An agency created to help reverse decades of decay and blight in an East San Diego community may have bungled itself out of a job.

In its brief history, the Mid City Community Development Corp. has cost San Diego taxpayers more than $1.1 million. But aside from drafting plans and generating other paperwork, the agency cannot claim credit for any tangible improvement within its 2,062-acre project area, which is in dire need of shedding its reputation for high crime and run-down housing.

The area encompasses City Heights -- population 63,000 -- a mishmash of single-family homes and dense apartments east of Interstate 805, west of Euclid and Home avenues and mostly south of El Cajon Boulevard.

As the Mid City agency approaches its first anniversary, the vision with which it was conceived has been tarnished by the absence of accomplishments and allegations of conflict of interest.

At least one exasperated City Council member is considering pulling the plug on the agency and disbanding its community-based board of directors.

The non-profit corporation was formed last May by the San Diego City Council as a rainmaker to capture new investment and bolster community pride.

Its goals were straightforward: foster new development, finance public improvements, revitalize older commercial and residential buildings and facilitate more home ownership.

Currently, less than 20 percent of the homes are owner-occupied.

Despite problems with drugs and gangs, the area's affordable housing prices have attracted newcomers such as Mark Jolles, a 33-year-old computer data base manager who 3 1/2 years ago bought a home formerly used by a drug pusher and as an auto theft chop shop.

On occasion, in his garden, Jolles still unearths spark plugs and other relics of the house's previous life.

City Heights has everything the young professional was seeking. "It's multicultural, it's close-in and it's affordable," he said.
But, he has found, "the politics here are horrific."

**Lack of action**

Improvements financed by the development agency were supposed to attract a wave of similar urban pioneers.

Over its 40-year project life span, the agency was projected to have at its disposal an estimated $1.6 billion in tax revenues generated by improvements in the area.

But the agency has yet to be involved in the creation of a single job, city records show.

It has yet to remove any graffiti or spruce up a street or sidewalk.

In a community with more than 150 buildings that are nearing collapse, the agency has not lent a single dollar to fix up a dilapidated home or business.

It has failed to open an office in the community as required by its own bylaws.

The few official actions accomplished by the agency's board include changing the corporation's name -- it was formerly the City Heights Development Corp. -- and expanding the original nine-member board to 11 directors.

A major reason for the stumbling start has been the governing board's inability to hire an executive director and other support staff.

Officials with the city's Redevelopment Agency, an adjunct of the city manager's office, have served as interim staffers until the Mid City directors hire their own.

The board was in the process of hiring a chief administrator in December when the effort was delayed at the request of the city manager's office.

The delay was necessary, officials said, so that the city attorney could investigate conflict of interest allegations involving John William Stump III, one of the agency's directors and its treasurer.

Stump, an attorney and key player in the creation of the City Heights redevelopment agency, applied for the executive director's job while serving on the agency's board of directors.

Ted Pendleton, a hospital administrator and president of the Mid City board, defended Stump's open candidacy for the top post, noting that Stump refrained from participating in board discussions about the position.

But the corporation's own bylaws state: "No part of the net income or assets of this
corporation shall inure to the benefit of any director or official thereof, or to the benefit of any private person."

In addition, a deputy city attorney appeared at the directors' meeting last October and gave them a general briefing on conflict of interest laws.

Karen Manley, a director who serves on the agency's personnel committee, said she considered Stump's bid for the job to be outrageous and inappropriate.

"Here we had the same people who brought redevelopment to the area trying to get jobs with the agency," she said.

Stump did not respond to a reporter's numerous phone messages seeking his response.

Manley said she was further appalled when Stump appeared to be campaigning for the post by having friends submit letters of support.

Initially, Stump's name was not among a list of the top six candidates selected from a field of 39 applicants by an independent official at City Hall. But, by virtue of a 3-2 vote by the board's personnel committee, Stump's name was plucked from the pack of applicants and leapfrogged to a list of the top three finalists.

In limbo

Complaints from directors opposed to Stump's sudden advancement to the final-candidates' list forced City Hall officials to intervene, leaving the agency in limbo.

At the urging of Councilman John Hartley, whose 3rd District includes City Heights, Stump eventually withdrew his name from consideration for the $71,500-a-year chief administrator's job. He remains a director of the agency.

"He sat right there and I asked him to withdraw," Hartley said in an interview at his City Hall office. "He argued with me. He said he didn't see anything wrong with (seeking the job)."

Hartley said he pressed for an explanation and recalls that Stump replied: "I've worked so long (as an activist) in City Heights I may as well get paid for it."

Stump has earned a reputation as a sagacious advocate for the City Heights business community, but he would be miscast in the redevelopment job because he is not a consensus builder, Hartley said.

"He's like a pit bull. You're either on his side or he throws you out," Hartley said. "He knows the law. He really does his research. At the same time, he can antagonize and infuriate people."
The city attorney's office referred the conflict of interest matter to the district attorney. In a Feb. 28 letter to City Attorney John Witt, the district attorney's office said it concluded that a criminal investigation into the matter was not warranted.

Officials with the city attorney's office say they will follow normal procedure and refer the allegations to the state Fair Political Practices Commission.

As a result of the controversy, Councilman Hartley said he is seriously considering asking the City Council to disband the corporation's board of directors and reassign the agency's tasks to the city manager's office. "I'm nervous about the web of relationships on (the board)," Hartley explained.

Keith Scott, a Redevelopment Agency staff member who monitored the Mid City agency, said: "Knowing the history of the community, I'm not surprised there were some concerns raised. It's very polarized."

**Freeway fight**

For years, community activists in City Heights have sparred over a proposal by the California Department of Transportation (Caltrans) to complete a 9-block-long unbuilt section of Interstate 15. The right-of-way for the project bisects the community.

A study by urban planning consultants concluded that the two decades of delays and indecision over the freeway project destabilized property values and greatly contributed to the community's downward spiral.

In recent years, a group of City Heights activists -- Stump was among them -- embraced a proposal to reduce some of the ill effects of the proposed freeway by having a portion built below grade and covered with several block-long cement decks.

While some saw the so-called Visions Project as an innovative way to reclaim property, others in the community blamed it for further delaying the freeway completion.

Last year, the City Council voted to expedite the freeway project and scuttled the Visions plan.

The paralysis caused by the recent controversy has left the Mid City Development Corp. unable to inaugurate projects that would help revitalize City Heights.

There is much to be done.

A 1990 survey found that 91 percent of the 10,157 structures in the community exhibited early signs of deterioration due to "deferred maintenance."
Major supermarket chains have approached the city with plans to expand into City Heights, but no Mid City chief executive is on board to court the investors and begin negotiations.

Also, owners of a shopping center that serves many Asian-Americans in the community have sought official feedback on their conceptual plan to develop a major retail center. The project is foundering, however, because the Mid City agency is essentially a headless horse.

"They're not keeping up with their goals," said Michael Dunn, an aide who monitors City Heights for Hartley. "A director should have been hired by now. They should have already had projects on the floor."

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