.org/dei.

Contents

Overview of the 10 Principles	4
Introduction	5
Letters	7
About the 10 Principles	11
Key Takeaways	16
10 Principles	18
Acknowledgments	39
Report Team	41

Overview of the 10 Principles

The 10 Principles for Embedding Racial Equity in Real Estate Development reflect ULI's response to member calls for guidance on equitable development and the role the real estate industry has played in creating and perpetuating injustices, as well as workshop participants' expertise and experiences, and ULI's mission to shape the future of the built environment for transformative impact in communities worldwide. The principles demonstrate that there is a strong business case for equitable development that real estate professionals can harness to develop projects that are more successful and more equitable.

1. **Embed racial equity across all aspects of your real estate development practice.**
2. **Commit to building your knowledge and optimizing your personal and institutional power.**
3. **Articulate the racial equity business case.**
4. **Use data to ensure equitable processes and outcomes.**
5. **Leverage capital to drive equitable change.**
6. **Understand and address current and historical context.**
7. **Recognize the power of language.**
8. **Create a community-centered development process.**
9. **Build trust, transparency, and credibility.**
10. **Form strong, intersectoral partnerships.**

Many of the principles are connected through cross-cutting themes (see [10 Principles for Embedding Racial Equity in Real Estate Development, Expanded Edition](#)), but they also relate to one another directly.

Introduction

Real estate and land use practices reflect society's values and priorities. Although financial, time, and other constraints also factor in, those considerations are layered on top of fundamental—and often unconscious—questions: who has the power and privilege to live, learn, and work in great places, and who gets left behind? How do we, as real estate professionals, perpetuate an unjust status quo? How do our personal values drive our professional practice and align with our everyday behavior?

10 Principles for Embedding Racial Equity in Real Estate Development synthesizes insights from members and other industry experts who are taking an equity-focused approach to their real estate work and confronting these essential questions every day.

The principles and report focus on racial equity because the industry has had a significant role in creating and perpetuating racial injustices. Now, real estate has a responsibility and opportunity to reckon with that history and remedy its legacy of health, economic, and other disparities in communities today. As an organization created by and representing the real estate industry, ULI has often played an explicit or implicit role in perpetuating inequities. (See the [“Why Racial Equity?”](#) section below.)

This report serves as a call to action for transformative change throughout the real estate industry, highlighting the imperative to make racial equity an undisputed value in development. Moreover, it provides concrete guidance on translating the motivation to work on racial equity into action for different sectors, geographies, and professions.

By providing the 10 Principles for Embedding Racial Equity in Real Estate Development and best practices for putting them into practice, this report can help real estate professionals make racial equity central to their work and to the industry as a whole.



Casa Arabella, a 2021 ULI Americas Awards for Excellence winner in Oakland, California, received recognition in the Equitable Development category. (Steve Proehl)

For an in-depth look at the principles, see [10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition](#).

Letter from ULI

Real estate is about places, but it is first and foremost about people. This is true not only of development but also of ULI: this organization exists because of the dedication of our members to excellence in development practice.

Yet, putting people first has historically meant prioritizing some elements of our society over others. Exclusionary government policies and real estate practices have marginalized communities of color, and especially Black communities. In the past, ULI played a role in perpetuating these practices, which we unequivocally stand against.

This history is important because its effects continue to create disparities in health, economic opportunity, and educational outcomes today. Our members have the tools to address these inequities and contribute to a more just society, which ultimately benefits everyone.

As the principles in this report demonstrate, much of the work that needs to be done goes back to putting people first. Whether using more robust community engagement strategies or fostering a more diverse and inclusive environment within your company, individual practitioners have the power to make the real estate industry exist by and for all of us.

We would like to thank everyone who participated in the November 2021 workshop that identified these principles. This member-driven process has drawn extensively upon the expertise of people who not only care about racial equity but are actively working to make it a central part of their real estate practice.

The principles are an important start, but we recognize that change requires a sustained, long-term commitment to this work—the type of dedication that can help to realize ULI’s mission to shape the future of the built environment for transformative impact in communities worldwide. This publication challenges everyone in our industry to extend this transformative impact to all communities, and it is an invitation to join ULI in the knowledge sharing, convening, and engagement that can make this vision possible.

At ULI, we are committed to providing the leadership required to tackle inequity in both the real estate industry and our communities. We are excited to continue supporting members on their own journeys and ensuring that they can turn to ULI for best practices in confronting these critical issues.

We are so glad that you are joining us in this conversation. Together, let’s work toward creating great places for all people.



Ed Walter

Global Chief Executive Officer
Urban Land Institute



Gwyneth Jones Coté

President, Americas
Urban Land Institute

Letter from the Workshop Chair

The murder of George Floyd in May 2020—and the following protests that summer—sparked a reawakening about U.S. racial justice issues among many ULI members. As real estate professionals, it is imperative that we understand the significant role of land use policies and practices in creating and perpetuating racial segregation, leading to persistent gaps in everything from household wealth to life expectancy.

We must understand also that the social and economic structures in which we live are as much a part of the built environment as our homes, streets, and parks. There is nothing natural about systemic racism and intergenerational inequality; like buildings, they are structures designed by people that can be demolished and rebuilt (or expanded and updated) by people.

These structures are not new, but increased awareness of racial justice issues among real estate leaders and society at large has created a significant opportunity and an awesome responsibility to make equity a central component of how we do our work. Real estate professionals are seeking new tools and approaches that they can leverage to begin remedying inequities while actively and intentionally working toward a more equitable future.

ULI's mission reflects this potential: *To shape the future of the built environment for transformative impact in communities worldwide.* Equity is a core commitment of ULI, and everybody who helped identify the principles in this report is not only seeking to live this commitment but also sharing their knowledge so that other members can, too.

In November 2021, ULI convened members and other industry experts who have been actively working on and thinking about these issues of equity. This group identified the 10 Principles, and their insights have informed this entire report. I thank everyone who dedicated an immense amount of time, energy, and thought to making this report possible. Through this document and your day-to-day work, all of you are helping to create a more equitable industry.

Many of the ideas in this report align with ULI's mission commitments:

- **Connect active, passionate, diverse members through the foremost global network of interdisciplinary professionals.** Diversity and inclusion are woven throughout this report as they intertwine with racial equity in complex and multifaceted ways. Having a variety of perspectives makes our industry more capable of addressing today's most pressing challenges.
- **Inspire best practices for equitable and sustainable land use through content, education, convening, mentoring, and knowledge sharing.** Although each principle is a high-level concept, this report also includes best practices to help readers apply the principles to their work. By drawing on members' expertise, the principles are an example of both knowledge sharing and content.
- **Lead in solving community and real estate challenges through applied collective global experience and philanthropic engagement.** As a member, I see ULI as having a critical role in shaping real estate practice, and this 10 Principles report is an impactful step toward advancing racial equity throughout the industry.

Real estate professionals turn to ULI for information, thought leadership, and best practices that not only guide their work but also speak to the values the industry can uphold. We are an organization of thought leaders and practitioners with awesome power to shape the built environment and, through that environment, society itself. Just as the racial covenants and urban renewal concepts that ULI put forward in the past perpetuated inequity, our actions today will have significant ramifications for who benefits, who is burdened, who is included, and who is excluded, long into the future.

Although publishing this report is just a first step, it sends a clear signal that understanding and working toward racial equity is not only feasible but also no longer optional. By serving as both a bold call to action and sharing practicable guidance, this report will help empower real estate professionals to make racial equity central to their own professional practices.

Issues of racial equity are no longer possible for the real estate industry to ignore. This is a critical time to capitalize on the industry's momentum and make equity an integral part of real estate development. It was my pleasure to chair the 10 Principles process, and the real work starts now.



AJ Jackson

Executive Vice President, Social Impact Investing
JBG SMITH

Letter from the Equity Adviser

With 47 years of business experience—nearly a quarter of those years in the real estate industry—I have observed firsthand that business decisions, whether in real estate, technology, or other industries, have largely been financially driven, based on making the business case with anticipated financial returns on investment.

For the real estate industry, however, financial returns cannot be the only metric for building healthy, thriving communities. Attention must be given to people, as the growing focus on the “S” in ESG (environmental, social, and governance) demonstrates. Given the real estate industry’s complicity in the vast racial inequities that exist today, it must make course adjustments and set a new direction that helps enable all people, regardless of race, to thrive and reach their full potential.

My experience has also taught me that no matter how good a company and its values are—and I worked for one of the best in the business—actualization of company values is only as good as the people who are committed to them and who execute on them. A value commitment often comes with doing the internal work to be able to first gain insights and understanding of why living the value, in this case racial equity, is important, then using one’s power to act and influence, within the organizational construct and beyond.

The role of equity adviser for the 10 Principles project intersects well with my work in creative placemaking, which involves bringing art and culture with great design to real estate development in ways that grow project value and build healthy, thriving, equitable communities. Often art and culture interventions, facilitated by artists and other creatives, are effective levers to get in the (community) door and begin to build trust. Art and culture interventions can be leveraged to celebrate the history of place and build community cohesion and pride.

In executing the equity adviser role, I bring to this work my nearly five decades of business experience, overlapping with my passion for art as a collector, advocate, and administrator spanning 40 years, combined with my sometimes painful growing-up years in the Jim Crow South. I see how vitally important it is that we effectively address racial equity for our communities, our country, and indeed our world. The 10 Principles work is one step on a long path toward achieving racial equity in real estate, but an important one.

I am honored to have worked with some of the best in the business on this project—our fearless leader, AJ Jackson, the equity workshop participants, and ULI—Sonia Huntley, DEI executive, and Rachel MacCleery, BHP executive, and her team.

Thanks to all who are committed to achieving racial equity. Now let’s get to work.



Juanita Hardy

Managing Principal
Tiger Management Consulting Group LLC

About the 10 Principles

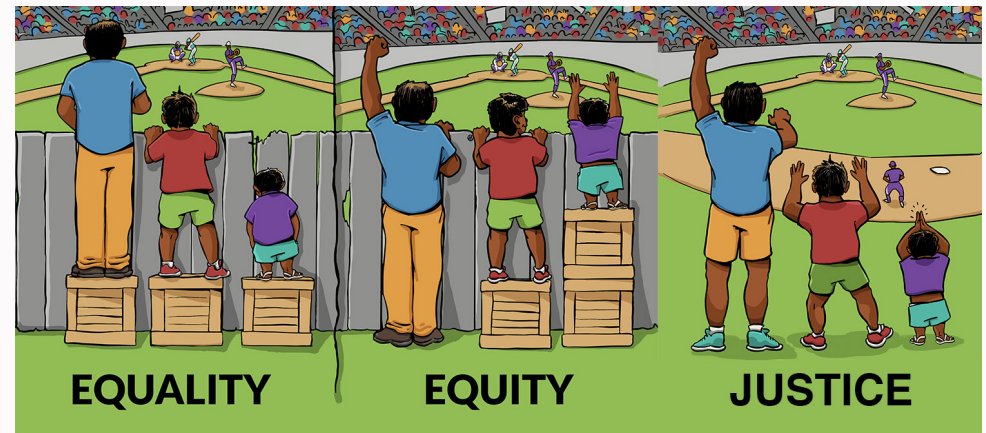
Increasingly, integrating racial equity in the development life cycle is becoming a high priority, and the industry is recognizing that an elevated focus on equity can have benefits for financial and social returns. *10 Principles for Embedding Racial Equity in Real Estate Development* shares 10 guiding ideas that can help developers, investors, and other practitioners make racial equity a central part of their real estate practice.

Each principle distills insights from industry leaders and includes specific best practices that can be applied to different sectors, markets, and geographies.

ULI's Building Healthy Places (BHP) Initiative kicked off the 10 Principles process with a roundtable in June 2021. The roundtable convened ULI members and other industry experts to share their insights on racial equity, help refine the scope of the 10 Principles project, and discuss how this report could be most actionable and relevant to the real estate industry.

Over the summer and early fall, BHP staff conducted extensive engagement to gather best practices and understand diverse perspectives. They synthesized the learning from this outreach process—including drop-in sessions, individual interviews, a literature review, and a Navigator opportunity (and corresponding survey for non-members)—into a briefing book for the November workshop.

Over the course of two days, workshop participants determined the 10 Principles for Embedding Racial Equity in Real Estate Development. This report captures the participants' ideas holistically. By describing the concepts that came up throughout the workshop, the report aims to reflect the depth and nuances of the discussion. It does not necessarily reflect the opinions of individual participants in the workshop.



(Health City)

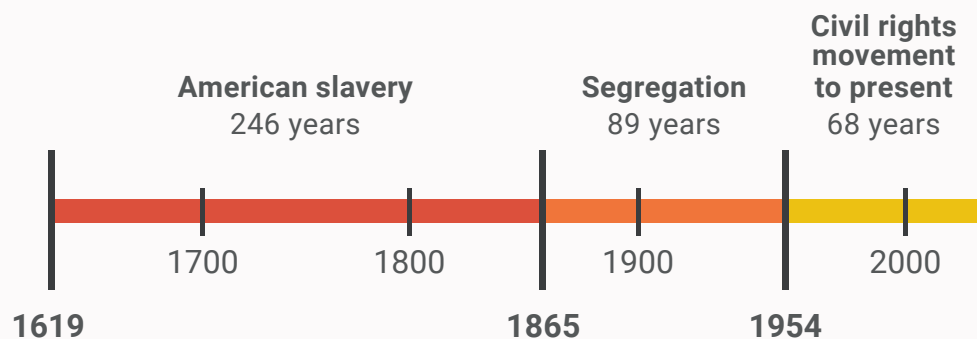
As a starting point, this report used a definition of equity from [PolicyLink](#): “Just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.” Equity gives people and communities what they need to “reach their full potential.”

Equity is not equality: equality is giving everyone the same size ladder to see over a fence even if the ladders are not tall enough for some, whereas equity is giving everyone the right size ladder for each to see over the fence. Justice is *removing* the fence so there is no longer a barrier to reaching equal outcomes for all. This definition is broad enough to fit different contexts with unique histories and challenges, and it can be applied to both equitable outcomes and equitable processes. (For more detail, see the glossary in [10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition](#).)

Why Racial Equity?

The 10 Principles focus on racial equity because real estate practices historically played a central role in creating and perpetuating racial injustice, with many indigenous people and people of color still experiencing the impacts today. The history of real estate is embedded within the history of land use in the United States.

During the settlement and expansion of the United States, colonizers stole indigenous land and they continued to do so throughout the establishment of the country. For more than two centuries, Black people were held in bondage, and slavery was a key driver for the American and global economies. In many parts of the country, slave labor was used to build much of the infrastructure and many of the buildings. The legacy of this brutal and inhumane system, this country's original sin, is still unfolding.

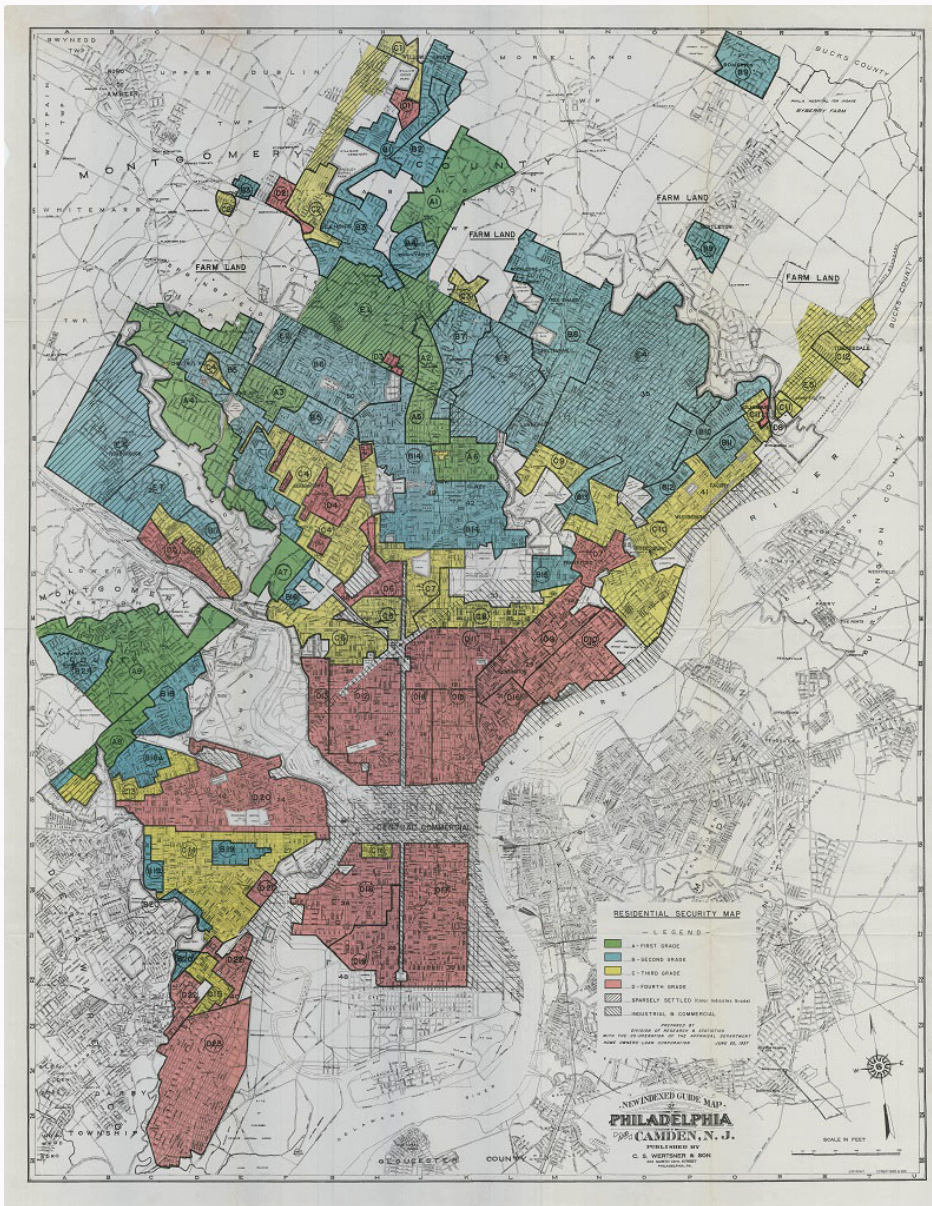


Though the dates associated with these eras can vary, the majority of American history takes place during the eras of American slavery and de jure segregation.

During much of the 20th century, real estate practices and policies used race and immigration status to segregate communities, both implicitly and explicitly. Even after redlining, exclusionary zoning, and racial covenants were no longer legal, the threat of violence continued to enforce these patterns. Because Black families were often excluded from opportunities for homeownership, they were not afforded opportunities to accumulate equity in their homes, the greatest source of generational wealth in this country.

The impact has been catastrophic. In 2016, the [average wealth](#) of Black families was a 10th that of white families. Researchers estimate that at the current rate of convergence, it will take [228 years](#) for Black wealth to catch up with white wealth.

Toward the end of the century, inequitable revitalization efforts, highway expansion, and disinvestment often led to displacement and exclusion. A generation later, the lasting effects include de facto segregation by race and income, which is closely related to disparities in health, economic mobility, and educational opportunities. Even today, biased appraisals and the devaluation of Black property perpetuate these place-based inequities.



A Home Owners' Loan Corporation (HOLC) redlining map of Philadelphia circa 1937. (United States Federal Government, Public domain, via Wikimedia Commons)

ULI members are not exempt from this history. Some of ULI's founding members pioneered the use of racial covenants, which later became embedded in local and federal law. Whether advocating for inequitable highway alignments or any other "best practice" of the time that further entrenched racist structures, ULI played a role in perpetuating segregation and the marginalization of people of color.

As a leader in the industry, ULI takes seriously the responsibility to acknowledge and confront this history. ULI unequivocally stands against these racist practices and is committed to racial equity as a core value in development and to diversity within the industry.

Real estate professionals turn to ULI for thought leadership and best practices, and ULI's work—including this report—aims to reckon with this history, empower people to address the legacy of and current racial injustice, and shape a more equitable industry that can actively and intentionally help build a fairer and more just society.

“You can’t have a race-neutral solution for a race-based problem.”

—Shawn Barney, Managing Director, CLB Porter LLC*

The real estate industry has affected all BIPOC (Black, indigenous, and people of color) communities, both historically and in the present. This report focuses specifically on addressing harms to Black communities because they have experienced the most significant impacts from race-based land use policies. ULI plans to focus on the immense harm done to Indigenous communities and other communities of color—across generations and to this day—in future work and publications.

Although this overview is far from a comprehensive history, even these few examples illustrate how the histories of racial injustice in the United States, the real estate industry, and ULI have been and continue to be linked. To learn more, see the resources in this reading list:

americas.uli.org/real-estate-and-social-equity.

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

*All quotes are from workshop participants.

Key Takeaways

These key takeaways, while not principles themselves, are integral to understanding the thinking behind each principle and can help inform work on racial equity in real estate development.

- **There is an imperative for racial equity in real estate.**

The real estate industry has historically had a significant role in creating and perpetuating racial injustices that continue to this day. Now, real estate has a responsibility and opportunity to reckon with that history and remedy its legacy of health, economic, and other disparities in communities today. As an organization created by and representing the real estate industry, ULI has often played an explicit or implicit role in perpetuating inequities. (See the section [“Why Racial Equity?”](#).)

- **The industry needs a comprehensive approach to change.**

Change not only looks like more equitable community outcomes but also looks like a focus on racial equity within the real estate industry, such as new business practices, power sharing, and diversity and inclusion initiatives. This approach influences development decisions, which then shape community outcomes. It is currently possible to adopt the best practices described within each principle, and it is often profitable to do so.

- **Understanding historical and present context is key.**

To work effectively on racial equity, it is critical to first understand the historical role that real estate practices played in creating and perpetuating racial injustice, with many people of color still experiencing the impacts today. These impacts include reduced access to opportunities for building wealth and to real assets—the places where people live, learn, and work. Many existing practices continue to perpetuate these impacts as well.

- **Everyone can take action.**

Action is necessary, and it must be intentional and include accountability mechanisms. Although industry leaders have the greatest responsibility to motivate change, everybody can play a role, whether in their development decisions or in their personal relationships. Instilling dignity and respect in all approaches to development is fundamental to working on racial equity. Personal behavior and interpersonal relationships are just as important as outcomes.

- **This work is both personal and professional.**

Doing the internal work to understand and act on racial equity issues is necessary to imbue these ideas throughout real estate professionals' development practice. Development directly deals with people and issues of identity and justice, not just projects.

- **Mind-sets matter.**

Real estate development has the potential to move from being an extractive process to a restorative one. This requires innovation not only in real estate practices but also in mind-sets: how people define value and risk, how project teams view communities as equal partners, and how the industry views its fundamental purpose.

- **This work has real impacts.**

Because real estate meaningfully and directly shapes how people live, embedding racial equity into development has the potential to measurably improve people's lives. It is the first line of access to fundamental resources, social connections, and services in communities. Real estate is the primary force for wealth creation in the United States, and everyone should have the opportunity to share in it regardless of race.

- **More is needed.**

The 10 principles are just a starting point, and they are meaningless if they do not lead to action. Some real estate professionals are already doing this work, and their expertise and experiences have informed this report. Practitioners can use these principles to guide their urgent and necessary work on racial equity.



Protesters rally for housing as a human right at a Black Homes Matter rally at Freedom Plaza in Washington, D.C., organized by Empower DC. (Allison C Bailey/Shutterstock)

10 Principles

1. Embed racial equity across all aspects of your real estate development practice.
2. Commit to building your knowledge and optimizing your personal and institutional power.
3. Articulate the racial equity business case.
4. Use data to ensure equitable processes and outcomes.
5. Leverage capital to drive equitable change.
6. Understand and address current and historical context.
7. Recognize the power of language.
8. Create a community-centered development process.
9. Build trust, transparency, and credibility.
10. Form strong, intersectoral partnerships.

Principle 1: Embed racial equity across all aspects of your real estate development practice.

Although many people have been prioritizing racial equity for years, societal expectations about racial equity are becoming more widespread, with significant implications for the real estate landscape. Real estate professionals must make racial equity central to their professional practice so that they are prepared to operate and thrive in an evolving environment. This requires changing standard real estate development practices and policies in ways that center racial equity at all stages.

Achieving just and fair inclusion requires real estate practitioners to apply an equity lens to all aspects of their work: their own organizations, the communities in which they operate, their consultants, vendors, and contractors, and their customers, investors, and capital partners.

“As you look across the CRE landscape, all of our customer segments are increasingly prioritizing racial equity—internal customers (employees), external customers (tenants), and financial customers (capital). Racial equity is essential to the sustainability and health of our industry.”

—Taidgh McClory, Founder and Social Impact Entrepreneur,
T.H. McClory LLC

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Institutionalizing DEI in Real Estate

Just as racial equity can be an integral part of real estate development, diversity, equity, and inclusion (DEI) in real estate companies is central to this work. Although DEI and racial equity are different concepts, they are related. Creating more diverse, equitable, and inclusive work environments and practices enables the industry to benefit from a variety of perspectives, which can help shift thinking, decisions, and priorities toward racial equity.

One step beyond inclusion is integration, in which BIPOC people are integrated into every aspect of the work as part of a race equity culture (one that is focused on proactive counteraction of race inequities inside and outside of an organization). According to [Equity in the Center](#):

Building a Race Equity Culture is the foundational work when organizations seek to advance race equity; it creates the conditions that help us to adopt anti-racist mindsets and actions as individuals, and to center race equity in our life and in our work. A Race Equity Culture is the antithesis of dominant culture, which promotes assimilation over integration and dismisses opportunities to create a more inclusive, equitable environment. The work of creating a Race Equity Culture requires an adaptive and transformational approach that impacts behaviors and mindsets as well as practices, programs, and processes.

DEI and racial equity strategies need to be a core part of real estate organizations, not a one-time initiative or performative action. When they are a part of company policies, strategic

plans, and missions—prioritized at the highest levels with appropriate resources and accountability mechanisms—then transformative change can begin.

Institutionalizing DEI starts with setting measurable goals for outcomes (rather than outputs) and reporting on them. A commitment to DEI starts at the leadership level, but it is important to consider everyone's roles:

- Ensure that project teams—including consultants—are diverse in multiple, intersectional ways and look like the communities they serve.
- Hire dedicated staff to focus on DEI. Organizations need people with the knowledge and skills to prioritize equity in decision-making, strategy, and operations. These positions should exist at the leadership level and be appropriately resourced and empowered. This can include diversity consultants in the short term, but the ultimate goal is to have a chief diversity officer or similar leaders who can ensure that DEI is an integral part of the company and its mission.
- When seeking guidance from BIPOC professionals and community members, compensate them for their expertise. Ensure that you are entering these conversations with the education to have a constructive dialogue and not cause additional harm; however, mistakes and discomfort are often a part of this process, so work through them intentionally and productively.

Companies can also design a diversity business plan with concrete strategies and goals. This requires buy-in from everyone in the organization, and even one person who undermines this priority (such as by continuing inequitable practices within their division) can do a lot of damage. Still, it is important to recognize that centering DEI requires a long-term commitment to learning and being willing to be uncomfortable and make mistakes.

Although there are no one-size-fits-all DEI strategies for investment, some ways to use a DEI lens in investment portfolios include looking for asset management firms with substantial ownership by underrepresented groups and company-wide representation; hiring and allocating capital to more diverse portfolio managers; and developing DEI investment criteria for funds, such as funds that invest in companies with anti-discrimination policies, data on pay equity, and diverse company leadership.

Without DEI and racial equity being part of a company's DNA, its work is less likely to translate into more equitable community outcomes. Institutionalizing racial equity makes it more likely that equity will be a part of thought processes, culture, and outcomes. When it is explicitly written out in investment memos, requests for proposals (RFPs), and hiring requirements, it not only promotes accountability but can also begin to shift the industry.

To learn more about the state of DEI in real estate, check out the Global Real Estate DEI Survey 2021. This summary has unprecedented insights into employee demographics and internal corporate approaches to DEI, presenting both global and regionally specific results. It is the only corporate study of DEI management practices and data benchmarking in the commercial real estate industry, including 161 unique companies, 435,000 full-time employees, and \$2.4 trillion in assets under management in North America, Asia Pacific, and Europe.

Stages of Diversity Management Implementation

Stage of diversity management	Derived from need for	Achieved by
Diversity as Non-Issue, Invisible	Desire to Maintain Status Quo	Rejecting Difference
Avoid Discrimination Approach	Avoidance of Litigation & Expense Payouts	Protecting Difference
Equal Opportunities Management	Compliance with Law, Creation of Level Playing Field	Assimilating Difference
Respect and Capabilities Approach	Inclusivity and "Felt Fairness"	Accepting, Recognizing, & Respecting Difference; Creating Climate to Develop Individuals
Valuing Diversity Approach	Access & Legitimacy	Valuing Individuals & Utilizing Difference to Enhance Reputation and Access New Markets
Diversity Management for Competitive Advantage	Competitive Advantage	Strategic Use of Diversity across ALL Functions; Identification of Business Benefits

Source: [The Road to Diversity, Equity, and Inclusion \(DEI\) Is Paved with Action](#) (PNC).

Principle 2: Commit to building your knowledge and optimizing your personal and institutional power.

Although racial equity requires systemic and structural change, real estate professionals can also advance racial equity using their personal and institutional power. After all, development is not just about projects; it is primarily about people. Personal change requires deep internal work, and personal change leads to professional change.

Everyone can be a leader on racial equity. No one should underestimate the power to model values and create transformational change; everybody can challenge policies and practices within their sphere of influence as an advocate, ally, or leader. For white real estate professionals, using personal power should begin with an understanding of their own implicit biases and privilege, and then working to ensure that everyone can share in the benefits and advantages they have experienced.

“Racism is a system of power, so I want people to use their power and their institutions to move the industry. Changing the narrative can apply not only to what you understand personally but how you are projecting that through your institution.”

—Shawn Barney, Managing Director, CLB Porter LLC

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Principle 3: Articulate the racial equity business case.

Embedding racial equity into real estate development can reduce risk and increase value. When setting a business strategy, real estate professionals must begin by better understanding risk (e.g., the risk of not prioritizing racial equity), gaining a more complete understanding of ROI that recognizes the value of equitable development, and tailoring the racial equity business case to individual projects.

Because racial equity has not been a mainstream part of real estate education or development practice, real estate professionals often believe that they need to make the case for racial equity or that it will add costs; however, investing in equitable development has repeatedly demonstrated the ability to increase returns and reduce risks. Financial and social benefits are not “either/or” but often complement one another. Delivering social benefits can create financial value, and profitable decisions can also create social value.

“Merge the financial return and social return so that they’re not separate. The racial equity piece can’t feel like an optional add-on; it has to be a part [of the formal plan] for the business case to even make sense—[for developers] to even gain access to capital.”

—Treasure Sheppard, Analyst, Los Angeles County Development Authority

This principle focuses on three guiding ideas:

1. **Reframing development success.** The business case demonstrates the many benefits that equitable practices can bring when considering a more expansive bottom line: reduced risks, more stable real estate environments, broader market appeal, and more. The imperative to embed racial equity in real estate development is a compelling counterpart to the business case, and it also comes with benefits. As the real estate industry moves toward racial equity as a baseline expectation, there may be a “race for equity” in which equity-focused developments are increasingly more competitive at attracting investors, public approvals, and tenants.
2. **Redefining risk.** The industry’s limited understanding of risk focuses largely on physical hazards and financial impacts to owners and investors. With a racial equity focus, risk assessment now has the opportunity to incorporate social value, which mitigates risk at the asset level by making communities more resilient to economic and social change and can lead to better long-term, risk-adjusted returns. In addition, the perceived risk of funding projects in Black communities often comes from personal biases, a disconnect between where real estate professionals live and have development projects, and how underwriting standards reinforce structural disadvantages. Race is not a proxy for risk, and the true risk is often not incorporating racial equity–promoting practices into a development.
3. **Understanding value and ROI.** Financial return is seen as the main measure of success in real estate. Yet ROI is broader: it includes the creation of positive impacts for local people and communities (and the mitigation of negative impacts). Often, this “social value” helps create financial value. When leaders in the finance industry use more holistic measures of success, they can spark industry-wide change that creates new standards and shifts the competitive landscape for development.

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Principle 4: Use data to ensure equitable processes and outcomes.

Real estate professionals can use community-informed data and measurement for enhancing racial equity and accountability before, during, and after development. It is important to set measurable goals for outcomes (rather than outputs) and report progress in a transparent manner. These metrics can help real estate professionals understand the benefits of racial equity and enhance the adoption of equity-promoting practices. Data can demonstrate progress to community stakeholders and hold developers accountable to others and themselves. Internally, data and communication are equally important for creating and building on DEI strategies.

“If you have transparency around reporting, then you can get to what’s meaningful.”

–AJ Jackson, Executive Vice President, Social Impact Investing, JBG Smith

This principle focuses on two guiding ideas:

1. **Measuring Outcomes.** At the start, a baseline of data tells the story of where inequities exist today, which helps to direct investment to those within communities adversely affected by racist policies and practices. A baseline can also help to track changes in the community over time, both positive and negative. Although it is often easier to measure outputs, there are creative ways to measure outcomes. Having a set of goals and values is necessary to inform both the outputs and the outcomes that the project team tracks. Data can also track aspects of the development process itself, such as how many community members are being engaged and how many are in decision-making roles, as well as diversity within subcontractor firms and local hiring.
2. **Using Data to Ensure Equitable Processes.** Data interpretation should also be grounded in an understanding of what racial equity would look like if it were realized or if inequities had not existed: If a community had not experienced redlining and disinvestment, what would health, economic, and other outcomes be? The benefits of whiteness often go unmeasured, and data analyses should expose this advantage rather than using it as a default against which all other outcomes are measured. Another common issue is that data can be misused or misunderstood. Despite these challenges, companies can begin to identify data sources and a methodology for ongoing collection, validation, and reporting.

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Principle 5: Leverage capital to drive equitable change.

Using capital to drive equitable change includes expanding access to capital, expanding the type of capital that developers bring in, and developing more complete understandings of risk and return. This requires education to help people overcome biased ideas about risk, sponsorship, and credibility. Capital is key not only for funding equitable development but also for ensuring that the investment's benefits accrue to existing residents and communities marginalized by racist policies and practices.

Racialized communities' lack of access to capital underlies inequalities in the United States, so improving access to capital advances inclusion and racial equity. In addition to the mind-set shift needed to enhance equitable access to capital, lenders also need to commit to principles of accountability and measure who is benefitting—and who is not benefitting from their investments (such as BIPOC developers and communities), and they need to understand the demonstrated ROI of their investments from the perspectives of both financial and social value.

“There is capital that could work well in many of these environments but comes to the table with misunderstandings and erroneous expectations about ideas about risk, return, opportunity, credibility, and sponsorship. It’s not just making sure we match up capital with certain parties or expanding access; we need to expand the pool of capital that will participate in these opportunities.”

—Collete English Dixon, Executive Director, Marshall Bennett Institute of Real Estate, Roosevelt University

For an in-depth look at the principles, see [10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition](#).

EastPoint: 2021 ULI Equitable Development Award Winner

Oklahoma City, Oklahoma

In 2021 EastPoint, a redevelopment project in Oklahoma City, was chosen as one of the winners of the ULI Americas Awards for Excellence. Developed by Pivot Project Development, the project received special recognition in the Equitable Development category.

EastPoint is the first new development in the neighborhood in the past 30 years. When complete, it will have 41,202 square feet of renovated single-story retail and office space along a commercial corridor in a historically Black, disinvested community in the northeast part of the city. The first phase, which opened in 2019, includes a health clinic focused on Medicaid patients, a medical research tenant, and the only grocery store in the area. Phase two will focus on retail. Tenants, who include entrepreneurs from the neighborhood, will receive 15 percent ownership in the space.

At a total proposed cost of \$8.7 million, EastPoint experienced capital challenges throughout its development. Even after Pivot Project preleased a space to an anchor tenant (Centennial Health) and had a quarter of the project funded, it was difficult to secure a construction loan because of the economic stagnation of the surrounding neighborhood. Pivot Project relied on community support to retain Centennial Health until it was able to find a lender.



EastPoint, a 2021 ULI Americas Awards for Excellence winner in Oklahoma City, received recognition in the Equitable Development category. (Joseph Mills Photography)

Principle 6: Understand and address current and historical context.

Racial injustice did not just take place in the far past but continues today. Understanding both historical and current structures—including policies, programs, and practices with a racist impact—that shape the project, community, and team provides the context necessary to mobilize the development team’s ability to promote racial equity. It also provides the context necessary to understand how a racial equity lens can address inequities, and to inform how the industry moves forward. The context includes not only the history of the local area but also the history of the country, with people of color experiencing the negative impacts to this day. This requires both undertaking personal education and engaging and learning from the local community.

“There has to be an understanding of how we got to this problem to think about what a racial equity lens is as a baseline. We, as an industry, have an obligation to fix this.”

—Tyrone Rachal, President, Urban Key Capital Partners

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Principle 7: Recognize the power of language.

Language matters, and by using terms in a thoughtful, inclusive, and actionable way, real estate professionals can more accurately talk about and more effectively work toward a vision for racial equity.

This report does not develop a shared language or framework for racial equity, but it does highlight the need for a common understanding of racial equity, particularly as it applies to real estate. Although creating such a shared language and framework will likely take an industry-wide effort, individual practitioners can seek to accomplish this on a smaller scale, including within their companies and their projects.

“I find these discussions can be very sensitive, and often people do not have the framework to talk about these complicated topics together.”

—Charu Singh, Managing Director, Emergent Capital Partners

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

Principle 8: Create a community-centered development process.

Communities need the opportunity to meaningfully inform the projects that will affect them. This begins with ensuring that a broader group of stakeholders is part of the process and has the ability to provide input. This way, not only is the community shaped by the project but also the project is shaped by the community, so that it responds to local needs and provides value to community members, including racialized groups.

“Development should disseminate financial and other benefits to a wider set of stakeholders, and this can come in many forms: through direct wealth creation, job creation, improvement of environmental conditions, access to goods and services, and more.”

—Melanie Brown, President and Chief Executive Officer, Restoration 52

This principle focuses on two guiding ideas:

1. **Providing real community benefits.** Real community benefits seek to change long-term outcomes rather than being satisfied with outputs alone. To make community benefits meaningful and impactful, developers must provide benefits that meet community-identified needs. Although these are sometimes referred to as amenities, they are often essentials, such as affordable housing and access to healthy food. To maximize impacts, development teams should think holistically about a project's benefits, burdens, and potential to increase equity. In addition, community benefits can honor the past and present of communities. Specific local landmarks and the history of a site imbue developments with meaning, and they should not be erased.
2. **Creating opportunities for wealth-building and economic inclusion.** Real estate is the basis of wealth in America, and racial wealth disparities are driven to a large extent by race-based policies and laws. In 2016, the [net worth](#) of a typical white family (\$171,000) was nearly 10 times greater than that of a Black family (\$17,150). In addition to law and public policy, development practices can help expand opportunities for building wealth for those who have previously been denied opportunities on the basis of race.

For an in-depth look at the principles, see [10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition](#).

Case Studies on Community Benefits

The 2020 ULI report [*Health and Social Equity: Examples from the Field*](#) includes case studies on development projects that have created a wide range of community benefits.

When **Brandywine Realty Trust** was building **Schuylkill Yards**, a mixed-use development in Philadelphia, the trust (1) provided \$9.3 million in cash grants to a fund managed by a consortium of local community groups; (2) established an apprentice training program to place local residents in union construction jobs; (3) supported local minority-owned small businesses with low-interest loans and technical assistance; (4) included community development corporations in every phase of the development; and (5) invested in local sourcing, incentivizing corporate spending on West Philadelphia businesses. To date, the training program has placed 57 program graduates as apprentices, and Brandywine has made \$786,912 available in low-interest loans to small, local, and minority-owned businesses.



Schuylkill Yards. (Brandywine Realty Trust)



Freedom Plaza. (Primestor)

- **Primestor's** South Los Angeles mixed-use development **Freedom Plaza** has created 578 construction jobs and achieved 50–66 percent local hiring in many anchor stores, including Smart & Final, Ross Dress for Less, Nike, Blink Fitness, Starbucks, The Habit Burger Grill, Bright Now Dental, and OneWest Bank.

- **FCP** has integrated high-quality, low-cost after-school and summer childcare programs in two workforce multifamily residential developments, **Holly Spring Meadows** in Maryland and **Stratford Ridge** in Georgia. FCP partners with local nonprofit groups to run the programs, and the programs have become a key factor in resident satisfaction and retention.



Holly Spring Meadows. (FCP)

Principle 9: Build trust, transparency, and credibility.

Embedding racial equity in real estate development requires trust, transparency, and credibility as the foundation of all relationships. When relationships—whether with communities, within companies, with vendors and business partners, or across sectors—are built with integrity and empathy, trust can be developed and maintained on both sides.

Given the history of the industry and its current lack of diversity, real estate is not starting from a neutral place and must actively make efforts to overcome past harms. To earn trust, real estate professionals must work with local communities and racialized groups. Accountability is critical for ensuring that a development has accomplished the community's vision and for continuing to build credibility.

“When working with communities, there is a need to understand, acknowledge, and reckon with historic wrongs. It should be about taking a more restorative approach to development and ‘doing more good.’”

—Becca Rushin, Vice President, Sustainability and Social Responsibility, Jamestown

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

What Does Equitable Community Engagement Look Like?

Equitable community engagement goes beyond traditional community engagement strategies to cede power to communities and co-create places. Ceding power is a skill. It does not mean disengagement; rather, people who have traditionally held power can continue to be engaged as allies while helping to make space for new voices, viewpoints, and practices.

It is not always clear, however, who the “community” is, although it is always more than a physical location. Before creating an engagement strategy, understand what you mean by “community” and who it includes and excludes. That way, you can prioritize the input of people within the community, recognizing that no one person speaks for all. For example, in affordable housing developments, defining the community can help to avoid privileging the perspectives of high-income people within the same neighborhood, and instead lead to seeking out the perspectives of potential new residents and understanding their needs as well. Often, it even makes sense to overrepresent those who have been historically disenfranchised and will be most affected by a development, such as providing subsidized spaces for existing and minority-owned businesses most at risk of displacement.

Recognize that communities already have power. Although real estate professionals often speak from a place of authority and power—sometimes using language like “we need to ‘let them’ participate”—community members are the experts on themselves and need to be respected as partners. The community does not need to have studied real estate to have critical knowledge and the opportunity to determine the future of their neighborhoods.

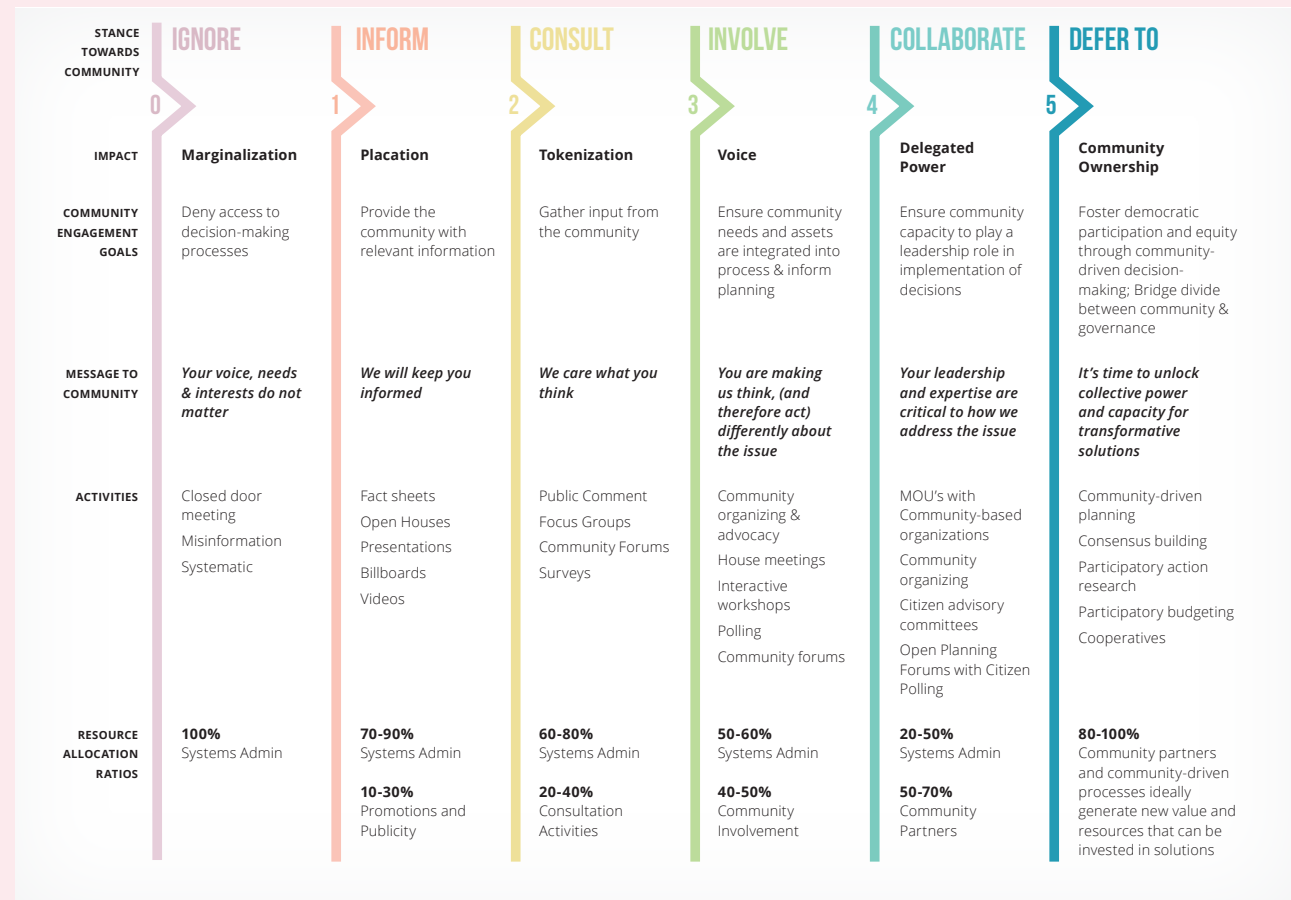
Community members, including community organizers, small business owners, and residents from all generations, should be involved throughout the development process—from goal-setting to analysis—as part of an equitable decision-making process with transparent accountability measures.

This includes asking the community what they want and need before deciding on a development strategy, making real changes in response to community-identified needs and concerns, and creating mechanisms for accountability.

To ensure that the community can meaningfully influence development decisions, respectfully share information on the real estate process in an accessible way. If need be, provide training on brownfield remediation or other technical issues. Also, understand barriers to community involvement in engagement processes, design culturally relevant outreach strategies, and meet people where they are. Include compensation for community partners in development budgets, including community members who share their perspectives and experiences.

There are multiple ways to conduct community engagement, some more effective than others in advancing the goals of equitable development (see chart). They can include supporting grassroots efforts that lead community outreach or partnering with community organizations. Rather than checking a box—which is often unresponsive to the local context and ineffective, have a menu of options for engagement, be flexible, and engage in genuine discourse with the community.

Spectrum of Community Engagement to Ownership



Source: [The Spectrum of Community Engagement to Ownership](#) (Movement Strategy Center).

Principle 10: Form strong, intersectoral partnerships.

Partnerships are a powerful way to make racial equity–focused development projects more feasible (e.g., to expand a firm’s capacity for deep community engagement), to support local developers, and to maximize the impact of community benefits. By seeking partnerships, including with people and organizations embedded in the community—making sure to amplify historically excluded voices—project teams can approach challenges with an expanded set of tools and a more holistic understanding of success and local needs.

“It’s not a genuine community partnership if a developer isn’t willing to adjust their plans based on feedback.”

—Sonrisa Cooper, Transformative Communities Program Manager, The Greenlining Institute

For an in-depth look at the principles, see [*10 Principles for Embedding Racial Equity in Real Estate Development: Expanded Edition*](#).

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