

Market Creek Plaza: Toward Resident Ownership of Neighborhood Change

A PolicyLink Case Study



PolicyLink is a national nonprofit research, communications, capacity building, and advocacy organization dedicated to advancing policies to achieve economic and social equity based on the wisdom, voice, and experience of local constituencies.

Photos courtesy of the Jacobs Center for Neighborhood Innovation

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Residents like Vernon Brinkley have taken leadership roles in working with their neighbors to create a new vision for their community.

Artists from the community, including Víctor Ochoa, Jose Morales, Jean Cornwell, and Mario Torero, participated on the Art & Design Team to design the look and feel of the plaza.



Preface

Since its founding in 1999, PolicyLink has been committed to Lifting Up What Works®: highlighting and extracting lessons for practice and policy from the exciting work of local leaders who are shaping solutions to economic and social problems affecting low income communities of color. Market Creek Plaza is precisely the kind of model that PolicyLink is eager to highlight, and this case study explains why. *Market Creek Plaza: Toward Resident Ownership of Neighborhood Change* explores the partnership between a local family foundation and neighborhood residents that turned a 10-acre blighted site in the Diamond Neighborhoods of San Diego into a mixed use commercial and cultural center that has been designed, planned, and ultimately will be owned by community residents.

When the Jacobs Center for Neighborhood Innovation asked PolicyLink to assist in documenting the Market Creek Plaza effort, we eagerly agreed because the plaza's evolution exemplifies the principles of equitable development, a core PolicyLink agenda for change. Equitable development is a comprehensive approach to economic development that enables everyone, regardless of income level, to participate in and benefit from local and regional growth and prosperity. Diamond community members were engaged in all aspects of the plaza's planning, construction, and operation, including participating in community surveys, determining the look and feel of the plaza, focusing on involving minority and women contractors in the construction, and securing jobs for residents and opening opportunities to local entrepreneurs. Ultimately, they will reap the plaza's economic and social benefits. The venture is proof that equitable development principles can revitalize neighborhoods and ensure that local residents of color benefit from that revitalization. PolicyLink is honored to be a friend and partner in this exceptional undertaking.

Angela Glover Blackwell
Founder and CEO, PolicyLink

Market Creek Plaza represents a journey into uncharted territory involving risk and breaking new ground together. We learned that for community revitalization to be sustaining, residents must “own their own change”—the planning, the implementation, and ultimately the assets. We must work beside them, encouraging the creativity that results from their knowledge and love of their own neighborhoods. This is how a vision is born, skills are built, and value that benefits them is created.

To address the interconnectedness of neighborhood issues, we narrowed our focus, moved our offices, and engaged in a direct learning relationship with community residents. We abandoned our preconceived notions about what people need—and what foundations do—and asked people what changes they wanted to see and how to go about it. Resident teams became our vehicle for learning and planning on the training ground of an abandoned factory site. It would become Market Creek Plaza.

PolicyLink contacted us in 2001 during their initiative to promote examples of “resident ownership mechanisms.” By including Market Creek Plaza in its publication, PolicyLink brought a national perspective to our work and demonstrated the value of sharing our lessons with a wider audience. We are now partnering to document and disseminate the learnings from this project with a series of case studies. This is the first of that series.

Embarking on this journey was not a choice; it was a mission. This work is patient and personal, requiring risk and rethinking everything we thought we knew. Yet we encourage others to experience the gifts and talents of people coming together, feeling their pride, and seeing change take root. We hope these experiences will inspire and inform other efforts around the country.

Our journey continues.

Jennifer S. Vanica
President and CEO, Jacobs Family Foundation and
Jacobs Center for Neighborhood Innovation

Executive Summary



This case study describes an unfolding experiment intended to build broad resident ownership of neighborhood change. The “vehicle” for this effort is a commercial real estate development project in a culturally-diverse, under-invested neighborhood of San Diego, CA. The development, known as Market Creek Plaza, is the first commercial real estate project in the country to be designed, built, and ultimately owned (in the most literal, economic sense) by neighborhood residents.

Behind Market Creek Plaza is a thoughtful and deliberate process to involve residents as leaders and partners in neighborhood transformation. Market Creek Plaza is also the story of the Jacobs Family Foundation (JFF) and its sister organization, the Jacobs Center for Neighborhood Innovation (JCNI) to forge a new role for philanthropy in support of community change. These innovations are occurring at a time when practitioners, funders, and policymakers across the country are struggling with the long-term sustainability and impact of community change efforts. The initial results of Market Creek Plaza and the lessons learned have much to say about the

possibilities of involving residents as both stakeholders and shareholders in a large-scale community economic development project intended to be a catalyst for broad neighborhood transformation.

Market Creek Plaza extends over ten acres on a property that once housed an aerospace factory. Both a commercial and cultural center, the development includes a large grocery store, ethnic restaurants, a fitness center, and an open-air amphitheater. An outdoor public art collection—mosaics, totems, and murals—in combination with the architecture of Market Creek Plaza's buildings reflects the artistic traditions of the diverse ethnic and cultural groups in the neighborhood.

Market Creek Plaza's appearance, however, tells only part of the story. The project exists as part of an emerging paradigm for *resident ownership* advanced by the project's developer, JCNI. According to this strategy, engaging residents in development activity—in historically under-invested neighborhoods where they have suffered the consequences of development while enjoying few of the benefits—

is positive, but not an end in itself. Rather, for neighborhood revitalization to be sustaining, residents must own the development process and the assets of all projects. It is through this broad experience of ownership that residents build the skills, networks, and leverage necessary to create and sustain broad community change.

The remaining portion of the old factory site will be developed through a partnership with local neighborhood planning groups and in coordination with the city of San Diego's new redevelopment program called the City of Villages. According to the community plan put together by residents, the undeveloped portion of the site will include affordable housing and additional commercial space.

While implementation is not yet complete, Market Creek Plaza's resident-led development effort has already resulted in important breakthroughs:

- **Minority contracting.** 69 percent of the construction contracts controlled by JCNI were awarded to local minority-owned enterprises, totaling \$7.1 million.
- **Local hiring.** 91 percent of the initial employees at Food 4 Less were hired from the community. All these jobs are unionized and include living wages, health care, and pension plans. New jobs created to date total nearly 200.
- **Civic participation.** 2,000 adults and over 1,000 youth to date have participated in land planning, leasing, marketing, research, advocacy, and ownership design. Extensive cross-cultural teams have played an ongoing role in project implementation.
- **Community equity in the project.** A plan to enable up to 500 community residents to invest in the project is currently before the California Department of Corporations. As the nation's first "community development IPO," it will (if approved) enable residents to be actual stockholders in the development.
- **Neighborhood reinvestment.** Residents have designed a locally-controlled foundation, which is already chartered for approval as a 501(c)(3) neighborhood corporation, to grant a portion of the profits from the development back into the neighborhood.

JCNI has played a central role in unleashing the skills and leadership of residents that led to these achievements. However, the path has not been easy. According to JCNI, making the vision of resident ownership a reality involves questioning the role of philanthropy, changing the way foundations do business, becoming part of the community, and "being willing to change ourselves."

As the journey toward ownership of Market Creek Plaza unfolds, JCNI staff and residents are collaborating to cull the learnings from one phase of the project and apply them to the next. These lessons, representing one experience in one particular context, can also serve as a valuable knowledge base for the wider community building/community development field. Learnings captured include:

- Involving residents as ongoing partners requires a commitment to developing multiple engagement approaches and continuous outreach;
- Bringing residents inside the complexities and tough decisions of the project is essential for forging ownership of the implementation and the results;
- Partnering with residents in development activity can expand residents' perception of their own capacities and spur them to undertake further organizing, policy advocacy, and community change work;
- Building community ownership of change requires anticipating and dealing effectively with race issues;
- Helping to build and sustain community ownership of change requires asking questions rather than providing answers.

The body of this case study examines the guiding values, strategies, and lessons learned to date from the Market Creek Plaza ownership effort. PolicyLink completed this case study as part of its ongoing collaboration with the Jacobs Center for Neighborhood Innovation. It is the first of two studies describing different dimensions of the Market Creek Plaza ownership strategy.¹ PolicyLink conducted on-site interviews of residents, contractors, JCNI staff, and consultants and reviewed internal plans, meeting notes, pamphlets, and other materials as part of the drafting process.

Community residents reviewed proposed art projects suggested by the Art & Design Team.

Community resident Carol Pettiford-Jones poses a question at a team meeting.



Community Engagement and Ownership: For What Purpose?

1



Today the community building field is grappling with key questions on how best to strengthen and sustain comprehensive community initiatives.² Community building is characterized by a multifaceted approach to neighborhood development and change that builds on local assets and emphasizes resident participation and leadership. These efforts focus special attention on linking the development of *place*, under-invested communities, with *people*, the residents of those communities. Community builders particularly recognize the importance of enhancing “social capital”—the friendships, mutual trust, institutions, and capacity that are essential to strengthening the lives of families and individuals over the long term.³

Practitioners and funders committed to community building acknowledge, however, that many initiatives underway around the country have fallen short of their promise: while these efforts are producing valuable change, they have not become the “agents of transformation” that many hoped they would be.⁴

A key challenge has revolved around the nature and continuity of resident involvement and leadership. After reviewing the experience of a number of innovative and comprehensive efforts, an Aspen Roundtable report concludes that:

*We now understand that we need to improve individuals’ ability to foster community change: they need to be brought into the work more deliberately, and they need to become skilled leaders. Moreover, residents must connect with one another, as sources of social and material support and as mobilized partners in community change. The recent CCI (Comprehensive Community Initiative) experience has done well to identify leadership development, social capital, and community mobilization as important issues, **but substantial progress remains to be made on improving how we do each** (emphasis added).⁵*

Market Creek Plaza represents an effort to tackle these community building challenges head on. Through partnering to develop this project, local residents and the Jacobs Center for Neighborhood Innovation (JCNI) are evolving a new *resident ownership* paradigm. JCNI conceives of Market Creek Plaza as a vehicle to facilitate resident participation in the planning, decision-making, implementation, and ownership of community change in the broadest and most fundamental sense.

However, making this resident ownership vision a reality involves not only forging a new role for residents. It also means a fundamental re-evaluation of the role of philanthropy in supporting such efforts. For example, can a funder develop trust with the community? Can a funder be clear about expectations without being controlling? Can a funder be one among equals at the table? JCNI has concluded that it is impossible as a foundation to conduct “business as usual” if broad resident ownership of change is to take hold. In this context, a key part of the Market Creek Plaza story is the striving of a foundation to share power and pass it on to the community.

We now know that if we want to see change in our neighborhoods, we all must change—take a risk [and] reach beyond our safety zones.

—The Jacobs Foundations: History 1988-2001

Sharing power and building resident ownership of change involves a commitment to: listening, long-term presence, partnering with residents, and building community-controlled assets.

Listening. True listening means, in the words of one JCNI staff member, “asking residents what they want before you know what you want.” It means eliciting information about what works in the community and residents’ aspirations for building on those strengths. Finally, true listening involves helping to form a vision rather than requesting input on a plan (no matter how well intentioned) that others have conceptualized.

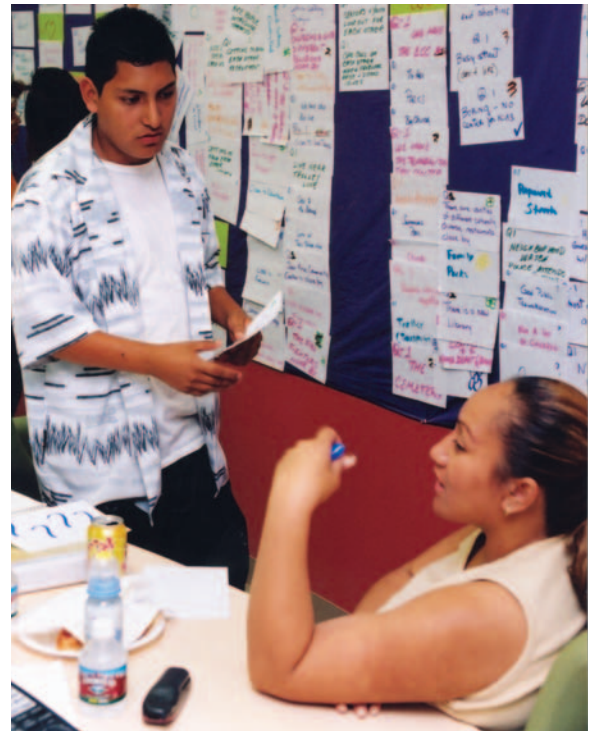
Long-term presence. JCNI plans to remain in the neighborhood until its “sunset clause” puts the center out of business in about 20 years. Freedom from the pressures of conducting short-term initiatives has enabled JCNI to engage in a patient process of building trust and relationships with residents. A slower pace, not possible in the context of short-term philanthropic initiatives, has allowed time for thorough questioning and debate about different aspects of the work. Slowing down has also made it possible to develop—together with the community—the resources and institutions required for long-term, lasting impact.

Partnering with residents. Underlying JCNI’s work at Market Creek Plaza is an effort to empower residents as active partners and decision-makers in the project. This means that project implementation is characterized by a commitment to “learning by doing.” Furthermore, the value that JCNI places on residents’ involvement and decision-making means that it is residents themselves who determine how the processes unfold, even, in some cases, taking implementation in directions unforeseen by JCNI. Finally, in another departure from “business as usual,” partnering with residents involves JCNI encouraging and accepting criticism, and even re-inventing itself to better meet community needs.

Building community-controlled assets. JCNi conceives of Market Creek Plaza as an opportunity to reinvest profits back into the neighborhoods and build both individual and collective assets. A number of researchers have highlighted the importance of building financial assets as a strategy to enable low-income/low wealth families to escape poverty.⁶ Assets can also augment the relative political “voice” of their owners. As noted by New York University economist Edward N. Wolff: “...in a representative democracy, the distribution of power is often related to the distribution of assets.”⁷ To support asset development, JCNi is pioneering new ways of using the foundation’s own assets and borrowing capacity in support of community goals. It has evolved new combinations of Program Related Investments that bring together neighborhood loans and loan guarantees: for example, business development loans and guarantees for working lines of credit; and community equity investments and planning grants. A subsequent PolicyLink case study will examine these efforts in greater detail.

“We asked ourselves, how do people make change? How is it best sustained? People need to own the change process—own the actions, own the implementation, then own the assets.”

—Jennifer Vanica, President and CEO,
Jacobs Center for Neighborhood Innovation



Community listening, in which resident responses are recorded and then categorized, is key to the planning process of each team.



Members of the Construction Team review the resident-approved site plan elevation.

Market Creek Plaza Basics



The top resident request for businesses at Market Creek Plaza was a major grocery store. Food 4 Less, the plaza's anchor tenant, was the first business to open.

The Project

Market Creek Plaza is a commercial and cultural center in urban southeastern San Diego that broke ground in 1999. The project's anchor tenant is a large, full-service Food 4 Less supermarket, the first major grocer to locate in the area in thirty years. Retail shops and restaurants, some occupied, some, as of this writing, still undergoing final "tenant improvements" to the interior retail spaces, fill out the plaza. Fully leased, the entire retail space houses locally-owned ethnic restaurants, a fitness center, a bank, a gift shop where local crafts people rent space to market their work, a coffee house, and a high tech bill-paying center of the regional utility company.

Built on 10 acres, Market Creek Plaza's archways, towers, and unusual angles combine shapes and styles from several cultures.⁸ The plaza's walls and walkways incorporate public art—mosaics, tapestries, totems, and paintings. The development's "back" is really another front: it faces a restored creek and includes a grassy 500-seat open-air amphitheater, outdoor dining area, and cultural plaza. Market Creek Plaza's bold colors—reds, purples, yellows, deep blues—blend with its uncommon contours to signal a clear departure from the look of conventionally-designed commercial centers.

As of February 2004, the shopping center and amphitheater portion of the development was completely built and landscaped. An office building, still in the design phase, is planned for an area adjacent to the shopping area. This building will be home to community organizations and a catering training kitchen. The bottom floor of the building will house a community center to provide space for local organizations to meet and hold public events.

The Community

Market Creek Plaza is located in the area of San Diego sometimes referred to as the “Diamond Neighborhoods,” ten contiguous neighborhoods named for the city-designated Diamond Business Improvement District. Some 88,000 residents live in the Diamond and speak more than fifteen languages. While the majority of the population is African American and Latino, the Diamond is home to many groups—Laotian, Samoan, Filipino, and Somali among them.⁹ Median household income is \$32,000, compared to \$46,000 in San Diego as a whole. Nearly a third of households survive on less than \$20,000 annually.¹⁰

Like many communities of color, the Diamond has experienced decades of under-investment. A market study conducted in 1998 found that the area was underserved by approximately 400,000-sq. ft. of retail space. At the same time, the community possesses important assets. Community institutions include the Malcolm X Library and Performing Arts Center, the Tubman-Chavez Multicultural Center, and the Elementary Institute of Science. Other assets, identified by residents in a community planning process,¹¹ include:

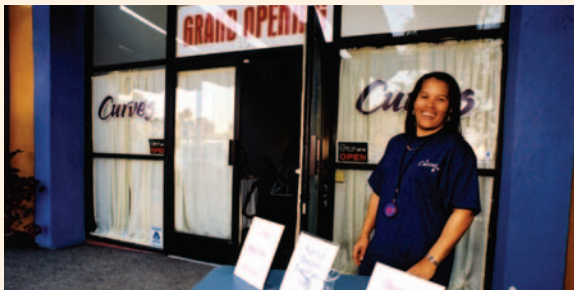
- A strong faith community
- Resident involvement in community issues
- Central location in the city
- A high percentage of homeownership

The Developer

The Jacobs Center for Neighborhood Innovation (JCNI), an operating foundation with a neighborhood-strengthening mission, initiated efforts to develop the site where Market Creek Plaza now sits. The Jacobs Family Foundation established JCNI in 1995 in the belief that the key to making deep and lasting community change is by partnering with non-profits and community stakeholders. The family foundation had reached the conclusion that traditional philanthropy (granting money project-by-project and year-to-year) rarely had a lasting impact and thus sought to forge a new philanthropic approach. In 1998, JCNI made the decision to locate and focus its work exclusively in the Diamond Neighborhoods.

If the clear-cut objective of philanthropy is to help people to be independent, to have self-esteem, to beam with pride—in short, to recognize and accept that they are deserving of human dignity—there must be a radical change in methodology.¹²

—Joe Jacobs, Founder, Jacobs Engineering Group and Jacobs Family Foundation



Local entrepreneur Shelley Rucker-Lamberth opened her Curves for Women location at the plaza with technical assistance from JCNI and help in accessing the necessary resources.



The 500-seat, outdoor amphitheater features a stage that rises and lowers with the water level of the creek.

The residents on the Outreach Team interviewed 600 residents and 200 businesses to determine what products and services were most needed in the community.

Engaging residents in rich conversations about their concerns and desires for the community resulted in a meaningful plan for redevelopment.



The “How:” Key Building Blocks for Resident Engagement and Ownership of Change

2

The goal of Market Creek Plaza is to create resident ownership of the plans, process, implementation, and assets generated by the project. The building blocks or strategies utilized on the journey to realize this vision include:

- 1) Outreach and relationship building early in the process;
- 2) Ongoing support for community participation in planning and implementation;
- 3) Building and leaving skills and capacity in the community;
- 4) Designing direct ownership mechanisms.

Building Block 1

Outreach and Relationship Building Early in the Process

JCNI initiated efforts to connect with residents and involve them in the development prior to conceptualizing the project. According to Roque Barros, JCNI Director of Community Building:

“We started knocking on doors in the four communities immediately surrounding Market Creek Plaza (then called the Langley property). We told residents we were going to purchase the property, and it would impact them, and we asked for their thoughts. As soon as we had access to the property, we opened up an outreach office there and started inviting people to meetings. We invited people to be on the Outreach Team, and to do a community survey with us to identify issues and see what residents wanted to do with the site.”

Barros formed an Outreach Team and trained its resident members in designing and conducting community surveys. JCNI also established a partnership with a local non-profit, Homeys Youth Foundation, whose members participated in the survey implementation process. Ultimately, residents conducted over 600 surveys of their neighbors in four languages.

Respondents' answers about what they wanted to see at the site (mentioned most often was a supermarket) formed the guiding vision for what Market Creek Plaza would be.

JCNI relocated its offices to the neighborhood to underscore its long-term commitment to the community. Foundation staff and residents also met with some 200 local organizations and compiled and distributed a directory of neighborhood institutions and resources. In an effort to get to know different segments of the community, JCNI invited each ethnic group to host a cultural event at its offices, featuring the food, clothing, traditions, and culture of the different groups.

According to Barros, several key ideas guided JCNI's early outreach work:

"We tried to build relationships. We also addressed ethnicity; we made sure that community people would see themselves as part of the team—this also ensured that we worked with the different ethnic groups effectively because there was representation on the team."

Finally, JCNI also conducted outreach to area businesses, many of whom expressed initial concern and suspicion about the Market Creek Plaza project. To establish relationships, JCNI invited a number of business people to participate on a community team to oversee the business development and leasing components of the project. In this way, JCNI was able to harness the expertise and experience of local entrepreneurs and include them in creating a vision for the types of businesses that would be eligible to lease space at Market Creek Plaza.

Building Block 2

Ongoing Support for Community Participation in Planning and Implementation

Key strategies to facilitate continuing resident participation in Market Creek Plaza include creating and supporting ongoing community teams that involve residents in substantive work on the project; utilizing methodology that facilitates learning and decision-making; and valuing residents' time and knowledge—including paying stipends to implement key parts of the work.

Developing and Supporting Community Teams

Cross-cultural community teams composed of residents assist in the strategy, design, and implementation of various areas of work and are intended to link Market Creek Plaza to important community networks. Community teams have overseen:

- Outreach
- Art and Design
- Construction
- Business Development and Leasing
- Ownership Design
- Resource Development
- Childcare

Teams typically begin their work with large gatherings to develop a shared vision for a particular aspect of the project. Team members on the Business Development and Leasing Team, for example, met for several months to determine criteria and characteristics for commercial tenants at the plaza. Once they define the overall concept, members self-select into a smaller team to oversee implementation. The Business Development and Leasing sub-team held a Leasing Fair, and interviewed and screened hundreds of entrepreneurs who had expressed interest in leasing space.



Pacific Islander cultural dancers perform on one of the cultural nights hosted by the Outreach Team.

Critical to the teams' work is the provision of support mechanisms such as on-site childcare. According to a mother of four active in the project:

JCNI has really encouraged me to participate. They built an indoor play area with a big glass window so that we can see our kids. Also, we talked about which hours would work best. I can't make afternoons because I start picking up my kids at 2:30. Also, they provide food so I can bring my kids and they can eat.

Finally, JCNI has structured its own internal organization to better support the work of the community teams. Staff is organized in a cross-functional and cross-disciplinary manner to better track and assist the teams in their efforts.

Methodology that Facilitates Learning and Decision-Making

JCNI utilizes methodology that both respects residents' skills and intelligence and recognizes the varying educational level of team members. Team meetings are intended to serve as safe learning environments where residents can increase their knowledge about the project component on which they are working. One resident who was unable to attend school past the junior high level noted: "When I don't understand, they take the time to explain. I've never been part of anything like this before."



Jennifer Vanica (standing) worked with the Ownership Design Team to develop innovative solutions to bring ownership to the community.

In addition to using plain language, JCNI also makes it a practice to involve residents in the tough decisions and trade-offs inherent in development work. During the commercial leasing process, for example, JCNI facilitators often plugged a laptop computer up to a big screen during community meetings to compare different leasing options. This method of doing the calculations on screen enabled residents to see and weigh the financial ramifications of alternative choices. According to President and CEO Jennifer Vanica,

Understanding the implications of alternate courses of action gave residents a different perspective. They had to debate tradeoffs when they could see how it impacted the bottom line, and this helped them make sound choices.

Valuing Residents' Time and Knowledge

JCNI recognizes residents who make a particularly intensive and sustained contribution to the work by paying stipends to members of teams directly involved with day-to-day implementation. For example, Outreach Team members worked between 10 and 15 hours per week during Market Creek Plaza's initial phase, and JCNI paid members a stipend (\$6.50 per hour, later raised to \$8). According to Barros, the stipends are a respectful way to compensate community members for their time. He notes:

Residents bring tremendous knowledge of the neighborhoods and problem-solving skills to the table, which are both critical for this project. We see resident stipends as a different twist on the practice of hiring a consultant to provide a particular kind of expertise.



The Business and Leasing Team hosted a Leasing Fair to give local entrepreneurs an opportunity to learn about retail space at the plaza.

Building Block 3

Building and Leaving Skills and Capacity in the Community

According to CEO Vanica:

Every aspect of Market Creek Plaza is about building skills and experience. “Training to the task”—or building capacity by accomplishing specific work—has become a key part of the process.

Throughout Market Creek Plaza's implementation, JCNI has facilitated multiple training and capacity building opportunities for minority construction contractors, emerging entrepreneurs, and residents. To enable local minority contractors to access construction jobs at Market Creek Plaza, JCNI formed a Construction Collaboration composed of the major minority contractor associations in San Diego. To build capacity, the collaboration designed a comprehensive assessment and training process for potential contractors and laborers on the project.

One component, the Mentor-Protégé training program, enabled Market Creek Plaza contractors to strengthen their business skills (in class at night) concurrent to working on the project by day. The goal was to increase the volume of work that emerging contractors were capable of winning and performing in open competition. According to one Collaboration member:

Many contractors are good at doing their craft but lousy business people. We used this job as a test case. The contractors had to make a promise to go through the whole program while they were doing their contract. They had classes at night. These included classes in accounting, bidding, construction scheduling, OSHA laws, etc. We wanted to get contractors out into the bigger market.



Almost 70 percent of construction contracts were awarded to local minority and women-owned firms.

The commitment to building the capacity of local contractors also involved providing them with access to capital and helping them to build bank relationships. JCNI provided loan guarantees for “working lines” of credit for community-based contractors to help them expand and upgrade their businesses. As these contractors paid off their credit lines, they became eligible for bonding, all for the first time.

JCNI also prioritizes developing the capacity of emerging entrepreneurs in the community. The vision for Market Creek Plaza is that it be a venue for local business people to build their enterprises side-by-side a few national tenants. To help entrepreneurs strengthen their existing businesses or take their business concept to a workable plan JCNI provides hands-on technical assistance. It also provides access to low-cost capital through a partnership with a local small business development corporation.

Finally, JCNI maintains a continuing focus on building residents' skills throughout the project. Residents are learning fundraising skills by participating with JCNI on the project's active Resource Development Team. In addition to the learning on diverse topics that takes place in the Community Teams, JCNI facilitates workshops on financial literacy. Workshops cover such topics as financial planning, accumulation and preservation of assets, credit repair, and sound investing. The project has leveraged existing expertise in the field for assistance in curriculum development and presentations, and has placed special emphasis on reaching neighborhood women and youth. JCNI has offered versions of these trainings in English and Spanish and will soon make them available in Laotian and Somali.



Local contractors participated in a mentor-protégé learning program that mixed classroom instruction with on-the-job training.

Building Block 4 Designing Direct Ownership Mechanisms

Like Market Creek Plaza, many comprehensive community initiatives stress the importance of local ownership over the implementation process. However, Market Creek Plaza takes this ownership concept one step further by fostering direct economic ownership of the development. The ownership concept is modeled on the Native American tribes' "theory of thirds"—a third of profits for individual benefit, a third for community benefit, and a third to be reinvested in ongoing development.

To make individual ownership a reality, residents will be able to buy "units" in the development through an Initial Public Offering—if the proposal before California State Department of Corporations is approved.¹³ (Until the proposal is approved, JCNI is bound by a confidentiality agreement not to discuss the specifics of the offering with potential investors.) Understanding that there is a possibility that they will be able to own the assets created by the project creates a strong resident connection to the development. Notes one community member:

This is something that's near and dear to my heart, the fact that people can own a share of property in a project that affects them, and with a minimum contribution they can profit from it. And, it's one person, one vote—it's not based on how many shares you own. Your concerns are heard. You have a voice.

While the Initial Public Offering (IPO) is conceived as a way to enable individual ownership in Market Creek Plaza, the Neighborhood Unity Foundation (NUF) was formed to serve as the vehicle to facilitate community ownership. A locally-controlled foundation, it will hold an ownership stake in the development and receive a portion of the profits for the funding of neighborhood improvement projects. To help shape its future, a new community research team has completed over 500 interviews in "living room" meetings with residents.

Finally, JCNI has established a development business that over time will be owned and managed by community members. This business will use a portion of the Market Creek Plaza profits to invest in additional development opportunities, expanding the assets that are under community control. Through these strategies, JCNI intends to build both assets and capacity that the community can leverage in building and sustaining change.



Sandra Candler leads a NUF Community Listening meeting.



Members of the Resource Team share their feelings about the plaza and experiences on the working teams with foundations and organizations making site visits to the plaza.

Milestones in Market Creek Plaza's Resident-Led Implementation

The following text highlights initial results made possible by residents partnering with JCNI to implement Market Creek Plaza:

Neighbors organizing neighbors results in the participation of over 2,000 residents in land planning, leasing, marketing, research, advocacy, and ownership design. Residents have shaped the project through large visioning meetings and smaller strategy sessions; have held “living room” meetings in their homes; interviewed potential commercial tenants; and designed and conducted community surveys.

Resident-driven employment strategy results in 91 percent of initial Food 4 Less employees hired from the community. Achieving this level of local hiring involved negotiations with the union at Food 4 Less, which because of union rules regarding seniority, could not initially promise that area residents would be hired at the Market Creek Plaza location. In the end, JCNI, residents, and their non-profit partners won an accord whereby the union agreed that Diamond residents would be hired and trained at stores throughout the region and then given first priority for jobs at the Market Creek Plaza store upon its opening.

The Construction Collaboration's efforts to build contractor skills, provide access to capital, and mentor contractors results in 69 percent of construction contracts for Market Creek Plaza awarded to local minority contractors, totaling \$7.1 million. The sustained efforts of the collaboration (composed of minority contracting associations) led to an unprecedented level of participation by “Historically Underutilized Business Enterprises” (HUBES) in the project. The city of San Diego's record is less than 2 percent.

Residents' commitment to provide opportunities for emerging neighborhood entrepreneurs results in the creation of a “patient-debt capital” loan fund for commercial tenants providing ten-year loans at a 7 percent fixed rate (with the first two years interest only). JCNI made a program-related investment to a local Community Development Financial Institution (CDFI) to establish a low-interest loan pool for emerging entrepreneurs at Market Creek Plaza.

Residents design first “Community Development” Initial Public Offering. The inventive plan under consideration by the Department of Corporations is for Market Creek Partners, LLC—the current legal owner of the development—to sell “units” (similar to shares) to residents, who will form a special class of shareholders. These shareholder units will receive a preferred return on investment so that the potential for losses is minimized. In recognition of the economic circumstances of the target investors, units will be priced at \$10 each with a minimum purchase of twenty units. However, in certain cases, even this minimum may be waived.

Residents design a 501(c)(3) foundation, which has already been chartered, as a vehicle to reinvest profits into the neighborhood. The foundation is being capitalized with an endowment comprised of donated funds matched by the Jacobs Family Foundation. The Neighborhood Unity Foundation will invest \$500,000 in Market Creek Plaza, receiving a 10 percent preferred return on investment following the payout of the preferred return to individual resident investors. A training program is already in place to increase resident skills in philanthropy, so that over time, they are increasingly able to assume responsibility for operating the foundation.

Collaboration between residents and local artists results in creation of public art estimated at more than \$300,000. The artwork appearing throughout Market Creek Plaza includes a series of large murals called “Community Faces” that depict 27 Diamond residents who have made outstanding contributions to the community. Also featured is the Semptra Children's Wall, a 150 ft.–by–4 ft. wall composed of 1,300 tiles hand painted by local children. Totems and tile mosaics representing the images of different cultures in the neighborhood; and other art pieces are still in the conceptualization and design phase.



The Community Faces Project celebrated local “unsung” heroes in the community. The portraits were painted by local artists working in teams.

The Sempra Children’s Art Wall features hand-painted tiles by local children.



The Realities of Implementing Change

3



As with many groundbreaking efforts, bringing Market Creek Plaza into reality has not been easy. In particular, the dual objectives of building long-term resident participation and ownership—and at the same time moving a commercial development forward—have proved challenging. Issues of timing and efficiency; lack of fit between public regulations and community development goals; and the specific conditions and needs among minority contractors and local entrepreneurs have required significant attention and thought. While specific to the Market Creek Plaza process, the following experiences touch on themes relevant to other community change initiatives:

Trade-offs between the community involvement process and the development process.

The project's community-centered methodology (emphasizing thorough discussion about the work at hand and building skills through the process) contrasts sharply with the dictates of the commercial development process. According to the project architect, "The community process was a good thing, but it doesn't make sense from a developer perspective. The development costs were higher...."

Citing concerns about the time-consuming nature of resident involvement in the design process, he wondered, "When is there enough community involvement in the architecture?"

However, CEO Vanica said, "The fact that residents defined the architectural character themselves has created a strong sense of place. The architect, in fact, was named, 'Young Architect of the Year' for his work on the project."

Most stakeholders view the higher development costs from a double-bottom line perspective, contending that the long-term benefits of community involvement and ownership will outstrip the initial costs. They also argue that in some cases, strong resident participation and advocacy can actually speed up the process. For example, when the property had to go through a General Plan Amendment to be rezoned, project proponents were told that the normal time frame for a developer to obtain such an amendment was 18 months to three years. In contrast, the Market Creek Plaza project succeeded in obtaining a General Plan Amendment in just nine months. Navigating between these contrasting

approaches and values has been a constant theme in the project and has led to intermittent tensions among those executing different roles in the work.

Policy barriers to resident ownership goals.

In the process of submitting the IPO application to the state regulatory body, JCNI and residents encountered a significant roadblock to continuing resident engagement. A legally-mandated “quiet period” under securities regulations went into effect prohibiting public discussion of the direct resident ownership plan while the application was being considered. The Ownership Team was forced to suspend its meetings, causing confusion and suspicion among residents who had helped create the ownership strategy. It took two years for an interim solution to be crafted. With advice from their attorneys, JCNI offered residents who had been involved in the Ownership Team the option of signing a confidentiality agreement. This agreement allows discussions about the planned IPO to proceed, but prohibits discussions about details with the broader community until the public offering is approved.

Barriers to collaboration.

Bringing together the various minority contracting associations into the Construction Collaboration was more difficult than anticipated: it involved confronting already existing and long-standing tensions among members to trust one another and work together. JCNI gave each of the individual association members of the collaboration a consulting fee to keep them at the table, but problems persisted. In retrospect, JCNI has reflected that in seeking to strengthen social and economic networks and partnerships, it may have erred in attempting to “force” this particular collaboration.

The leasing process: a moving target.

Part of JCNI's community-based approach involves seeking out emerging local entrepreneurs as lessees and providing them with multifaceted support to launch their businesses. To be as inclusive as possible, the Business Development and Leasing Team met with hundreds of potential merchants who had expressed interest. Many had great ideas, but no business plan. Many had financing issues. Some entrepreneurs initially signed on to lease space, but withdrew when they realized the amount of work involved. Because prospective tenants' technical assistance needs were greater than anticipated, JCNI had to rethink its approach and focus on hands-on business development rather than traditional leasing. Currently, JCNI is developing a more systematic approach to provide local tenants with the support they need.



The Ownership Team was able to resume planning for a proposed public offering after signing a confidentiality agreement.



Architect Hector Reyes (center) was named Young Architect of the Year for his work on the plaza.

Residents review an aerial photo of the community.

The working teams developed lasting relationships between residents.



Initial Lessons

4

Market Creek Plaza is a work in progress. A comprehensive evaluation of the process and outcomes is still several years away. At the same time, the past five years of implementation have yielded a considerable body of knowledge that is relevant to practitioners, funders, and those in the public sector concerned with comprehensive community engagement and community change. Initial lessons include the following:

**1)
Involving residents as ongoing partners requires a commitment to developing multiple engagement mechanisms and to doing continuous outreach.**

JCNI has evolved a number of distinct mechanisms for residents to become part of the project. In order to get direction from the community on major project issues, for example, JCNI convenes large public meetings. For implementation of particular components of the work, it forms smaller resident teams, such as the six-member Business Development

and Leasing Team that conducted interviews of prospective commercial tenants. JCNI also utilizes resident focus groups when detailed feedback is needed, for example, on particular pieces of public art underway.

Importantly, JCNI does not maintain a conception that engaging residents is simply a task that once implemented is “done.” Efforts to bring new participants into the diverse aspects of the project are ongoing. One staff member described the resident teams not as static entities but as constantly evolving in terms of who participates. This is seen as a positive dynamic: the natural process of individuals cycling in and out and the introduction of new blood helps renew and sustain the work to be done.

2) Bringing residents inside the project's complexities and tough decisions is an effective means to forge ownership of the implementation and the results.

Residents have played an active role in choosing between alternative courses of action and making complex decisions regarding different aspects of Market Creek Plaza. Resident members of the Art and Design Team spent months working through differences with the project architect regarding the development's basic design. In the end, participation from the diverse ethnic groups in the neighborhood helped shape an architectural style that represented the different cultures and helped community members "see themselves" in the development. Similarly, during the development and leasing process for Market Creek Plaza, JCNi staff and residents struggled with difficult decisions regarding prospective commercial tenants. Over time, participants worked through the different options to arrive at a leasing strategy that was both realistic and consistent with the original vision. As articulated by one staff member, "We get a better project through struggling with people who come at the work differently."

3) Partnering with residents in development activity can expand residents' conception of their own capacities and spur them to undertake further organizing, policy advocacy, and community change work.

According to JCNi CEO Jennifer Vanica:

Through people's experience in this project, they have realized that, rather than having to put pressure on the decision-makers—the usual model—they can actually be the decision-makers themselves. They had gotten used to seeing it the way it was. Now they have a vision that they can really mobilize to change both the social and economic—as well as the political—context of their neighborhood.

In implementing Market Creek Plaza, residents have grappled with securities regulations; concepts of art, culture, and ethnicity; and competing commercial development approaches. Other residents, following their involvement in Market Creek Plaza have become active in area planning issues and have advocated for neighborhood interests at City Hall. An important parameter for evaluation of the project will be to trace how residents' continued participation in and ownership of Market Creek Plaza are related to increased civic engagement and advocacy for change.

4) Building community ownership of change requires anticipating and dealing effectively with race matters.

Issues of race and exclusion are present in overt or subtle ways in any initiative for community change. In the initial phases of Market Creek Plaza, resident involvement was not representative of the racial and ethnic composition of the Diamond Neighborhoods. While African American participation was strong, Latinos, Asians, and others were underrepresented in the project. To remedy this imbalance, JCNi undertook special efforts. They invited the under-represented groups to meetings and followed up with phone calls. Transportation, as well as translation, was provided when needed. Staff initiated a program of living room meetings to get to know the Latino and Samoan communities in particular and were soon able to connect these networks to the project.

At the same time, community meetings sometimes become venues for the expression of racial tension. Open dialogue about different experiences of privilege and exclusion has helped to build greater understanding and insight into these issues among community members. Careful attention to these issues is also part of JCNi's internal process with its staff. According to a staff member:

The realities of working with a diverse community where racial issues are present do not allow us the luxury of ignoring the hard discussions about race among ourselves.

This proactive approach to race and ethnicity has also made some of the most innovative aspects of the project possible. For example, residents and artists of diverse racial and ethnic backgrounds engaged in a dialogue over a period of months about how to reflect the art and traditions of different cultures in the development. The outcome is an architectural design and public art collection that combines images, textures, and patterns from many cultures.

**5)
Helping to build and sustain community engagement and ownership of change requires knowing the questions rather than providing answers.**

JCNI began its work in the Diamond by asking residents to develop a vision for what the foundation and residents could do together. Working in collaboration to craft a vision, revise it, develop implementation plans and revise them, and make mistakes together and learn from them, constitutes the driving force behind Market Creek Plaza. Reflects one staff member:

If there's anything we've found, it's that you have to evolve with people. They push you in new directions. A lot of times, we start a particular process with the community, but don't know where it's going to end up.

According to JCNI, knowing the questions and not the answers means a commitment to inclusive decision-making, even when staff may be tempted to impose their will at particular junctures. It also requires humility, and a willingness at times to change the foundation's methodology to work better with the community, rather than requiring that residents adapt their methodology to the foundation's. Finally, it means an ongoing process of reflection, struggle, and learning curves to define the foundation's role and relationship with the community and its many residents. According to CEO Vanica:

Sometimes we've had to hear things that are hard to take, but people deserve to be listened to. More than an institutional experience of neighborhood development, Market Creek Plaza has been a human journey—a journey that we are committed to seeing through.



Residents came together, often crossing racial barriers, to get the work on the plaza done.



Art works at the plaza include cultural tapestry tiled walkways designed and installed by local residents.



A team-building exercise of the Community Ownership Design Team.

The creativity and problem-solving skills of residents have resulted in numerous innovative solutions in every aspect of Market Creek Plaza's development.



Conclusion

5



Far from achieving the status of a “model,” the Market Creek Plaza experience comprises one example of how a thoughtful and deliberate process to involve residents as leaders and partners in neighborhood transformation is playing out. It is also the story of one foundation’s ambitious attempt to rethink the role of philanthropy in community change. Patient efforts to build relationships and trust with diverse residents have yielded a substantial core of people committed to and involved in the project. JCNi’s emphasis on resident capacity building, decision-making, and leadership has unleashed a tidal wave of skills, creativity, and talent in support of the development. In fact, community engagement has driven the project to pioneer a nationally important innovation—the first community development Initial Public Offering (IPO).

At the same time, creative funding streams and policy tools are needed in order to both build on the innovations achieved to date at Market Creek Plaza, as well as facilitate the journey toward ownership in other communities. Market Creek Plaza’s successes and the way it has addressed challenges provide a valuable knowledge base for philanthropy, for public policy development, and for community building and community planning initiatives. As Market Creek Plaza advances on the journey toward community ownership in the coming years, and as JCNi continues to reinvent its role as a foundation in support of that process, the experience will provide an important perspective from the field regarding strategies and approaches for sustainable neighborhood change.

Appendix A: Methodology

Written and audiovisual documentation about Market Creek Plaza provided an initial source of data for the case study, and included brochures, annual reports, fact sheets, internal program plans and reports, and newspaper articles.

The bulk of the information was gathered during site visits in January and February of 2003. Activities involved visual inspection of the site—including the grocery store in operation, open-air amphitheater, retail shops, public art—as well as in-person interviews with project stakeholders. Interviews were held with JCNI staff; with outside professionals who had worked on different aspects of Market Creek Plaza; and with neighborhood residents with varying levels of participation in the project. A standard set of questions served as an interview guide. A complete list of interviewees follows.

Roque Barros

Director of Community Building, JCNI

Bevelynn Bravo

Diamond resident, member of the Ownership Design Team

Elizabeth Crespo

Former Project Manager, JCNI

Ron Cummings

Chief Operating Officer, JCNI

Edward Ford

Diamond resident, construction contractor on Market Creek Plaza

Jeff Hannan

Consultant, Business Development

Lisette Islas

Director of Community Organizing, JCNI

Rickey Laster

President, Multi-Cultural Contractors Group, member of the Construction Collaboration

Victor Ochoa

Diamond resident and muralist, member of the Art and Design Team

Larry Price

Construction contractor on Market Creek Plaza

Hector Reyes

Architect, Reyes Architects

Elaine Ruiz

Member of the Art and Design Team

Robert Tambuzi

Diamond resident, member of the Ownership Design Team

Caggie Tucker

Director of Conference Center Events, JCNI

Jennifer Vanica

President and CEO, JCNI

Endnotes

- ¹ JCNI has contracted with PolicyLink to write two case studies documenting Market Creek Plaza's multifaceted ownership strategies. This first case study describes resident ownership of the development process: the planning, design, and implementation of the project. A future case study will highlight how residents will own the development in the most direct financial sense, and detail the unique funding and financing strategies that made Market Creek Plaza possible.
- ² There are many definitions of community building. According to the Aspen Institute Roundtable, community building involves "an emphasis on participatory processes that develop leadership, enhance 'social capital' and personal networks, and strengthen a community's capacity for improvement." Anne C. Kubisch et al., *Voices from the Field II*, (Washington DC: The Aspen Institute, 2002), p. 1.
- ³ G. Thomas Kingsley, Joseph B. McNeely, and James O. Gibson, *Community Building Coming of Age* (Washington DC: Development Training Institute and Urban Institute, 1997), p. 6.
- ⁴ *Voices*, 4.
- ⁵ *Voices*, 101.
- ⁶ See publications by Michael Sherraden, Dalton Conley, Melvin Oliver, Thomas Shapiro, and Edward Wolff.
- ⁷ Edward N. Wolff, "Recent Trends in Wealth Ownership from 1983 to 1998" in Thomas M. Shapiro and Edward N. Wolff, eds., *Assets for the Poor* (New York: Russell Sage Foundation, 2001), p.34. Cited in an Asset Policy Initiative of California unpublished working paper, 2003.
- ⁸ The entire Market Creek Plaza site covers 20 acres. The remaining acreage on the property will be developed at a future time.
- ⁹ 43 percent of Diamond residents are Hispanic; 30 percent African American; 11 percent Asian; 11 percent white; 3 percent non-Hispanic mixed race, and 1 percent Hawaiian/Pacific Islander. Source: *2000 U.S. Census of Population*. Cited in "Profile of the Diamond Neighborhoods," Jacobs Center for Neighborhood Innovation fact sheet, undated.
- ¹⁰ *Ibid.*
- ¹¹ The Euclid-Market Action Team (EMAT), a group of residents, business owners, and non-profit representatives in the Diamond Neighborhoods, undertook a community planning process in 2001. JCNI provided funding for the effort.
- ¹² Joseph J. Jacobs, *The Compassionate Conservative: Assuming Responsibility and Respecting Human Dignity*, (San Francisco: Institute for Contemporary Studies, 1996).
- ¹³ JCNI will resubmit the proposal for community ownership to the California Department of Corporations after completing a series of revisions to the original document and updating financial statements. JCNI is hopeful that state approval will be received shortly. Until the proposal is approved, JCNI is bound by a confidentiality agreement not to discuss the specifics of the offering with potential investors. To learn more, visit the web site at www.marketcreekplaza.com.



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