

E-Waste Pickup

Homeboy's desire for revenue generator powered recycler acquisition. **By HENRY MEIER** Staff Reporter

HOMEBOY Industries, a downtown gang rehabilitation and re-entry nonprofit, is out to prove it's not a charity case.

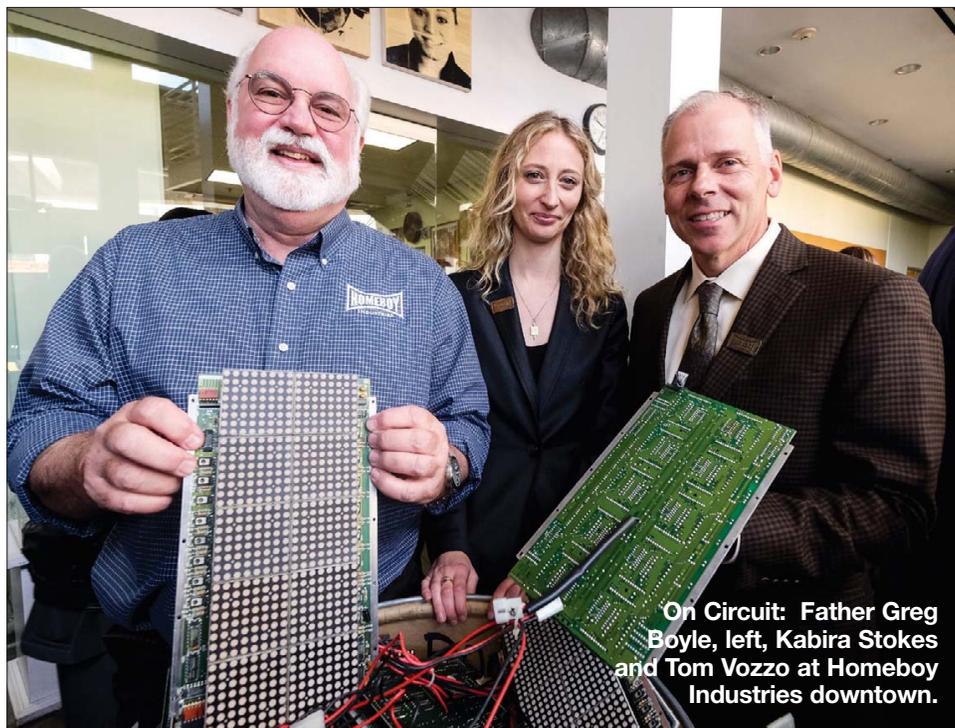
The group, founded by the Rev. Gregory Boyle in 1988 to help ex-gang members develop job skills, has acquired for-profit B Corporation **Isidore Electronics Recycling** for an undisclosed sum. The company, which processes electronics for reuse and recycling, will be rebranded as Homeboy Recycling.

Homeboy Industries Chief Executive **Tom Vozzo** said the intent is to keep Homeboy Recycling a going concern while leveraging profits to support other parts of the organization.

"Expanding the business is important to our future success," Vozzo said. "Because we're 95 percent privately funded, we need to grow our business revenue in order to help more homeboys and homegirls going forward."

While Vozzo declined to disclose the financial terms of the deal, he said the purchase was financed by donations explicitly earmarked for this transaction.

"We're blessed with a lot of very generous donors, and over the years many have said that if we find a good business opportunity they'd be willing to put up more money to help acquire it," Vozzo said. "Through their help, we didn't have to use any existing Homeboy (Industries) funds (for the deal)."



On Circuit: Father Greg Boyle, left, Kabira Stokes and Tom Vozzo at Homeboy Industries downtown.

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Kabira Stokes, Isidore's founder and chief executive, said the Homeboy partnership almost happened much earlier.

"I actually talked to Father Boyle five years ago when I was starting the business," said

Stokes, who plans to stay on and run Homeboy Recycling. "It's kind of come full circle."

Isidore overcame several challenges since its launch in 2012, including a warehouse fire and the departure of a co-founder. Located on

the outskirts of Chinatown, the company has processed 2.2 million pounds of e-waste and employs 14 people, eight of whom are formerly incarcerated, according to Stokes.

Stokes said she sees the company as a second step for many of the convicts who go through Homeboy's job-training program, which helps train and support some 10,000 men and women every year.

The recycling business, however, will not have the job-training component of Homeboy Industries' other ventures.

"A lot of our current businesses are job-training programs, but we're not doing that with Homeboy Recycling," Vozzo said. "This will provide long-term jobs and be run as any for-profit business would."

While the recycling outfit is only a small part of Homeboy Industries' overall operation, the group is planning for growth. Vozzo said he wants to increase Homeboy Recycling's revenue by 40 percent in the first year. Stokes said that's an attainable goal given the parent's platform in Los Angeles.

While this foray into for-profit territory is new for Homeboy Industries, it's a venture Vozzo said he is confident will prove fruitful.

"Our workforce is as good as any, and one of our goals is to show that we can run a successful for-profit enterprise with it," he said.

Latham & Watkins advised Homeboy pro bono on the deal. **Cypress** was legal counsel for Isidore.

Home Brokers Expand by Opening Doors Abroad

By HELEN ZHAO Staff Reporter

Some L.A.-based luxury brokerages are stepping off the beaten path when it comes to expansion, turning their attention to international markets as they seek wealthy buyers for properties both at home and abroad.

Last month, the **Agency** opened an office in Punta de Mita, Mexico, its third outside the United States, while **Teles Properties** is launching a Cabo San Lucas branch in March and planning to open offices in the United Arab Emirates, Saudi Arabia, and Qatar in the next few months. Meanwhile, **Partners Trust** opened a Shanghai office in 2015. All three firms are headquartered in Beverly Hills.

Opening foreign outposts remains an unusual strategy for L.A.'s residential real estate firms. Still, the practice is growing in popularity as brokerages discover that planting roots abroad can help lure foreign buyers to the L.A. market and assist local clients looking for international property.

"As the economy gets more global, you start seeing clients coming from certain locations," said Teles Chief Executive **Peter Loewy**. "For us, we want to have the best bang for our buck, going to locations we know best."

Loewy said his firm has cultivated connections in the Middle East who are knowledgeable about real estate markets in California and interested in purchasing homes in the L.A. area.

"Most of the Middle East money is inbound

to the U.S. — whether trophy properties in Beverly Hills or for kids going to school at USC or (**Chapman University**)," Loewy said.

Partners Trust is also betting on more overseas money flowing into the United States. The firm opened its three-person Shanghai office two years ago as a way to cater to Chinese investors snapping up L.A. real estate.

Nick Segal, chief executive of the firm, said the outpost is still coming into its own.

"It's emerging. It's not full force yet," he said.

The Shanghai office has thus far sold just two L.A. condos, for more than \$1 million apiece.

Deal flow

Local buyers are also increasingly investing in real estate overseas, which is the market the Agency is looking to capture.

"One of the key factors we're looking at in terms of our expansion is expanding into areas where people from Southern California, especially Los Angeles, are vacationing," said Chief Executive **Mauricio Umansky**.

The Agency opened an outpost in the Turks and Caicos Islands last year and one in Cabo San Lucas in 2015.

Umansky said the Punta de Mita office, which houses six agents, has sold two single-family homes and a condo so far in Mexico. He expects half of the firm's business in Mexico to come from local buyers and half from U.S. residents seeking additional properties.

Teles' Loewy said the firm's Cabo San Lucas office would also cater to Mexican buyers looking for property in Los Angeles.

Despite increased interest in foreign operations, however, international offices remain an exception rather than the norm. Most bro-

kerages opt instead to join one of a handful of international networks through which participating agencies send business to each other in exchange for a referral fee that's typically 25 percent of commission, according to **Scott Gibson**, chief executive of luxury brokerage **Gibson International**.

The Brentwood-based firm is part of a network called **Leading Real Estate Companies of the World**, which counts 550 firms in more than 55 countries. Gibson said 5 percent to 8 percent of business for local agencies tends to come through such international networks.

"Because the rules are so different in each country ... I can provide a far better service to my clients by not trying to be everything to everybody everywhere," Gibson said. "I'd be far better off working with an established brokerage than trying to reinvent the wheel."

Having an international presence can be especially important for luxury brokerages selling high-end homes to billionaires, said **Charles Black**, executive vice president of marketing for **Hilton & Hyland** of Beverly Hills.

Hilton & Hyland is part of **Christie's International Real Estate**, a network of 138 real estate firms with 1,350 offices across the globe. It is partnering with French firm **Michael Zingraf Real Estate**, also part of Christie's, to market **Johnny Depp's** Plan de la Tour estate just outside Saint-Tropez, which is listed for \$39 million. The actor splits his time between France and Los Angeles. If Hilton & Hyland refers a client to Zingraf who winds up buying the property, it would receive a referral fee.

"With high-ticket items, there are probably only 3,000 people who can afford it," said Black. "And those 3,000 people do not only live in Los Angeles. They're all over the world."



Reaching Out: The Agency's Mauricio Umansky has opened three foreign offices.