Remade City Heights
Trading one housing crisis for another

San Diego Union-Tribune - Sunday, May 5, 2002
Author: Richard Louv

Wednesday was May Day, an irony that did not escape Robert Vallera Jr., past president of the San Diego County Apartment Association.

May Day, he points out, has been "long known for the large parade across Moscow's Red Square." On May Day in San Diego, Vallera watched with horror as "a parade of partisans favoring government control of private property appealed to the San Diego City Council Housing and Land Use Committee to impose rent control within San Diego." The effort, led by Councilman George Stevens, was defeated by one vote.

When a serious consideration of rent control (though Stevens prefers not to call it that) comes to conservative San Diego, you know the housing crisis is real.

The more frequently discussed solutions seem radical, too. One impulse is to build out much of the backcountry with entry-level housing. Presumably, that's something that few San Diegans want to see happen. The other solution is the densification of existing neighborhoods, something that the region's community planning groups think is just fine -- as long as someone else's neighborhood is densified.

But can densification improve a neighborhood? Sol Price thinks so.

The billionaire octogenarian, who made his fortune by creating Price Club, committed himself a decade ago to reviving one of San Diego's most decayed sections, City Heights. The community, with some 60,000 mostly low-income residents, had been ravaged by poverty, crime and the construction of faceless, bare-bones apartment complexes that ripped the neighborhood's social fabric and architectural charm.

Price vowed to focus his business knowledge and riches, through Price Charities, on City Heights and make it an example for the rest of urban America.

By most accounts, he succeeded.

The community is undergoing a physical revival -- with a new shopping center, day-care facilities and schools, public gym and swimming pool, under-construction townhomes and much more. One of Price's stated goals was to make sure that people who lived in the neighborhood would be able to stay there.

Last week, as reported here, a UCSD study revealed that Price's good intentions have fallen short. The study's author, Maria Martinez-Cosio, reported that City Heights is
becoming gentrified by middle- and upper-middle-class Latinos and Asians. Though City Heights' population increased by 20 percent in the past decade, low-income residents - many of whom have lived there for decades -- have been forced out by rising housing prices. The exodus continues. Mostly African-American or Latino U.S. citizens, they're moving to the East County, or across the U.S.-Mexico border.

So what's wrong with that? It's the market at work, right?

One problem is that sprawl damages ecology, peace of mind and the tourism industry. Additionally, the cost of freeways and infrastructure can sap an economic region, as development spreads outward. Then come the hidden economic costs. A community is more than the sum of its lawyers. Just as we need attorneys and bankers nearby, we need airport security guards, store clerks, nurses, maids and janitors.

"The reality is we need people of every income level working in a community," says Lina Ericsson, housing and community development director for Price Charities. "No low-income people can afford to live in a place like, say, Palo Alto. The law firms there are forced to bus people in from far away to clean their offices. Does that make sense?"

In response, some cities have adopted a "living wage," guaranteeing an hourly wage of $10 or more to hotel, restaurant and other service workers. But a living wage means little, in terms of housing, if few rental units are available or few homes are for sale, or if only bankers and lawyers can afford them.

"We're attacking the issue on two fronts, trying to keep rental apartments and houses affordable," says Jack McGrory, former city manager and executive vice president of San Diego Revitalization, an arm of Price Charities. Among the traditional methods: tax credits, housing commission loans, government-built low-income housing, and requirements that new developments include a percentage of affordable housing. Most of these methods, for one reason or another, fall short of demand.

In City Heights, one part of the "out-of-the-box strategy," as McGrory calls it, is to limit the availability of Price's new rental units to families who earn 50 percent of the San Diego-area median income, and subsidize the rent. A different approach, subject to approval by the state, is planned for some of the several hundred planned units.

San Diego Revitalization will sell the dwellings but retain ownership of the land, and charge rent for the land. The new owner may choose to pay the rent the old-fashioned way, by check -- or work it off by doing some form of community service in City Heights. Though Price Charities will continue to own the land, the owner can sell the structure itself, and charge whatever the market will bear.

Theoretically, this approach will make investment in City Heights less attractive to real estate speculators, and more realistic for lower-income residents who want to stick around and build the community.
But Jim Gilbert, pastor of Fairmount Baptist Church in City Heights, says more extreme action will be required as commercial redevelopment, new schools and even nonprofit projects displace existing housing stock.

"What the powers that be downtown and even the average San Diegan don't understand is that there isn't any low-income housing left in neighborhoods like City Heights." For some people, making big bucks from property investments isn't the American Dream, he adds. "Their dream is to just stay here and make a home and not be forced out."

Next Sunday: Further out of the box.

***Reproduced with permission granted by San Diego Union-Tribune***

*Full-text obtained via NewsBank*