Coldwell Banker surprised a lot of people when it showed up for the annual conference of the National Association of Real Estate Brokers in 2019.

Coldwell Banker's new Inclusive Ownership Program is increasing representation of minority, women, LGBTQ+ and veteran entrepreneurs in the real estate industry.



M. Ryan Gorman, President and CEO of Coldwell Banker

NAREB is the oldest minority trade association in the United States, originally established in 1947 for black real estate brokers who were excluded from the National Association of Realtors, and the annual conference in Atlantic City proved to be an eye-opening experience for M. Ryan Gorman, who became the president and CEO of Coldwell Banker earlier this year.

"I was leading what was the largest brokerage in the United States at the time, and we had a lot of our real estate agents there, our office managers there, and most of the members of Coldwell Banker who were there were black," Gorman recalls.

Many of his agents told Gorman that attendees kept telling them how shocked they were to see a national brand at the conference. Looking around, Gorman only saw one other brand, and they had sent only one or two people.

Attendees started asking what it was like being black and at Coldwell Banker. They said they didn't think a company like Coldwell Banker would be interested in them or their conference.

"Those kinds of things were like a punch in the gut," Gorman says. "Of course we're interested in you, and we'd love for you to come work for Coldwell Banker, but their perception was that national and global brands weren't interested in the black real estate community."

The sorry history of profound racial inequalities in the United States is etched deep into the real estate industry. In 2020, the gap between white and black home ownership in the U.S. is about what it was before President Lyndon Johnson signed the Fair Housing Act in 1968 — just a tick over 30 per-

centage points difference. And while Gorman believes that agents reasonably -- though imperfectly -- reflect the communities they serve, they're often not reflected at all in ownership of brokerages and leadership in large brokerages.

Similarly, while the majority of agents are women, the majority of owners and leaders are not. Gorman says the same is even more dramatically true for members of society who are a racial minority or LGBTQ+.

In response, Coldwell Banker announced its new Inclusive Ownership Program in February at the 2020 NAREB conference in Las Vegas. The program is an initiative to increase representation of minority, women, LGBTQ+ and veteran entrepreneurs in the real estate industry.

Each new brokerage that affiliates with Coldwell Banker will not pay the initial franchise fee and will receive financial incentives to support diverse business owners in the critical first two years of business. Benefits include up to $100,000 of funding, royalty fee rebates as well as education and mentorship with Gorman, himself.

Owners will also receive membership and conference registration for an industry partner group of choice, such as the National Association of Real Estate Brokers, the National Association of Hispanic Real Estate Professionals and the Asian Real Estate Association of America.

The way the program works, owners will receive $25,000 of investment for each of the areas for which they qualify, areas such as gender, race, LGBTQ+, or veteran status. Like any realtor, Gorman is a strong believer in the benefits of homeownership, and he hopes that the program will help people in affected communities to become homeowners by increasing exposure to agents and brokerages in their communities.

"Say someone in an area that has a 40% homeownership rate knows a real estate agent, and that agent can help them understand that they can step into homeownership for 3 or 4% down, or maybe zero down if they're a veteran, or if it's a rural area they qualify for a USDA loan, the agent can help introduce them to government programs, and suddenly homeownership becomes accessible," Gorman says.

As of August 2020, the program has three brokerages in the program, and many more are working their way through the application process. One such brokerage is Omni Group in Santa Ana, run by the wife and husband team of Tina Marie and Rich Hernandez.

Tina founded the Omni Group out of her son's bedroom in Tustin, Calif. in 2009. Since then the Omni Group has grown to the point where the couple thought about finding a business partner. Though unsure about working with a large brokerage, they took a meeting with Gorman, and were so impressed that they joined Coldwell Banker under the Inclusive Ownership Program.

In their opinion, the financial incentives are prodigious, but the best part of the program is their mentorship, where they go over the hard numbers with Gorman.

"The best part was the very first call," Tina says. "I think the way Ryan coaches is, I'd say, intense. He corralled us into what's going to be the best for our office and for us, and I think afterwards we felt surprised, we didn't expect that." — By Josh Rosen, California Business Journal.

Copyright © 2020 California Business Journal. All Rights Reserved.