# "From Community-Driven to Resident-Owned Revitalization"

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## Planning Issue

Despite California's claim as the economic exemplar of the country, many parts of the state epitomize the quintessential narrative of gentrification – the most prominent issue facing this generation of planners. Simply put, gentrification is a multidimensional process of neighborhood change that includes economic and social changes in a historically disinvested neighborhood. Recent developments have catalyzed this process and created a pattern of displacement for low-income, communities of color across the state when rent prices and property values increase over time due to real estate speculation. Thus, one of the greatest planning challenges today is not only the looming threat of gentrification that has disruptive effects to the fabric of a community, but also the notion of community ownership, where historically marginalized neighborhoods lend power to outside developers as they are typically the only resource for much-needed investments. This sets the stage of vulnerability to outside developers becoming the preeminent renovators and builders of the community, as opposed to existing residents.

## Background

California's struggle with gentrification traces its roots back to the beginning of the twentieth century with racially restrictive housing covenants written into property deeds and decades of redlining that segregated neighborhoods – concentrating African Americans into certain pockets of the state as the few places where they could live (Sonksen, 2017). This has created a legacy of disenfranchisement for Black communities as banks and financial institutions continually denied loans and other services to areas they deemed as risky, even after that discriminatory practice was illegalized in 1948 (Miller, 2016). This tumultuous history brings many low-income, communities of color into their current juncture of gentrification and displacement.

Today, planners are considering innovative approaches to redevelopment that centers on resident-owned frameworks to uplift the voices of disenfranchised communities. While many organizations in California are currently working to resist gentrification and address concerns of displacement, a resident-owned model allows communities to directly take ownership of their own revitalization efforts. Planners should consider alternative mechanisms to enable communities to be the agents of their own transformations and thus, provide development that seeks to mitigate displacement. In doing so, communities that have faced generations of marginalization can begin to deconstruct the complexity of gentrification and shift the onus of future development of their neighborhoods into their own hands.

**Solution**

Spearheading this resident-owned model of community revitalization is the Jacobs Center for Neighborhood Innovation (JCNI), a philanthropic foundation that has accumulated more than 50 acres of property since the mid-1990s, with ambitious plans to redevelopment Southeast San Diego – a historically low-income Black neighborhood. This nonprofit organization plans to attract and leverage $500 million in investment to fully develop an urban village with 1,000 new homes, nearly 300,000 square feet of retail space, and 250,000 square feet of office space, using a resident-owned development model at the forefront of its strategies (Walshok & Jones, 2015). In its biggest move, JCNI purchased Market Creek Plaza for $20 million in 1998, the site of a previously abandoned 20-acre factory. Throughout its efforts, JCNI aims to advance a framework positioning residents as the primary decision-makers for redevelopment (Wolfe-Powers, 2010).

Through the creation of Market Creek Partners, LLC and the groundbreaking Community Development Initial Public Offering in 2006, JCNI was able to implement an innovative model of resident ownership. This agreement transferred 20 percent of JCNI's land ownership to the

Diamond Community Investors, an association of hundreds of residents who altogether invested a total of $500,000 (DCI, 2011). This setup directly gives residents a stake in the developments of their neighborhood who have historically been left out of planning conversations. Eventually JCNI plans to sunset, with the full intention to hand over complete ownership of the Market Creek Plaza and other assets to the Diamond Community Investors.

Similar to the structure of housing and business cooperatives, JCNI established a model for low-income residents to become the leading stakeholders in commercial development. The foundational component of this strategy was the pioneering of the Community Development Initial Public Offering (IPO), the first public offering of its kind that made shares of Market Creek Plaza accessible to residents of Southeast San Diego. In this model, residents were able to purchase shares at $25 per share and can invest anywhere from $200 to $10,000 (Stuhldreher, 2007). In this model, residents are shareholders of the development, profits are distributed evenly, and decisions are made through a lateral structural process.

Given the success of JCNI's Community Development IPO, there are many lessons learned for future planners and economic developers. First, commitment to extensive and inclusive resident engagement is key to essential to facilitating trust and consensus-building for participants. Next, the flexibility to work through financial and regulatory mechanisms was critical especially when navigating unchartered real estate territories. Lastly, there is a place for institutional roles to guide the design and implementation of the ownership model. The vision and support of JCNI's board and staff was crucial to the success of the initiative as they reduced the overall risk of the project. These takeaways from the Market Creek Plaza ownership strategy and its outreach efforts proved adept at engaging residents, navigating regulatory systems, and fostering local ownership in a comprehensive community change initiative (JCNI, 2013).

In addressing the notion of community ownership, resident-owned models like the one implemented by JCNI can make tremendous strides in internalizing wealth for a community. The success of the IPO is evidenced in the unique shared ownership model, number of local investors, and monetary targets reached (JCNI, 2013). However, there are several considerations to take into account to help determine the feasibility of such a process including the intensive time, labor, and legal requirements it takes to set up a Community Development IPO. Additionally, startup capital and land acquisition are clear hurdles to overcome especially when it comes to setting up real estate opportunities for residents to invest in commercial developments. Yet, despite these concerns, JCNI is showing that it is possible to do commercial development while having community stakeholders be owners, rather than private investors.

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