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Get ready to COLLABORATE @

MOTIVATE those around you



PROSPECT DEVELOPMENT 2023 !!

August 28-31 | Indianapolis, Indiana | JW Marriott Indianapolis

INCORPORATING INCLUSIVITY INTO CAPACITY RATINGS

A Journey and an Exchange of Ideas



AGENDA

- Prepping for the road ahead
- Bumps in the Road
 - Real Estate
 - Cost of Living
 - Inflation
- Roadmap for the future



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WARM UP

- Name
- Where you're from
- What org you're with
- **DISCUSSION:** What challenges are you currently facing with your ratings?

Howdy!



PREPPING FOR THE ROAD AHEAD



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ABOUT UNICEF USA (UUSA)



for every child

- Who we are
- Team Structure
- ...and why this is relevant!

CURRENT CAPACITY RATING FORMULAS

Option A

- Estimated Net Worth – 5% OR
- Largest single gift to a single organization

Option B

- Total Income – 10%
- Real Estate
 - 5%-10% of Primary Residence
 - 7.5%-15% of Additional Residences
- Securities – 5%
- Annual Charitable Giving
- Single year contribution to private foundation
- Private Company Ownership – 2%

RULES OF THE ROAD

- Minor adjustments, not a revamp
- Keep the integrity of the current ratings
- Focus on top variables



DEFINING INCLUSIVE

Literal Definitions

- Including or covering all the services, facilities, or items normally expected or required
- Not excluding any of the parties or groups involved in something



WEALTH DISPARITIES

- Income growth since 1976
- Social stratification
- Impacted groups



DISCUSSION: INCLUSIVE

What does inclusive mean to you?

What does inclusivity mean for our capacity ratings?

HOW OUR TEAM DEFINED INCLUSIVITY

- Ensure we're not perpetuating existing wealth disparities
- Work towards more equitable formulas
- Raise awareness of where there might be implicit bias in our estimates



BUMPS IN THE ROAD



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WHAT WE LOOKED INTO

- Real Estate
 - Geographical Variations
 - Housing crisis
- Economy
 - Cost of Living
 - Inflation

REAL ESTATE

- Geographical Variations
- Housing Crisis
- Rent



REAL ESTATE

Oklahoma City, OK

Older home, newly renovated

Median Income: \$218K

Oakland, CA

Fixer Upper

Median Income: \$61K

REAL ESTATE



#APRAPD2023 PROSPECT DEVELOPMENT 2023 //

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REAL ESTATE

Previous Method – Flat Rate

- <\$500K → 5%
- \$500K-\$999K → 7.5%
- \$1M< → 10%

New Method – Median Home Value by County

- Home Value < -20% → 5%
- Home Value within $\pm 20\%$ → 7.5%
- Home Value > +20% → 10%

REAL ESTATE

	Oklahoma County, OK	Current Rating	New Rating	Alameda County, CA	Current Rating	New Rating
Median Home Value (in county)	\$215,000	\$10,750	\$16,125 (=)	\$1,072,000	\$107,200	\$80,400 (↓)
Median Home Value (in State)	\$142,000	\$7,100	\$10,650 (↑)	\$538,500	\$40,388	\$40,388 (=)
Last Sold Price (2012)	\$135,000	\$6,750	\$10,125 (↑)	\$24,000 (1995)	\$1,200	\$1,200 (=)
Current Listed Price	\$338,000	\$16,900	\$33,800 (↑)	\$349,000	\$17,450	\$17,450 (=)
Current Assessor's Value	\$346,500	\$17,325	\$34,650 (↑)	\$38,000	\$1,900	\$1,900 (=)

RENT – APPLYING THE SAME CONCEPT

Step 1: Calculate Price-to-Rent Ratio

- Median Home Value / Median Annual Rent = Price-to-Rent Ratio
- Example: Rent in Oklahoma County, OK
 - Median Rent: \$1,169/month
 - Median Annual Rent: \$14,037
 - Median Home Value: \$239,327
 - $239,327 / 14,037 = 17.04$
 - **Price-to-Rent Ratio: 17.04**

RENT – APPLYING THE SAME CONCEPT

Step 2: Converting Rent Into A Home Value

- Prospect's Rent x PTR Ratio = Equitable "House" Value
- Back to Example: \$1,500/month
 - Annual Rent: \$18,000
 - \$24,000 x 17.04 (PTR) = \$306,720
 - Median Home Value: \$239,327
- Plug our Equitable Value into our Real Estate Calculator
 - <\$191,461 → 5%
 - \$191,461-\$287,192 → 7.5%
 - >\$287,192 → 10%

DISCUSSION: REAL ESTATE AND RENT

How can your team more equitably measure real estate/rent with your current formulas?

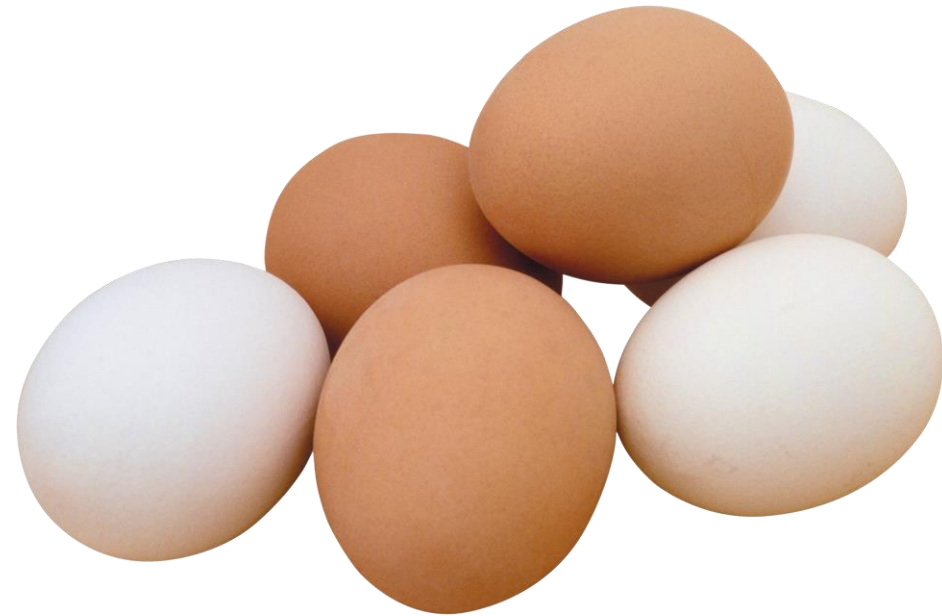
What additional economical factors can we expect to impact property values?

THE ECONOMY

- Cost of Living
- Inflation



COST OF LIVING



COST OF LIVING



Food (16.1%)



Utilities (10.1%)



Healthcare (9.6%)



Housing (23.2%)



Transportation (18.6%)



Discretionary Spending (22.3%)



Beckley, WV (80)

San Francisco, CA (178.6)

Prospect Capacity	Rating Change
\$1M+	=
\$100K - \$999K	=
\$25K - \$99K	↓
< \$25K	↓

INFLATION – JULY 2022

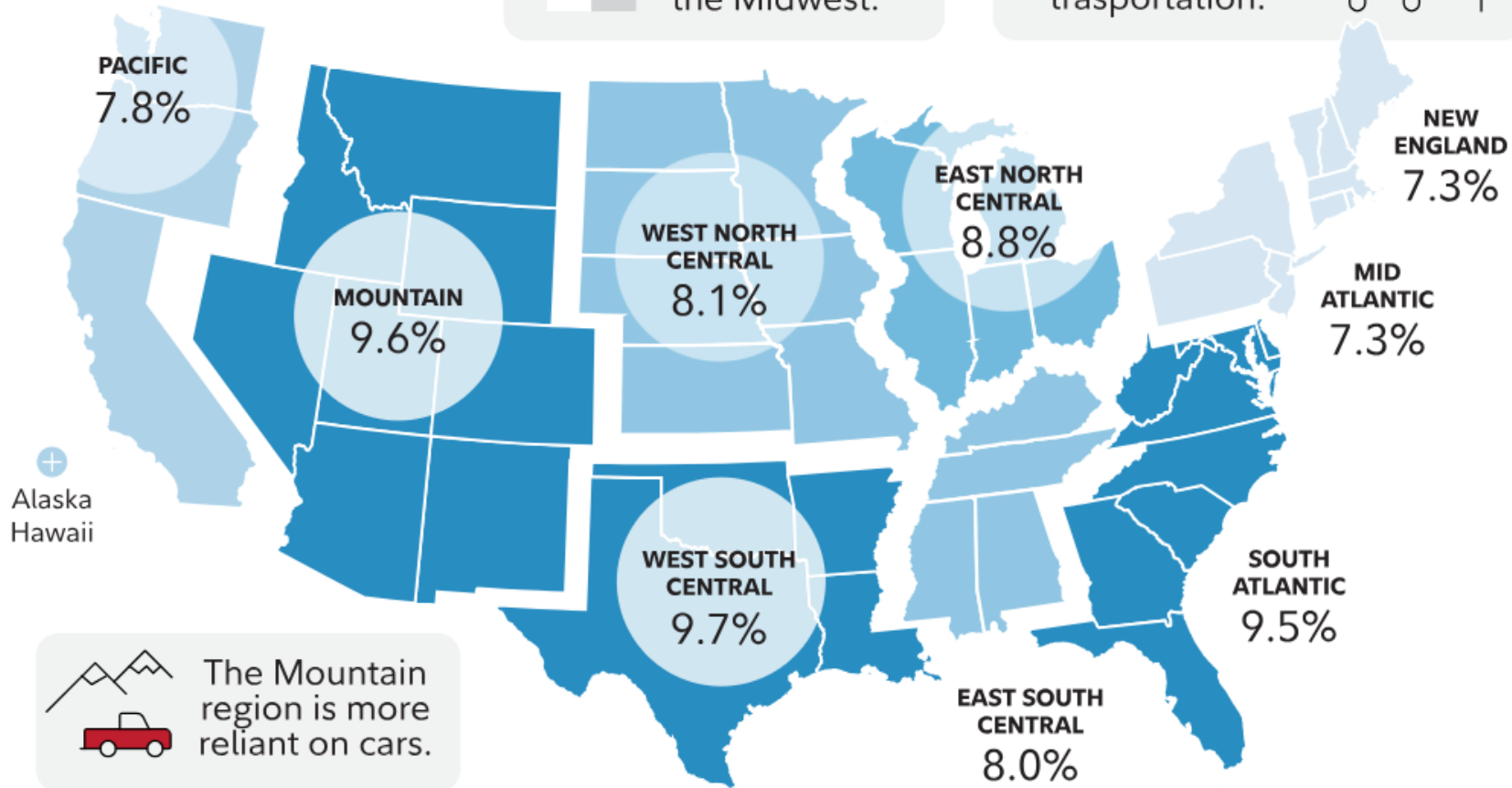
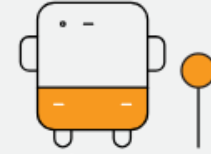
8.5%

People in the Pacific states eat out the most.



Housing is less expensive in the Midwest.

People in the Northeast spend the least on transportation.



The Mountain region is more reliant on cars.



Huge increases in housing and energy prices are driving inflation in Sun Belt states

Source: US Bureau of Labor Statistics, July 2022

INFLATION



- Lower-income households
- Households with children
- Older head-of-households
- Renting a home
- Eating at home
- Driving a car
- Small towns



- Higher-income households
- Owning a home
- Eating out
- Public Transportation
- Big cities

THE ECONOMY



Problems

- Time-consuming
- Perpetuates wealth disparities
- Ethical challenges
- Violates two of our definitions of inclusive

DISCUSSION: THE ECONOMY

How can we more ethically rate prospects?

Are there ethical methods we can use to factor the economy into our capacity estimates?

ROADMAP FOR THE FUTURE



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**Economic
Crises**

**Investment
Portfolios**

Influencers

**Global
Emergencies**

Crypto

**Privacy
Laws**

**Rental
Properties**

UUSA'S ROADMAP FOR THE FUTURE

- Updated real estate/rent formulas
- Brought DEI/BA principles into our capacity
- Better awareness of implicit bias
- Just because it can be measured, doesn't mean it should be measured
- Consistency vs. Accuracy

IDEAS FOR THE NEXT ROAD TRIP

- Potential debt based on company ownership
- Rising salaries
- Measuring new types of wealth
- Adding language to estimates to bring more awareness
- Other intangible modifiers



DISCUSSION: ROADMAP FOR THE FUTURE

What ideas do you have for making your capacity estimates more inclusive at your organization?

***Food for thought: What's more important: accuracy or consistency? What can we feasibly change now? What wealth factors will stand the test of time?**

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THANK YOU!

Please complete your session evaluations in
the mobile app.

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