On To New Heights
Philanthropy, government work together to turn inner-city decay into urban village

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Over the past decade, a modern urban village has taken root in one of San Diego’s poorest and most ethnically diverse communities.

Launched by philanthropist Sol Price and former City Councilman William Jones, the City Heights redevelopment project has become a working laboratory for reversing inner-city blight. It also has brought new businesses, schools and housing to a high-crime area that many had written off as a lost cause.

Seeing potential amid the graffiti and rundown buildings, Price and Jones began a project that has earned a national reputation as a model for uniting government, business and nonprofit agencies to fight urban decay.

"It’s probably the leading project in the country in terms of a comprehensive approach to community revitalization," said Robert Turner an inner-city housing expert who heads the Local Initiatives Support Corp. in San Diego.

Some observers question whether the partnership that transformed the neighborhood can be repeated without the financial support of philanthropists like Price.

An estimated $137 million has been spent to build a new community infrastructure of affordable housing, schools, recreation facilities and retail outlets, officials say. An additional $179 million in improvements is planned. Roughly $50 million in funding has come directly from Price-endowed entities, such as Price Charities and the Weingart Price Fund of the San Diego Community Foundation.

"We need clones of Sol Price," said San Diego Planning Director Gail Goldberg. "Sol Price has brought money to the table for preplanning, for working with the community. That is not always available."

Price’s latest City Heights project is the high-density Village Townhomes and Office Center, set to open in the fall at Fairmount and University avenues. Best known as the founder of the Price Club, a forerunner of the warehouse club industry, Price "is playing a catalyst role in the development of this whole area," said Jack McGrory, executive vice president of Price-affiliated San Diego Revitalization Corp.

"It has been a very large city, school district and community college investment, but Sol has been the catalyst for seeding and driving this project," he said.
Other partners include community groups, the county and the federal government. In late 1999 the City Heights redevelopment effort was honored as a national trendsetter by the Washington-based Partners for Livable Communities. Those who shared in the Bridge Builders award were Jones, Price and then-council member Christine Kehoe, now a state lawmaker.

Today City Heights is bustling with traffic and pedestrians. With 25 languages spoken, it's hard to imagine a community with greater ethnic diversity. Although crime and poverty remain concerns, residents have reclaimed the streets from gangs and drug dealers.

"This place is just alive," said McGrory, a former San Diego city manager. "Crime is still above the citywide average, but crime in City Heights has gone down significantly. The community feels that it is safer, but we still have a lot of work to do."

**An essential ingredient**

According to Jones, Price's involvement has been essential to the project's success. "There are not many men or women with the financial resources of a Sol Price who also have the passion to do good, to make a major difference in the lives of so many people."

Price, 86, says he has no illusions about the difficulties of making redevelopment work. A decade after revitalization began, about a third of the populace still lives below the poverty line. To stage a true comeback in City Heights, residents must be given a stake in the community's future, he holds. That's why he is promoting affordable homeownership.

"I think we have touched a lot of lives, but have we hit a home run?" Price asked during an interview at his La Jolla offices. "No, there's still lots left to be done. All we can do is bite at the edges and maybe, if we do something, that makes it replicable. Maybe it can be the basis of encouraging government to focus more on ownership than renting."

Price's vision and deep pockets have changed City Heights, but that kind of support is rare, said Goldberg. She would like to incorporate elements of the City Heights effort into the "City of Villages," San Diego's ongoing program to revive older neighborhoods. The difficulty lies in finding investors who are willing to partner with government.

In 1990, high crime rates and low standards of living led the City Council to issue a "declaration of emergency" for City Heights. Price decided that redevelopment there would have to address education, health care, public safety, shopping and recreation. He calls it a "holistic" approach to rebuilding a neighborhood.

"You can't do just one thing," Price explained. "Health care is such a big part of it. Kids come to school hungry. Kids come to school without shoes."
Much of Price's effort has gone into creating new education programs. A partnership with nearby San Diego State University has enabled student teachers to gain "real world experience" in inner-city classrooms, said Price's son Robert, the president of Price Charities.

**A changing landscape**

Although it's still an inner-city community, residents who left City Heights in the early 1990s might have trouble recognizing it today. A new shopping center developed by Jones could blend seamlessly into the region’s upscale suburbs. Across the street, the nearly completed Village Townhomes and Office Center will include 116 housing units and a six-story office building.

Thirty-four of the town homes will be rented to households earning less than 50 percent of the region's median income, McGrory said. The remaining units will be sold through low-interest mortgages. To reduce their monthly payments, buyers will have the option of performing community service. The cost of a 1,300-square-foot, three-bedroom town home will be about $140,000.

The Price organization has come up with a novel way to make sure the town homes remain affordable. To slow appreciation, his charitable group will maintain ownership of the land. Each buyer will have a 99-year ground lease.

Although some older homes have been renovated, the town-home complex is the Price group's first major housing initiative. Another 600 units are in the planning stages.

At the start of the redevelopment effort, Price provided financial support to Jones’ CityLink Investment Corp., the for-profit company that served as the initial master planner and developer. In 1995 Price and Jones dissolved their business relationship so Price could channel his work through his charity.

Nationwide, redevelopment officials are watching to see if the effort Price has championed can succeed without driving housing costs beyond the reach of current residents.

**Laying the groundwork**

While property values have risen, the neighborhood remains a real estate bargain, said local activist Linda Pennington. The median price for a resale single-family home in March was $200,000, compared with the countywide median of $307,250.

Pennington met Jones and Price in the early 1990s, when they began meeting with community members. Mike Stepner of the San Diego Regional Economic Development Corp. then was a city planner. He remembers the public reception as overwhelmingly positive. One early meeting attracted about 400 people and lasted for two and a half
days, he recalled. "People stayed overnight."

Wide acceptance grew for a plan that ultimately would require many residents to relocate at government expense. McGrory estimates that 300 units have been removed to make way for new construction.

City Heights' "holistic" approach to redevelopment is right on target, but finding private-sector investors who will follow Price's example will be difficult, said Stepner. "You can't do Band-Aids," he said. "You have to do a wholesale effort. The question is, 'How do you get other people involved?'"

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