

# **MEASURING AND ASSESSING THE STATUS OF SAN DIEGO'S COMMUNITY DEVELOPMENT CORPORATIONS**

**A FINAL REPORT PREPARED FOR THE SAN DIEGO FOUNDATION**



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## I. Introduction

It is common knowledge that San Diego is suffering from one of the most acute housing crisis in the country. Housing affordability is at a record low with only eleven percent of the region's households able to afford the median priced home (*North County Times*, 2/11/05). Recent data indicates that the average price for a new single family detached home in San Diego County stands at \$781,000, and resale single family homes in the county now sell for a median price of \$530,000 (*San Diego Business Journal/Market Pointe Realty Advisors*, 2/28/05; *San Diego Union Tribune/Data Quick Information Systems*, 2/11/05). To afford a median priced house in San Diego County, a household needs to have an annual income of approximately \$135,000 (*North County Times*, 2/11/05).<sup>1</sup> As local policymakers, elected officials, social service providers, developers, philanthropic institutions and others grapple with this crisis, we must assess the resources currently in existence and ensure that their capacity is fully realized. San Diego has a vibrant and up and coming sector of nonprofit community developers. These organizations, commonly referred to as community development corporations (CDCs), have made significant contributions to San Diegans' quality of life by building affordable housing across the region and implementing numerous community and economic development projects. This report documents the status of these organizations by measuring and assessing their past contributions,

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<sup>1</sup> These statistics are available on the San Diego Housing Commission website at: <http://www.sdhc.org/giaboutus2.shtml>.

current status, and future potential. As the first study of its kind on San Diego's CDCs, the findings are particularly salient.

## II. Defining CDCs

It is essential to begin with a definition and background description of CDCs. CDCs vary in many ways including size, project portfolios, and target area. As Peirce and Steinbach (1987) point out, some don't even call themselves a CDC. Accepting the industry standard and referring to them as CDCs, we can generally define them as nonprofit, community-based organizations that engage in housing and community and economic development activities for their target population. Typically governed by a board with at least partial representation of residents from the target area, CDCs vary in scope and size.

CDCs came into existence in the 1960s and evolved over the course of three successive generations (Vidal, 1992). The first generation of CDCs had their origins in grassroots organizing (Peirce and Steinbach, 1987; Vidal, 1992). Several factors catalyzed their activism including the civil rights movement, the War on Poverty, and the backlash against the deleterious effects of urban renewal programs (Vidal, 1992). By the 1970s, the second generation of CDCs was born. Continuing the focus on neighborhood issues, these newer CDCs relied heavily on public sector funding in the form of programs such as Section 8 (Vidal, 1992). A third generation came into existence in the 1980s. The federal retrenchment spawned by the Regan Administration triggered a withdrawal of federal support for housing and left many CDCs vulnerable. However, the

rise of national intermediary organizations such as the Local Initiatives Support Corporation (LISC), the Neighborhood Reinvestment Corporation, and the Enterprise Foundation provided invaluable technical and financial capacity building support (Vidal, 1992; Walker, 1993). One might argue that we are now in the midst of the fourth generation of CDCs. Developed during the 1990s, these CDCs benefited from an existing pool of skilled nonprofit developers able to transfer their talents to younger organizations. The vast array of intermediary organizations, local and national trade organizations, university programs, and foundations seasoned in community development work, facilitated a learning curve that enabled new organizations to enter the development arena faster than some of their older counterparts. As discussed in this report, San Diego CDCs are very much a part of this fourth generation.

The history of San Diego's CDCs is different from that found in other parts of the country, particularly because the sector as a whole is relatively young. In the late 1980s, San Diego was in the midst of a serious affordable housing crisis. A confluence of forces and interested parties drew together to address the problem and subsequently succeeded in developing a firm foundation for the nascent CDC sector. While San Diego had a rich network of successful social service providers and neighborhood-based organizations, few of these were equipped and/or had the experience to develop affordable housing and engage in substantive community development projects. Several factors contributed to the growth of the CDC sector in the early 1990s. In

1989, the San Diego Housing Commission spearheaded an effort to organize a housing trust fund in San Diego. Designed to earmark specific revenue sources for the production of affordable housing, this was unprecedented in a community known for its conservative political environment and little previous support for affordable housing programs. The Housing Commission assembled a diverse coalition of community groups and subsequently amassed a task force consisting of both developers and affordable housing activists. A successful PR campaign framed the issue in ways acceptable to numerous stakeholders. In 1990 the city council voted in favor of the creation of a housing trust fund. While it was not funded at the level recommended by the task force, its establishment was nonetheless significant and proved to be both a real and perceived acknowledgement of support for the nonprofit development community (Calavita, Grimes, and Reynolds, 1994).

At approximately the same time, LISC was exploring the possibility of opening up an office in San Diego. LISC is known nationally for its support of community development organizations, and several local nonprofit organizations contacted LISC to see if it would consider opening up an office in San Diego. LISC then embarked on a rigorous strategic analysis process through which it assessed the interest level of three key sectors: local nonprofit organizations, the government, and the corporate sector. After an extensive assessment process during which time site visits and meetings were conducted, LISC established a local office in 1991 (Wilson, 2005).

When LISC opens a new office it looks for the availability of the following: local leadership, core operating support, working capital to fund new projects and technical assistance. According to Anne Wilson (2005), the founding program director of San Diego LISC, San Diego's nonprofit sector was fortunate to have several dynamic leaders who exhibited the drive and imagination necessary to steer their organizations towards community development and affordable housing projects. Core support came from local banks, including Security Pacific, and the San Diego Community Foundation (now known as The San Diego Foundation), which was able to secure funding from banks for core organizational support.

Invaluable technical assistance was then developed under the auspices of LISC and the California Housing Partnership Corporation. CHPC is a statewide agency incorporated by the state legislature in 1988 to provide support to both nonprofits and the public sector in their efforts to develop and preserve affordable housing. LISC and CHPC developed a training program specifically targeted towards the unique challenges of developing affordable housing in San Diego. These training sessions provided detailed instruction on how to assemble and implement development deals and projects. The first session had fifteen participants (Wilson, 2005).

Through its local presence, LISC then served as an invaluable source of technical and financial support. It was supported in its efforts by local banks willing to provide financial support. With assistance from these various

entities, the local CDC sector began to realize significant successes by the mid-1990s. The results presented in this study document the achievements of these organizations and their future potential. The findings also highlight areas of potential weakness in need of attention and possible remediation. The following data provides an invaluable portrait of San Diego's CDC sector.

### **III. Methodology**

In October of 2004 a survey was distributed to twenty-seven local organizations in San Diego that contain attributes typically found in CDCs. These organizations were identified by reviewing the membership and client lists of two local organizations involved with the local CDC sector. The San Diego Housing Federation is a membership and advocacy coalition of organizations and individuals who promote affordable housing and community development activities in the San Diego region. The Local Initiatives Support Corporation is a national financial and technical intermediary that promotes capacity building in CDCs. The local office, San Diego LISC, focuses its efforts on CDCs in San Diego.

In San Diego, many different organizations and corporations contribute to the development of affordable housing. Large nonprofits such as BRIDGE Housing and for-profit developers such as Barone Galasso & Associates are important contributors to the local affordable housing stock. However, since they have different organizational missions than a typical CDC, they were excluded from the study.

The survey response rate was 70%, with nineteen organizations responding (see Appendix I for a list of participating organizations). Several of the organizations did not complete the survey in its entirety and results were adjusted accordingly to account for incomplete responses. We felt it was essential to include all surveys, regardless of completion status, since this is the first survey of its nature to be administered in San Diego and all data is crucial to the results.

The survey was designed to capture the depth and breadth of the local CDC sector. This is the first attempt to survey and analyze San Diego's CDCs. As such, we determined it essential to design a comprehensive questionnaire to serve as a baseline source of data against which to compare future growth and changes in the sector. At the larger level, numerous studies have been undertaken to assess the status of CDCs nationwide. One of the earliest and most comprehensive studies was conducted by Vidal (1992). This study consisted of the administration of a detailed survey, in conjunction with site visits, to 130 CDCs in twenty-nine cities in different regions of the country. More recently, Glickman and Servon (2003) surveyed 219 CDCs across the country to measure their capacity.

In order to measure San Diego against a baseline figure, the decision was made to model our survey after the most comprehensive ones conducted at the national level. The National Congress for Community Economic Development is a national trade organization for CDCs. In this capacity, it conducts a census of the nation's CDCs

approximately every four years. To date, the NCCED has conducted five national censuses and a sixth one is nearing completion. These censuses provide invaluable data on the health of the industry. With the consent of the NCCED, we used the survey instrument from their most recent census (Steinbach, 1998), as a model for the San Diego study. Many of the same questions were included, using the same language, in order to facilitate comparisons of the data. While the most recent NCCED survey was completed in 1998, we still believe it is useful to compare the findings of this study of San Diego CDCs with that done at the national level several years ago. In some instances, the comparison of NCCED data from 1998 and our data from 2004 could potentially present some methodological challenges. However, we believe that the data is still current enough to serve as useful benchmark data. The NCCED plans to release the results of its 2005 census later this year, at which point we will recalculate our comparisons of San Diego results to national trends. In addition to using the NCCED survey, Vidal's (1992) survey, with her consent, was also used as a model.

After the survey instrument was administered, follow-up site visits and phone calls were made to clarify responses. The results, as presented in this report, provide the first in-depth analysis of San Diego's CDC sector. The data clearly shows that San Diego has a vital and growing CDC sector. In many instances, San Diego's CDCs have accomplished the same degree of success as their counterparts across the country. And in some cases, San Diego's CDCs actually surpass national

averages. The following analysis provides a detailed discussion of the results of this study.

#### **IV. Geographic Focus of San Diego's CDCs**

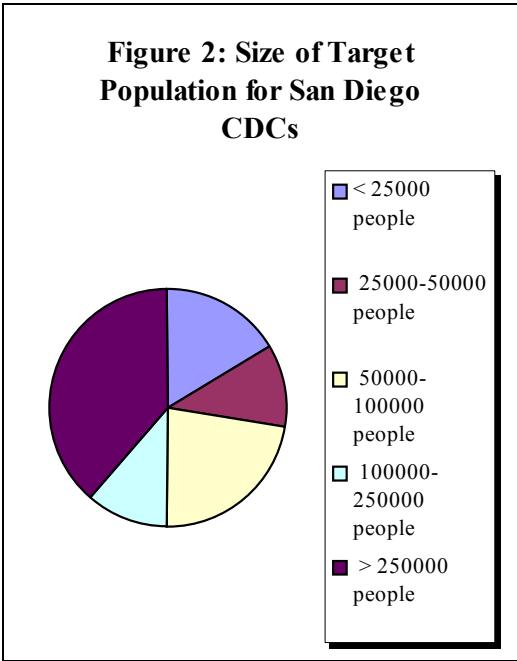
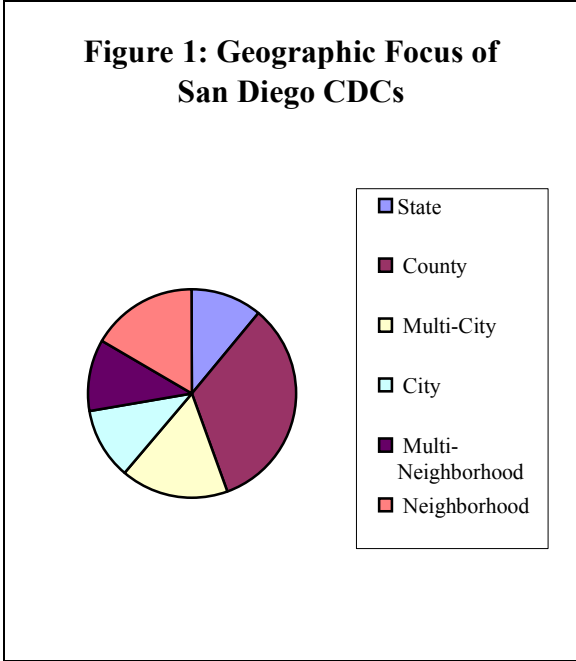
In some respects, the geographic focus of CDCs surveyed in San Diego is similar to that of their counterparts across the country. As shown in Figure 1, there is a wide variety in the primary service area of San Diego's CDC. For example, 21% define their primary service area as a specific neighborhood. An additional 11% identify as having a multi-neighborhood service area. Traditionally, older CDCs, especially those developed during the first or second generation of CDCs' evolution, had this more specific neighborhood focus. In San Diego, City Heights CDC, Greater Golden Hill CDC, and Ocean Beach CDC fit this model.

City Heights CDC was founded in 1981 by a group of concerned residents in order to combat disinvestment and reverse the subsequent dilapidation of the neighborhood. Covering an area of approximately 3,000 acres and 80,000 people, City Heights is one of the most diverse neighborhoods in San Diego. With an original focus on traditional community development projects the organization organizes an annual multi-cultural street festival called the International Village Celebration and it runs the NICE Program (Neighborhood Improvement Cooperation Enterprise), which provides training and job placement for neighborhood residents in rehab and maintenance. City Heights

CDC added housing development to its organizational mission in 1992 and has subsequently amassed a portfolio of over 700 units of affordable housing (Powell, 2005). Metro Villas is one of its most recent projects. This 120-unit apartment structure was developed in partnership with the city of San Diego, San Diego Interfaith Foundation, and the San Diego Revitalization Corporation. It is part of the larger City Heights Metro Center that includes numerous community amenities.

Greater Golden Hill CDC was born out of similar worries of crime and deterioration. In 1991, concerned neighborhood residents came together to put a halt to the trajectory of decline. Over subsequent years the organization achieved success in numerous areas. In 1996 it launched the Golden Hill Health Careers Academy in order to provide training to local income individuals interested in pursuing a career as either a Certified Nurse Aide (CAN) or Certified Home Health Aide (CHHA). It also became involved in affordable housing. The 32-unit Golden Villas development (see Figure 3) was completed in 1998 ([www.goldenhillcdc.org](http://www.goldenhillcdc.org)). As discussed later in the report, Ocean Beach is the third organization in this triumvirate of small neighborhood-based CDCs.

In addition to these traditional neighborhood-based CDCs, two unique CDCs were developed within the past ten years. Both the Jacobs Center for Neighborhood Innovation and Price Charities/The San Diego Revitalization Corporation are nonprofit community



development organizations founded under the auspices of family foundations. Both organizations have earmarked considerable resources and efforts towards the revitalization of a specific neighborhood. Through the San Diego Revitalization Corporation, the Price family has been integrally involved in the revitalization of City Heights. The Jacobs family has selected as its focus the southeastern section of San Diego.

While some of San Diego's CDCs target a specific neighborhood, others focus their efforts on a single city, whether it is San Diego or another city in the county. An additional 16% of the organizations surveyed serve more than one city in San Diego County.

We found that 32% of the organizations surveyed define the entire county of San Diego as their service area. An additional 11% work on projects across the entire state of California, although

one of these organizations, Wakeland Housing and Development Corporation, develops a majority of its projects in San Diego County. Wakeland HDC was founded in 1998 with the mission to develop affordable housing and provide resident education services. Wakeland HDC has an impressive project portfolio of approximately 4,000 units of multi-family housing, both new construction and rehab. As for its resident services programs, over 100 people are served daily in a variety of different programs.

The Las Palmas Foundation is another local organization that develops housing statewide. With a portfolio of over 20 developments, few are in San Diego. One of its largest developments, however, is located in National City. Summercrest Apartments contains 372 units of family and senior housing (Las Palmas Foundation Development Portfolio, n.d.)



*Figure 3: Golden Villas developed by Greater Golden Hill CDC*

The results for San Diego are similar in some respects to national trends. In 1998, 17% of all CDCs in the NCCED survey also indicated that their service area was a specific neighborhood. The proportion of CDCs nationwide who serve multi-neighborhoods (12%) is comparable to that found in San Diego. San Diego CDCs differ, however, in that they are more likely to define their service area as an entire county whereas as nationwide, CDCs are less likely to serve an entire county (23%), but they are more likely to target a specific city (20%). Importantly, 60% of organizations surveyed in San Diego indicated that they do not have a primary geographic target area.

Given the wider geographic focus of CDCs in San Diego, it is not surprising to find that many of the organizations serve a fairly large target population. As shown in Figure 2, slightly less than a third (28%) of San Diego CDCs serve a target population of 50,000 people or less. In contrast, 11% of local CDCs surveyed serve a target population of 100,000 to 250,000 people. Most surprising is that 39% of the organizations indicated that they serve a target population of more than 250,000 people. This is counter to trends at the national level where only 17% of CDCs indicated that they target an area with more than 250,000 people, and approximately one-third of CDCs nationwide serve a target population containing 25,000 people or less.

Concurrent with the broad geographic focus of San Diego CDCs, we see that their affordable housing developments are dispersed across the region. The impact of San Diego's CDCs can be found in all corners of the region, thereby serving a wide and diverse population.

While San Diego's CDCs tend to serve a larger geography than their colleagues across the country, they nonetheless concentrate their efforts on low-income populations. The findings show that while CDCs serve households with moderate and above moderate incomes, the average CDC in the survey reports that 58% of its clients fall into the very low income category (which is at or below 50% of the area median income) while another 28% of its clients fall between 51-80% of area median income. For the average CDC, only 6% of its clients earn above moderate incomes (over 121% of AMI) and 8% fall within the moderate income category (81%-120% of AMI).

The clients served are also diverse. CDCs in the survey reported that the beneficiaries of their programs include African Americans, Asians, Caucasians, and a high percentage of Hispanics. For all organizations surveyed, the mean number of Africa-Americans served was 13%, followed by 40% for whites, 9% for Asians, 35% for Hispanics, 1% for Native Americans and 3% for other minorities (this includes Ethiopians, Somalians, Russians, and people of Middle Eastern descent)

## V. Organizational Structure

The survey results indicate that there is considerable diversity in the organizational structure of CDCs in San

Diego. Respondents were asked to describe their organization and select all of the responses that specifically applied to them. Of the CDCs in the study, we found that the three most common organizational definitions included CDC (56%), nonprofit housing development organization (72 %) and community housing development organization (56%).<sup>2</sup> CHDO is a term used by the U.S. Department of Housing and Urban Development (HUD) to refer to private nonprofit community-based organizations that develop affordable housing. Organizations that are certified as CHDOs become eligible for funding from the HUD HOME Program. The responses to this question are particularly instructive. Some people contend that true CDCs are those with a specific geographic focus, typically a neighborhood or multi-neighborhood focus. In San Diego we found that while relatively fewer CDCs serve individual neighborhoods or multi-neighborhoods, they nonetheless identify themselves as a CDC. Perhaps this is because the term is prevalent in industry discourse, but it might also indicate that the definition of CDCs is more fluid than that found in the academic literature.

The CDC sector in San Diego is well established. The first CDC in San Diego, MAAC Project, was established in 1965. MAAC Project was initially developed as a comprehensive social service agency. It provides a range of services including the administration of

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<sup>2</sup> Respondents could select more than one response for this question.



*Figure 4: Mercado Apartments developed by MAAC Project*

the Head Start/First Start Program, the development of a charter school, and the development of affordable housing. It developed its first housing project, the Mercado Apartments, in 1994 (see Figure 4). The majority of CDCs in San Diego, however, are considerably younger. The median age for local CDCs in the survey is 14 years. This is comparable to national findings from the NCCED study, which identified a median CDC age of 15 years. While many CDCs in the NCCED survey were considerably older, the national data also indicates that CDCs in the West tend to be younger than those in the Northeast and North Central parts of the country. San Diego's CDCs fit within this pattern. Compared to other part of California, San Diego's CDCs are relatively young. The San Francisco Bay Area, for example, has a very well established CDC sector. Its membership and advocacy umbrella organization, the

Non-Profit Housing Association of Northern California is 26 years old and represents over seventy CDCs ([www.nonprofithousing.org](http://www.nonprofithousing.org)). Los Angeles also has an expansive CDC sector. While it is not as old as the Bay Area's CDC community, the umbrella organization for CDCs in Los Angeles, the Southern California Association of Non-Profit Housing, reports a membership of over 130 CDCs (SCANPH 2005).

As shown in Figure 5, the overwhelming majority of CDCs surveyed in San Diego (72%) were founded by the initiative of an individual or small group within the community. Only two of the organizations self-identify as faith-based institutions. Faith Based CDC and San Diego Interfaith Housing Foundation have a strong faith-based component. Faith Based CDC was founded in 1998, and homebuyer counseling is one of the

**Figure 5: Primary Catalysts for the Founding of CDCs in San Diego**

CATALYST FOR FOUNDING THE CDC	% CDCs REPORTING
Initiative by Individual or Small Group in the Community	72%
Initiative by Local Government/ Public Official	6%
Initiative by Religious Organization	11%
Specific Event	11%

organization’s key thrusts. To date it has counseled over 3,500 families. As discussed later in the report, the San Diego Interfaith Housing Foundation has more of a development orientation and has established a strong portfolio in this area.

With respect to the legal form of the organizations, nearly half of the CDCs surveyed (44%) are private, nonprofit organizations with no subsidiaries. As shown in Figure 6, 39% are private nonprofits with one or more non-profit subsidiaries.

The CDCs surveyed in San Diego have more organizational capacity than is found nationally. According to the NCCED survey, in 1998 the median CDC size was six staff members. While this number may have increased over the years, the data for San Diego indicates that CDCs in San Diego have a median full-time staff of 15 people. This number varies considerably, however, by organization. The largest organization, MAAC Project, has 325 employees. MAAC’s numbers are high due to the comprehensive social service focus of the organization and the numerous programs it administers. At the other extreme, some local CDCs have only

**Figure 6: Legal Form of CDCs in San Diego**

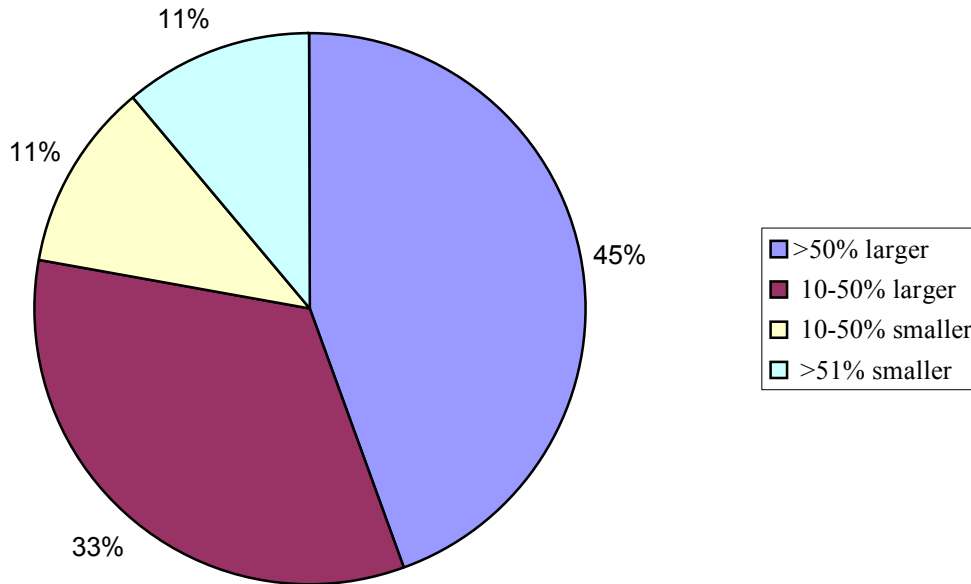
LEGAL FORM OF CDCS	% CDCS REPORTING
Private Non-Profit with No Subsidiaries	44%
Private Non-Profit with One or More Non-Profit Subsidiaries	39%
Private Non-Profit w/ For-Profit and Non-Profit Subsidiaries	11%
Other	6%

one or two staff members yet still manage to thrive. Ocean Beach CDC is an example of one such organization. Founded in 1993, the organization was spearheaded by community members in order to focus attention on affordable housing, community development, and revitalization. To date the organization has worked on streetscape improvements, the development of a domestic violence shelter, community clean up efforts, and the promotion of commercial development (Lutz, 2005; McKinney, 2002).

The overwhelming majority of the organizations also rely on volunteers. In fact, 83% of the CDCs surveyed in San Diego responded that they have assistance from volunteers. Again, the reliance on volunteers varies by organization. Some organizations have only a few volunteers whereas others have 100. The median number of volunteers per organization surveyed is five people.

The data also reveals that San Diego’s CDCs are growing. As shown in Figure 7, 45% of CDCs in the study report that the current staff size of their organization is over 51% larger than it was five years ago. Another 33% report

Figure 7: Current Staff Size as Compared to Five Years Ago



that their staff size is between 10-50% larger than it was five years ago. However, 22% have experienced a decline in staff size. This is likely due to diminished resources for nonprofit organizations. This is an area worthy of further exploration in order prevent additional local organizations from experiencing the same fate.

focus for local CDCs. The organizations were also asked to identify all of their major current activities. As shown in Figure 8, 50% identified housing development as a major current activity. Other major current activities include advocacy in public services and budget decisions affecting the community (33%), social services<sup>3</sup> (39%), and events to promote pride and spirit within the community (33%).

**VI. Major Organizational Activities**

CDCs in San Diego undertake myriad organizational activities. When asked to identify their organization’s most important current activity, 44% of the CDCs surveyed in San Diego listed housing development. Figure 8 demonstrates that housing development is one of the most important areas of

<sup>3</sup> This category includes social services, counseling, childcare, health, and nutrition services.

**Figure 8: Organizational Activities of San Diego CDCs**

ACTIVITY	MOST IMPOR- TANT ACTIVITY <sup>4</sup>	MAJOR CURRENT ACTIVITY
Housing Development	44%	50%
Commercial Facilities	11%	11%
Business Enterprise	6%	11%
Housing Advocacy	0	22%
Public Services Advocacy	0	33%
Employment/ Education Advocacy	0	17%
Planning and/or Research	0	28%
Social Services	17%	39%
Job Training	0	22%
Consumer Activities	6%	6%
Community Pride	0	33%
Other	17%	17%

## VII. Housing Activities

CDCs nationwide are recognized for their involvement in the development of affordable housing. CDCs in San Diego are no exception to the trend. We found that an impressive 94% of organizations surveyed have developed housing. San Diego’s CDCs actually outperformed national averages. In 1998, 82% of CDCs surveyed nationally in the NCCED Census reported the successful development or financing of housing. The capacity of San Diego’s CDC is even more impressive given that the median year in which local organizations

completed their first development project was only ten years ago in 1995. There is, however, a considerable range in the completion date of the surveyed organizations’ first projects. San Diego Interfaith Housing Foundation was the first local CDC to complete a project. Founded in 1969 as one of the few faith-based CDCs in San Diego, it completed its first project in 1971. Delta Arms is a 60 unit multifamily development for families and senior citizens. Since the completion of its first project, SDIHF has developed an impressive portfolio of over 1,000 multi-family affordable housing units, the overwhelming majority of which are located in new construction developments.

On another front, the survey also found that organizations continue to enter the arena of nonprofit housing development. In 2005, El Cajon CDC began its first project. Founded in 1996, El Cajon CDC’s mission is to spearhead and manage community revitalization in downtown El Cajon. Although not originally founded to develop housing, over time the organization realized that improving housing opportunities would support their primary thrust of commercial revitalization. Their first housing project, the Wisconsin Cottages, will contains eight single family detached homes for sale.

CDCs in San Diego entered the affordable housing development arena for many different reasons. As shown in Figure 9, the influence of community members (41%), staff members (53%)

<sup>4</sup> Organizations were instructed to select only one “most important activity.” They could select as many “major current activities” as were relevant.

**Figure 9: Factors That Prompted San Diego CDCs to Conduct Housing Work<sup>5</sup>**

FACTORS CONTRIBUTING TO CDCs INVOLVEMENT IN HOUSING	% CDCs REPORTING
Influence of Community Members	41%
Influence of Staff Members	53%
Influence of Board of Directors	47%
Specific Community Event	6%
Public Grant	22%
Private Grant	6%
Non-Profit Intermediary	12%
Identified Need	12%
Reason Why Organization was Founded	12%
Other	12%

and board members (47%) were the three most commonly cited reasons for local CDCs to conduct housing work. While the majority of San Diego’s CDCs (59%) were founded with the original intent to provide housing, a significant minority (41%) did not have original plans to enter into the housing development arena. Many organizations had their origins in the social service sector, and different catalysts propelled these organizations into the housing arena. One example is San Diego Community Housing Corporation, which is an affiliate of another larger organization, Organizational Training Services, Inc. OTS is an established nonprofit employment and training organization in San Diego. In existence for over 30 years, staff members noticed a trend among their clients. Despite providing adequate training that enabled their clients to secure decent employment, staff members continually heard clients complain of their inability to find decent affordable housing. This was one of the major factors that prevented them from attaining stability

<sup>5</sup> Organizations could select multiple answers.

in their lives. Under the vision and motivation of its then executive director, Robert Ito, OTS’s board ultimately decided to create the San Diego Community Housing Corporation in order to pursue housing development. The first project, Hacienda Townhomes (see Figure 10) is a 52-unit Low Income Housing Tax Credit project located in downtown San Diego that was completed in 1994. Since its inception, SDCHC has developed a portfolio of over 1,000 housing units including both multi family and single-family dwelling units (St. Germain, 2005).

Casa Familiar is another organization that did not initially intend to pursue housing activities. Founded in 1968, it was established to serve Spanish-speaking clients in San Ysidro. With a wide portfolio of programs, including human services, education, and arts and culture, Casa Familiar completed its first affordable housing project in 1996. Los Granados is a mixed-used building with housing for seniors and the organization’s Adult Services office ([www.casafamiliar.org](http://www.casafamiliar.org)).

Not only is the San Diego CDC sector actively engaged in housing activities, it intends to continue this work. We found that 100% of the organizations surveyed responded in the affirmative when asked if they intended to continue their work in housing development. Furthermore, there is considerable confidence among local CDCs that five years from now they will still be involved in housing development activities. An impressive 41% believe that not only will they continue their housing efforts five years from now, but they have the potential to expand substantially. Another 35% envision continued involvement in



*Figure 10: Hacienda Townhomes developed by San Diego Community Housing Corporation*

housing with the potential to somewhat expand their efforts. One organization anticipates maintaining the same level of housing activities five years from now and 18% envision a diminished capacity for continuing housing activities. Furthermore, when asked about their long-range strategy for housing development, 100% of the CDCs that responded to the question indicated that they have a strategy in place. Of concern, however, is the 18% of surveyed organizations who anticipate a diminished involvement in housing development. This needs further exploration. Interviews with local CDC executive directors indicate that a key concern for organizations is the lack of affordable land. The escalation of housing prices in the region has priced both existing properties and vacant land out of the reach of many nonprofit developers. Additionally, competition from for-profit developers of affordable

housing presents challenges to local CDCs.

The continued growth of local CDCs' housing efforts bodes well for the region since these organizations engage in numerous housing activities. As shown in Figure 11, many of San Diego's CDCs are involved in bricks and mortar efforts. We found that 41% are currently involved in housing production and finance. The CDCs surveyed are involved in the construction of new housing (77%), the acquisition of existing housing (71%), and major and minor rehab projects<sup>6</sup> (59% 41% respectively). Additionally, the majority of these organizations (65%) serve as property managers for their own properties. They also engage in residential clean-up efforts (35%) and

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<sup>6</sup> Major rehab projects are those requiring more than \$10,000 per unit whereas minor rehab projects require less than \$10,000 per unit.

counsel prospective homebuyers (24%). Many of the trends in San Diego are comparable to national statistics. In fact, Figure 11 demonstrates that San Diego CDCs surpassed national averages in the areas of housing production and finance, new housing construction, and acquisition of existing housing. However, San Diego fell behind these trends in the areas of major rehab, self-help/sweat equity, the administration of revolving loan funds, homebuyer counseling, and home purchase financing. These are all areas in which intervention is needed to boost capacity. Given the high cost of developing housing in San Diego, more efforts should be expended to support rehab projects. Additionally, self-help and sweat equity is a potentially cost efficient strategy for increasing the affordable housing stock and it should be widely promoted as another means for combating the high cost of housing development in San Diego. Furthermore, homebuyer counseling efforts should be expanded. Given the challenges of purchasing a home in an inflated housing market, more outreach is necessary to educate potential homebuyers on methods to increase their chances of purchasing a home at some point in the future.

**Figure 11: Housing Activities of CDCs: A Comparison of San Diego and National Trends**

ACTIVITY	% SAN DIEGO CDCs REPORTING	% NCCED CDCs REPORTING
Housing Production Only	41%	54%
Housing Finance Only	0	3%
Housing Production & Finance	41%	25%
New Housing Construction	77%	58%
Acquisition of Existing Housing	71%	60%
Major Rehab (>\$10,000/unit)	59%	69%
Minor Rehab (<\$10,000/unit)	41%	N/A
Service Loans for Lenders or Agencies	0	9%
Residential Property Management for Own Properties	65%	N/A
Self-Help or Sweat Equity	6%	19%
Housing for Farm Labor	6%	N/A
Administer Revolving Loan Fund for Housing	6%	28%
Residential Clean-Up Efforts	35%	N/A
Counsel Homebuyers	24%	61%
Provide Home Purchase Financing	6%	41%
Manage Housing Construction	53%	60%
Residential Property Mgmt. for Others	12%	N/A

Survey results indicate that local CDCs are responsible for a considerable amount of housing development in the region. Since their cumulative inception, the San Diego CDCs surveyed have built 3,175 units of new rental housing. They have also built 186 units of owner-occupied housing. In addition, they are responsible for the rehabilitation of 3,017 rental housing units and 83 owner-occupied units. Furthermore, they have been active in the acquisition of rental housing units with a cumulative portfolio of 1,434 units. Although it is a minor segment of their portfolio, it is important to note that local CDCs have also developed 21 condo or coop conversion units. Several local CDCs also develop transitional housing for a total of 879 units. The overwhelming majority of local CDCs (94%) serve as the developer or co-developer on project development for their organization.

According to current data, the San Diego region has 27,095 units of affordable multi-family housing (San Diego Housing Federation 2004). The San Diego Housing Commission owns and manages an additional 1,800 units of public housing. Of these 28,895 total units of affordable rental housing, 8,505 units were developed, acquired, and/or rehabilitated by local CDCs surveyed in our study. This indicates that at least 29% of all affordable rental units in San Diego were developed in part or full by local CDCs.<sup>7</sup> This is an impressive statistic and illustrates the invaluable contributions made by these organizations. Given their relative youth, these organizations are a critical piece of the local affordable housing

development sector. They are a resource that must continue to be nurtured and supported.

In addition to the production end, local CDCs have assisted with the neighborhood clean-up efforts of 398 housing units. Further more, they serve as property managers for a total of 3,226 units (including their own properties as well as those of others). Importantly, San Diego's CDCs have counseled 6,082 families for future homeownership opportunities. This invaluable counseling will facilitate the entrance of new entry-level buyers into the local housing market.

The survey results further indicate that the organizations surveyed finance housing as well. A total of 29 loans cumulatively valued at close to \$40 million have financed 514 units of housing.

San Diego's CDCs do more than just develop housing for low and moderate-income households; they also target some of their projects to people with special needs. We found that of the total number of housing units developed by local CDCs in the survey, 69 are set aside for people with AIDS/HIV. An additional 32 units are earmarked as permanent housing for the homeless. Single mothers with children are also the beneficiaries of 32 units set aside specifically for them. Close to 300 units have been developed for people with physical disabilities, mental disabilities, and/or substance abuse problems. Senior citizens are the intended residents of another approximately 1,000 units.

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<sup>7</sup> We do not have statistics on units produced by those CDCs that did not participate in our survey.



*Figure 12: Stepping Stone developed by Stepping Stone*

Stepping Stone is an organization that targets special needs populations. Founded in 1976 to assist people with drug and alcohol abuse problems, its recently completed 28-bed facility (see Figure 12) is the only alcohol/drug residential recovery program in San Diego that primarily serves the gay/lesbian community. The facility provides housing and support services and twelve of the units are set aside for persons with AIDS or the HIV virus. Townspeople is another CDC that provides housing to families and individuals living with AIDS/HIV. Originally founded as a funding source for HIV/AIDS support services, it eventually incorporated housing development into its portfolio ([www.townspeople.org](http://www.townspeople.org)).

The Association for Community Housing Solutions (TACHS) is another local CDC that targets its projects for people with special needs. It describes its mission as providing permanent, supportive housing to low-income people with serious disabilities such as mental illness ([www.tachs.org](http://www.tachs.org)). One of its properties, the Del Mar Apartments (Figure 13), is former upscale hotel in



*Figure 13: Del Mar Apartments developed by TACHS*

Bankers Hill that underwent a substantial rehab and earthquake retrofit. The majority of the 34 units are set aside to provide permanent supportive housing to homeless individuals with chronic mental illnesses.

With a focus on the South Bay Area of San Diego, South Bay Community Services is another organization that assists people with special needs. The organization had its origins in providing assistance to teens with drug abuse problems. Over the years clients of the organization expressed a need for housing and so the organization completed its first development project in 1990 (<http://www.southbaycommunityservices.org/>).

**VIII. Community Facilities and Community Building**

San Diego’s CDCs can also be characterized as having a comprehensive approach to developing housing. Many of the organizations incorporate more than housing into their projects. As shown in Figure 14, 39% of the CDCs surveyed develop technology centers.

The same amount, 39%, also develops community centers and/or meeting facilities. Close to one-third of the organizations surveyed (28%) report that they also develop day care facilities. Responding to community needs, many of the organizations also develop other types of facilities including: emergency day centers, congregate kitchens, sober living centers, social services, public space/streetscape development and youth centers. In terms of quantity, the survey reveals that CDCs have developed the following: 14 day care facilities, 35 technology centers, 3 schools, 3 libraries, one health care center, 44 community centers and 7 other types of facilities as discussed above. Importantly, the majority of the facilities are incorporated on-site into the housing developments. The survey found that 79% of all day care facilities were incorporated on-site. Likewise, 80% of the technology centers were developed on-site, and 89% of all community centers developed by surveyed CDCs were built on-site.

**Figure 14: Community Facilities Developed by San Diego CDCs<sup>8</sup>**

FACILITY	% CDCs REPORTING
Day Care Facilities	28%
Technology Centers	39%
Primary/Secondary Schools	11%
Community Centers/Community Meeting Facilities	39%
Libraries	6%
Health Care Centers	6%
Other <sup>9</sup>	28%

<sup>8</sup> These calculations are based on the complete universe of organizations in the survey. If we narrow the focus to just those organizations that develop community facilities, the percentage distribution would naturally increase.

<sup>9</sup> This includes emergency day centers, congregate kitchens, sober living centers, social

The majority of CDCs surveyed for this study demonstrate a holistic approach to development. The approach to housing development is focused on community building and providing more than shelter to the residents. This comprehensive approach to community development is further reflected in the range of major services that have been, or are currently offered, by the surveyed CDCs. As shown in Figure 15, local CDCs are involved in services ranging from advocacy and community organizing to arts and culture to drug prevention and treatment. Importantly, in comparing San Diego CDCs to those CDCs in the NCCED study, we see that San Diego CDCs have kept up with national trends and have actually exceeded them in several instances. Of the San Diego CDCs surveyed, we see that they exceeded national averages in the following areas: senior programs, emergency food assistance, youth programs, individual development accounts, health care services, child care, arts and culture, and drug prevention and treatment. These results indicate the diligence and success of local CDCs in the community development arena. However, San Diego CDCs lag behind their counterparts across the country in several important areas: advocacy and organizing, transportation, CRA advocacy, tenant counseling, and homeowner counseling. These are all vital components of community development, and the capacity of local CDCs to administer such activities should be further strengthened.

**Figure 15: Community Development Activities: A Comparison of San Diego and National Trends**

services, public space/streetscape development, and youth centers.

ACTIVITY	% SAN DIEGO CDCs REPORTING	% NCCED CDCs REPORTING
Advocacy and Organizing	33%	56%
Senior Programs	28%	23%
Emergency Food Assistance	28%	21%
Youth Programs	44%	37%
Community Safety	28%	26%
Individual Development Accounts	17%	9%
Transportation	11%	19%
CRA Advocacy	6%	28%
Health Care Services	22%	16%
Job Placement	28%	30%
Child Care	33%	21%
Arts & Culture	33%	13%
Drug Prevention & Treatment	22%	13%
Tenant Counseling	22%	39%
Homeowner Counseling	22%	57%
Homeless Services	28%	26%
Education & Training	50%	46%
Other (After School Programs and ESL)	6%	N/A

development. Historically, this has not been a major activity for CDCs across the country. When the NCCED conducted its most recent survey in 1998, though, it found that the CDCs in its survey were increasingly involved in commercial and industrial development projects. The NCCED found that beginning in the mid 1990s, projects of this nature became more common. The NCCED hypothesized that this increased activity might have been a result of community interest and/or the influence and encouragement of funders and intermediaries. In 1998, the NCCED found that 31% of the CDCs in its survey had completed a commercial and/or industrial project. The results of the San Diego survey indicate that CDCs in San Diego are on par with national trends in this area. Of the San Diego CDCs that responded to the survey, 33% indicated that they had developed a retail, commercial, industrial and/or community facilities project. An additional 6% reported that they had financed a project of this nature. The median year in which San Diego CDCs embarked on commercial and industrial development projects was 1995. This is consistent with trends found at the national level, as this is the approximate time that many CDCs across the country first became involved with projects of this nature.

**IX. Retail, Commercial, Community, and Industrial Facilities Development**

Even though housing development is one of the major areas of emphasis of the CDCs surveyed in San Diego, the survey also found that several CDCs are involved in commercial and industrial

In San Diego, we identified one organization, San Vincent de Paul, that developed its first commercial project in 1987 and the most recent CDC in San Diego to develop a commercial project, El Cajon CDC, did so in 2000. The two organizations are a study in contrasts. As discussed earlier, El Cajon CDC was originally founded with a commercial



Figure 16: The International Women's Kitchen developed by El Cajon CDC



Figure 17: The Joan Kroc Center developed by St. Vincent de Paul Management, Inc.

revitalization focus. It has subsequently embarked on numerous projects to the benefit of downtown El Cajon. Its International Women's Kitchen (see Figure 16) facility took a dilapidated, boarded-up house and turned it into a training and micro-enterprise facility that provides women, many of whom are recent immigrants, with the opportunity to learn independent business skills (Carpenter, 2005).

Under the leadership of the well-known Father Joe Carroll, St. Vincent de Paul Village offers numerous housing and social services. In 1987 it opened up the Joan Kroc Center (see Figure 17) which contains housing for 315 housing members and children's services, counseling, and a dining room that serves 1,500 meals on a daily basis (<http://www.svdpv.org/jkc.html>).

Of the CDCs surveyed in San Diego, we found many different motivating factors behind their entrée into the commercial/industrial development arena. As shown in Figure 18, of those organizations that engaged in these activities, the primary catalyst was either the influence of community members

(63%), the influence of staff members (100%) and/or the influence of board members (63%).<sup>10</sup>

**Figure 18: Factors that Prompted San Diego CDCs to Conduct Retail, Commercial, Community and Industrial Facilities Development**

FACTOR	% CDCs REPORTING
Influence of Community Members	63%
Influence of Staff Members	100%
Influence of Board Members	63%
Specific Community Event	13%
Public Grant	13%
Private Grant	38%

Most encouraging, we found that 44% of the organizations surveyed have future plans to develop and/or finance commercial and/or industrial facilities. This suggests that this is an area in which we can expect to see considerable progress within the next five to ten years. Additionally, of the San Diego

<sup>10</sup> Organizations could select more than one answer to this question. The percentages are calculated based on the eight organizations that self-identified as conducting this type of work.

CDCs currently involved in commercial and industrial development, we found that 100% believe that if the conditions under which they operate remain more or less as they are currently, they have the potential to expand somewhat or substantially in commercial, retail, industrial and/or community facilities development activities five years from now. All but one of these organizations also responded that their organization has a long-range strategy for future activities in this arena. Another organization expressed optimism in its ability to expand its commercial and industrial development activities, but at this time it does not have a long-range strategy. And finally, one organization not currently involved in these activities also indicated that it has a long-range strategy for future involvement in this arena despite its current lack of expertise. Given this optimism and interest in working on commercial development projects, technical and financial infrastructure should be established to facilitate progress in this area. LISC and other qualified organizations should provide technical assistance. Banks, foundations, corporations, and the public sector should all be encouraged to provide financial assistance.

While the data on commercial/industrial development is encouraging, the results indicate that out of the seven surveyed organizations active in this arena, some have more expertise than others. The Jacobs Family Foundation in particular, has made impressive contributions in this category. Founded in 1988, the Jacobs Family Foundation is the result of family members' decision to leverage some of the wealth created by its successful engineering company and use it to help strengthen traditionally disenfranchised communities. Over the

years, requests for grants also turned into requests for technical assistance. The foundation decided that the uncoordinated approach to community building wasn't adequate and shifted its focus to develop long-term commitments to specific communities. In 1998 it created a sister organization, the Jacobs Center for Neighborhood Innovation. The JCNI targets its efforts in the Diamond Neighborhood of southeastern San Diego – a neighborhood known for its diversity and limited community infrastructure. Although they have yet to develop a housing project, their expertise in commercial/industrial development is commendable. Most notable is their work on Market Creek Plaza (see Figure 19). The JCNI served as developer on this commercial project that redeveloped a former factory site ([http://www.jacobsfamilyfoundation.org/about\\_us.html](http://www.jacobsfamilyfoundation.org/about_us.html)).

In quantifying the contributions of San Diego CDCs in the industrial and commercial development arena, the survey yielded the following valuable information. The San Diego CDCs in this survey have developed 98,000 square feet of office space and 64,000 square feet of retail space. In addition, they have developed 16,400 square feet of business incubator square feet and 119,000 square feet of community facilities. They have also made debt or equity investments to develop commercial, industrial, retail, community and/or business incubator facilities.<sup>11</sup>

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<sup>11</sup> These figures are conservative since we did not receive information on these questions from all local CDCs.



*Figure 19: Market Creek Plaza developed by the Jacobs Center for Neighborhood Innovation*

These accomplishments yield significant multiplier effects through the region.

With the Jacobs Family Foundation taking the lead, the organizations in this study have made one loan each in the following three categories: office loans, retail loans and industrial loans. Additionally, they have made six loans to develop community facilities and four loans to develop business incubators. The cumulative amount of debt or equity investments made by these organizations totaled \$44,550,000. Of the CDCs represented in this survey, we found that excluding construction jobs and people

directly employed by their organizations, a cumulative total of 650 people are employed in these organizations' commercial, industrial, retail and community facilities. In this respect, we see that San Diego CDCs are contributing to the local job base by offering employment opportunities in their developments.

Several of the CDCs surveyed also reported participation in other activities in the realm of retail, commercial, industrial and community facility development. Of the four organizations that reported activities in these areas,

they administered loan funds for commercial/industrial facilities development, operated business incubators of one kind or another, administered commercial revitalization/retail façade programs, and/or engaged in business or commercial area marketing and promotion.

**X. Business Enterprise Development**

If there is one area where San Diego CDCs fall short of national trends, it is in business enterprise development. Nationwide, CDCs have become increasingly involved in business enterprise development. Whether they provide assistance to other businesses, finance new businesses, or own/operate their own businesses, a sizeable number of CDCs in the United States have some degree of involvement in these areas. In looking at the data on CDCs surveyed in San Diego, we see that they are less sophisticated in this area (see Figure 20). Of the CDCs surveyed in San Diego, 22% own and operate a business as compared to 41% of CDCs nationwide.<sup>12</sup> Whereas 6% of CDCs surveyed in San Diego are equity investors in a business, the rate in the NCCED study was 11%. Furthermore, the San Diego CDCs surveyed in this study lag far behind their counterparts nationwide with respect to the provision of technical services. In San Diego, 33% of the organizations surveyed provide technical assistance, whereas the NCCED found that 60% of the CDCs in its study provide this type of assistance.

<sup>12</sup> The NCCED data is for urban CDCs. The NCCED differentiated between urban CDCs and rural CDCs. Given that San Diego is an urban area, we have compared the San Diego data to the national data on urban CDCs.

Compared to trends at the national level, the CDCs in San Diego surveyed for this study are considerably less involved in organizing and/or working with manufacturers' associations (17% for San Diego CDCs compared to 39% for CDCs in the NCCED study). However, CDCs in San Diego operate business incubator facilities at the same rate as CDCs in the NCCED study – 17% for both.

**Figure 20: Business Enterprise Development: A Comparison of San Diego and National Trends<sup>13</sup>**

ACTIVITY	% SAN DIEGO CDCs REPORTING	% NCCED CDCs REPORTING
Own and Operate a Business	22%	41%
Equity Investments in a Business	6%	11%
Administer Revolving Loan Fund to Businesses	6%	36%
Service and/or Package Loans for Other Agencies	6%	21%
Operate a Business Incubator Facility	17%	17%
Organize/ Involvement in Merchants/ Manufacturers' Association	17%	39%
Provide Business Technical Assistance	33%	60%
Provide Entrepreneur Training	17%	44%

<sup>13</sup> NCCED data is for urban CDCs.

Of the businesses assisted by the CDCs surveyed in San Diego, we found that a total of ten businesses are owned and operated by local CDCs. Additionally, another four are owned, but not operated, by local CDCs. Only one CDC has an equity investment in a business that it does not own. In addition, the JCNI is the only CDC that has made loans to businesses. Since its founding it has made twelve loans. As a result of the business enterprise development efforts of CDCs surveyed in San Diego, a cumulative total of 1,412 jobs have been created.

## **XI. Funding Sources**

Given the range in size of CDCs in San Diego, it isn't surprising to find variations in funding sources. Of the CDCs surveyed for this study, we found that the median annual budget in 2003 was \$1.8 million.<sup>14</sup> The lowest value was \$195,000 and the highest was \$84.6. Similarly, there was considerable variation in the surveyed organizations' core administrative budget. While responses ranged from \$57,840 to \$22 million, the median value was \$417,500.<sup>15</sup>

According to the responses received for this study, the Low-Income Housing Tax Credit is a major source of funding. The survey found that 50% of the organizations surveyed received tax credit funding between January 1, 1999 and December 31, 2003. All of these

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<sup>14</sup> Total annual budget includes operating income, capital expenditures on projects, and subsidies.

<sup>15</sup> Total annual core administrative budget includes salaries of core staff and central overhead but does not include project or program expenditures.

organizations received greater than \$2,000,000 during this time period. As shown in Figure 21, the federal government provides a considerable amount of financial support for CDCs in San Diego. Figure 21 differentiates between funding for operating support and funds for project finance and development. The data indicates that the federal government provided project finance and development support in excess of \$50,000 per organization to 67% of the CDCs surveyed in the study. In total, 72% of surveyed CDCs received federal support of some type, which is lower than the 90% of CDCs in the NCCED report. The reasons for this lag must be investigated in the future. Banks and the federal housing tax credit program were also prominent sources of project support.<sup>16</sup>

In total, 28% of CDCs surveyed in San Diego received support from state programs. Again, this was lower than national trends. According to the NCCED study, 46% of CDCs surveyed nationwide received support from state government.<sup>17</sup> The San Diego Housing Trust Fund is another important source of support. The findings revealed that 39% of CDCs surveyed received project financing and/or operating support from the San Diego Housing Trust Fund. The high incidence of support from the San

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<sup>16</sup> This data captures funds received between January 1, 1999 and December 31, 2003.

<sup>17</sup> The San Diego data lists state programs and the state housing tax credit program as two separate line items. It is unclear whether the NCCED data includes state housing tax credit programs. If the recipients of state housing tax credits are combined with those who received support from state programs, the data for San Diego indicates that 50% of the CDCs surveyed received support from state programs. This figure is comparable to the NCCED results.

Diego Housing Trust Fund points to the importance of this vehicle. As discussed earlier in the report, when it was originally founded in 1990, the San Diego Housing Trust Fund evoked considerable optimism from the nonprofit development community.

**Figure 21: Major Funding Sources over \$50,000 for San Diego CDCs**

FUNDING SOURCE	OPERATING FUNDS <sup>18</sup>	PROJECT FINANCE AND DEVELOPMENT
Federal Govt.	44%	67%
Federal Housing Tax Credit	0	50%
State Housing Tax Credit	0	22%
Historic Preservation Tax Credit	0	0
State Programs	17%	22%
Local Programs	0	0
San Diego Housing Trust Fund	6%	39%
Other Local Govt.	22%	33%
Intermediary Orgs	28%	28%
Developer Fees	33%	28%
Packaging Fees	11%	0
Service Provision Fees	33%	0
Other Fees	22%	0
Member Dues	0	0
Banks	39%	50%
Foundations	56%	17%
Corporations	39%	0
Religious Institutions	17%	0
United Way	17%	6%

<sup>18</sup> Figures are for the percentage of surveyed CDCs responding in the affirmative.

Other Private Sector	17%	0
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Over the years, the funding base of the trust fund has significantly eroded thereby considerably reducing its potential as a viable and reliable source of support for local CDCs.

Intermediary organizations have made an impact in San Diego as well. Of the CDCs surveyed, 28% indicated that they received both operating funds and project finance support from intermediaries. The NCCED survey reported higher levels of support, however, with 41% of the organizations surveyed indicating financial support from intermediaries. As discussed earlier, in its formative years in San Diego, LISC partnered with the United Way and the San Diego Community Foundation to provide operating support. Over the years financing for operating support has waned. In general, many of the CDCs that participated in the study reported that intermediary institutions provide technical and financial assistance. We found that 39% of surveyed organizations have received extensive and importance technical assistance from intermediaries with another 47% reporting that they received somewhat extensive and important support. In the financial arena, intermediaries have been equally invaluable with 50% of CDCs in San Diego reporting that they received extensive and importance financial assistance from intermediaries with another 28% indicating that they received somewhat extensive and important financial support. Looking at the cumulative financial support provided by intermediary organizations to local CDCs in the study, we found that eleven organizations received a

cumulative amount of approximately \$25 million.<sup>19</sup>

In San Diego, banks have played an important role in project finance and development. They have provided project finance and development support for 50% of the organizations surveyed. The level of bank support in San Diego is higher than that found across the country with 49% of the organizations in the NCCED study reporting support from banks.

With respect to operating support, CDCs in the San Diego study identified three major sources of support: banks, foundation, and corporations. Their support of the local CDC sector is integral especially since operating support is often difficult to secure. Compared to trends across the country, more CDCs in San Diego receive support from these three sources than do their counterparts across the country. Their continued support should be cultivated and nurtured. This is especially important when one considers that 22% of the organizations surveyed indicated that they do not have adequate core operating support and another 39% reported that they vary in their ability to maintain core operating support. Stable core operating support is essential to the future growth of local CDCs. CDCs must be able to offer competitive salaries and staff all necessary positions in order to bring challenging development projects through to fruition. Rapid turnover and inadequate staff capacity can have the deleterious effect of prolonging the development process,

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<sup>19</sup>This is a difficult statistic to quantify since it is subject to interpretation. Based on San Diego LISC's own internal records, we believe that the \$25 million figure is likely on the low side.

which then translates into additional project costs.

## **XII. Human Capital**

Not only do CDCs in San Diego serve diverse populations, the staffs of CDCs are diverse as well. In addition to racial and ethnic diversity, there is parity in gender distribution. While more men (56%) than women serve as the executive directors of local CDCs, the staffs of most CDCs are predominantly female. The survey found an average of 60% female staff members in local CDCs surveyed for this study. However, the racial/ethnic background of local CDCs' executive directors is not representative of the diversity found in the communities they serve. The majority (72%) of CDCs in the survey are headed by White/Anglos. This is a larger issue that speaks to the need to cultivate local leadership and talent either through capacity building programs and/or through programs offered at local colleges and universities.

Many of the staff members of the CDCs surveyed live in their organization's target area. Of the sixteen organizations that provided data on staff members' place of residence, 63% responded that more staff members live in the target area than outside of it. This propensity to live in the target area is aligned with national trends as indicated in the NCCED study.

CDC staffs in San Diego bring a range of educational backgrounds to their organizations. Of the organizations surveyed, we found a fairly even distribution of staff with college or advanced degrees in architecture and/or urban planning, business finance, social.

**Figure 22: Fringe Benefits: A Comparison of San Diego and National Trends**

FRINGE BENEFIT	% SAN DIEGO CDCs REPORTING	% NCCED CDCs REPORTING
Health Insurance	89%	87%
Disability Insurance	61%	44%
Paid Vacation	100%	94%
Training/Educational Benefits	78%	70%
Dental & Vision	22%	N/A
Employer-Funded Pension	50%	49%
Sick Leave	83%	91%
Life Insurance	44%	50%
Flex Time	67%	53%

work, and general social sciences. In addition, a few of the staff members have educational backgrounds in disciplines as diverse as fine arts, public administration, management, education, and economic development.

Looking at fringe benefits, San Diego CDCs fare just as well if not better in most categories when compared to their counterparts across the country. As shown in Figure 22, a higher proportion of organizations surveyed in San Diego received disability insurance, training and/or educational benefits, and flex-time than their counterparts nationwide.

In addition, many of the staff of CDCs in San Diego received formal training as

**Figure 23: Formal Training Received by Organizations' Staff Over the Past Two Years: A Comparison of San Diego and National Trends**

TYPE OF TRAINING	% SAN DIEGO CDCs	% NCCED CDCs
Real Estate Development	61%	54%
Property/Asset Management	61%	56%
Workforce Development	28%	33%
Strategic Business Planning	44%	58%
Organizational Development	72%	62%
Financial Management	56%	65%
Business Development/Assist.	39%	38%
Personnel/Human Resource Management	56%	N/A
Community Organizing	33%	39%
Human Service Programming	44%	35%
Fund Raising	56%	53%

part of their employment. As shown in Figure 23, in some instances a proportionally higher percentage of local CDC staffs received training than their colleagues in other cities. In comparing the San Diego results to the NCCED data, however, we identified several areas where San Diego CDCs have fallen behind national trends. In particular, this is found in strategic business planning and financial management. In addition, 67% of the organizations surveyed identified at least



*Figure 25: La Costa Paloma developed By Community HousingWorks and Mercy Housing California*



*Figure 26: Vista Las Flores developed by Wakeland HDC and San Diego Interfaith Housing Foundation*

one staff member who graduated from LISC’s training program.<sup>20</sup> Another 22% of the surveyed organizations indicated that at least one staff member completed the certificate program from the Center for Community Economic Development at San Diego State University.<sup>21</sup> These vehicles for specialized training are crucial to the future success of the local CDC sector. While training needs and demands may likely evolve over time concurrent with changes in the sector itself, training arenas must continue to exist.

San Diego CDCs also receive important support from their boards. The organizations surveyed indicated a diverse board composition. Many of the local CDCs have representatives from the community and/or members of the organizations’ target clientele,

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<sup>20</sup> San Diego LISC offers numerous training programs to enhance the capacity of local CDCs.

<sup>21</sup> San Diego State’s College of Business Administration and College of Extended Studies offer an 8-month long certificate program designed to train people for work in the field of community economic development.

representatives of donor groups, and professionals with skills beneficial to the organization. Of the participants in the study, we found that 39% provided annual board training (either themselves or from an entity contracted to do this) and another 28% provided training when necessary. The remaining 33% did not provide training. In addition, participants in the study reported that their board members are useful and informed. Of the respondents, 33% indicated that all their board members are informed and contribute in a meaningful way to the organization and another 61% reported that a majority of their board is informed and contributes in a meaningful way to the organizations. These statistics are important in that they provide insights into the relationship between the needs of the community being served and the ways in which these needs are executed by the professional staff. The boards of CDCs are particularly important since they provide an important conduit into the communities served by their respective CDC. A positive relationship with a board of directors is one

measurement of the successful translation of community needs to professional staff members.

Community development in San Diego is a collaborative effort. As indicated in Figure 24, CDCs in this study identified a host of different partners.<sup>22</sup> Answers ranged from state and county social service agencies to city government to health care providers. Many of the local CDCs also partner with one another. Over 60% indicated that they currently partner with another CDC. This is a useful finding as it illustrates a degree of collaboration within the sector. As an example, in 2001, Wakeland HDC and San Diego Interfaith Housing Foundation partnered on a 28-unit project in Carlsbad. Vista Las Flores (see Figure 26) was built to satisfy the city of Carlsbad’s Inclusionary Housing Program. The developer of a larger master planned community was required to provide affordable housing units, and Wakeland HDC and San Diego Interfaith Housing Foundation brought their expertise to the project. As with many other new affordable housing developments, Vista Las Flores offers numerous resident services including after-school programs, computer classes and ESL (English-as-Second Language) classes.

Several jurisdictions in San Diego County, including the city of San Diego, have inclusionary housing programs that require developers of market-rate housing to also provide affordable housing units. In many instances, local CDCs are brought in to develop these

projects because of their expertise in the affordable housing arena. Another recent example, also from Carlsbad, is La Costa Paloma (see Figure 25). Two CDCs, Mercy Housing California (a large national nonprofit housing developer with a regional branch in California) and Community HousingWorks developed this 180-unit complex.

**Figure 24: Community Partners**

PARTNER	CURRENTLY WORK WITH	WOULD LIKE TO WORK WITH
State/County Employment Offices	11%	11%
State/County Social Service Agencies	56%	6%
Other State/County Govt. Agencies	39%	6%
City Govt. Agencies	83%	0
Fed Agencies	33%	17%
Local Housing Agencies	72%	0
Public Sector Employers	22%	11%
Private Sector Employers	39%	11%
Health Care Providers	56%	11%
Child Care Providers	33%	6%
Elementary/Secondary Schools	50%	6%
Community Colleges	28%	11%
Colleges/Universities	50%	6%
Vocational Schools	11%	17%
Private Industry Councils	6%	11%
Banks	56%	6%
Foundations	56%	22%
Trade Assocs.	17%	11%
Corporations	39%	11%
Neighborhood Associations	56%	11%
Religious Orgs	22%	11%
Labor Unions	6%	11%
Other CDCs/CHDOs	61%	17%
Other	11%	6%

<sup>22</sup> In this study partners are defined as an entity with which the CDC shares a substantial working connection on a specific policy, project, or initiative.

Community HousingWorks is one of the largest CDCs in San Diego. The organization came into existence in 1982 when two organizations, San Diego Neighborhood Housing Services and Community Housing of North County decided to merge. With a portfolio of over 21 affordable housing complexes distributed across the county, the organization also provides homebuyer counseling, neighborhood clean-up days, and community development leadership training (Community HousingWorks 2003).

### **XIII. Conclusions**

San Diego's CDCs are vibrant, healthy, and optimistic that they will continue to grow and serve their target areas in the years to come. While it might appear that the local CDC sector is relatively young, compared to national trends San Diego CDCs fall right within the median age. With most local CDCs rising to prominence in the 1990s, we conclude that San Diego's CDCs are part of the fourth generation in the evolution of the national CDC sector. As members of the youngest generation of CDCs, they have benefited from the transference of skills from other, more mature, CDCs. Furthermore, San Diego CDCs have benefited from the sophistication the sector has developed over the years. Financial intermediaries, banks, foundations, corporations, colleges and universities, and other public and private entities are well aware of the work of CDCs and have established numerous policies and programs to foster their growth.

In San Diego, banks, foundations and corporations provide invaluable operating and project development

financing. This continued support is integral to the future success of the region's CDCs and should be nurtured and further developed. The study identified a deficiency in stable, core operating support for local CDCs. For the sector to continue to thrive, increased core operating support must be provided. In the early years of San Diego's burgeoning CDC sector, San Diego LISC, the San Diego Foundation, and local banks provided crucial operating support. A partnership of this nature should be reinvigorated and nurtured once again. The findings of this study demonstrate that local CDCs are an invaluable contributor to the affordable housing market. For these trends to continue, the organizations must have the resources necessary to hire and retain adequately trained staff members.

On a similar note, of the CDCs surveyed in this study, we found a high degree of organizational capacity in the skill base of staff members and the training provided to them to further strengthen these talents. Most local CDCs appear to have adequate staff support. However, a sizeable proportion of CDCs were pessimistic about their potential to grow in the future. Intervention strategies must be implemented to prevent these CDCs from disbanding. As discussed in the study, CDCs have made invaluable contributions to the development of affordable housing and the implementation of community development programs. Local supporters of CDCs should encourage future growth in the sector.

Of the CDCs in the survey, we found that they are responsible for the development of at least 29% of the region's affordable housing stock. This

is a clear indication that local CDCs are an integral part of the solution to the region's housing crisis. As such, the sector should be further nurtured and developed. Local programs must be developed to ensure long-term support for CDCs. The San Diego Housing Trust Fund, for example, should be reinvigorated to provide a sizeable and steady stream of project and operating support to local CDCs.

In addition to success in the affordable housing development arena, CDCs surveyed for this study demonstrated a growing capacity in commercial and retail development. The revitalization of distressed communities requires more than housing development, the economic base must also be strengthened. While local CDCs are making progress in this area, they could clearly benefit from more support in these endeavors. They have expressed optimism in their ability to realize future growth in this area, but once again funding and training is a crucial requirement to further these projects. Additionally, the survey found a deficiency in local CDCs' business enterprise development programs. Without strong business enterprise development activities, CDCs will not realize their economic development objectives. We cannot expect the CDCs themselves to develop local businesses, but it is realistic for them to nurture local enterprises. This is another area in which additional technical assistance from LISC and/or other intermediaries would likely yield positive outcomes.

Just as local CDCs have been catalysts for progress in commercial development and the construction of affordable housing, they have played an equally valuable role in a range of community

development activities. The findings from this study reveal that the surveyed CDCs provide much more than bricks and mortar; they enhance social capital and strengthen communities. Whether through the inclusion of technology centers and daycare facilities on-site in their affordable housing developments, or through the creation of business incubators for immigrant women, the organizations take a holistic approach to development. These are all efforts that must be sustained and promoted.

In his recent book on the history of the country's CDCs, Alexander von Hoffman (2003) documented the tremendous achievements of these organizations in neighborhoods and cities across the country. Aptly entitled, *House by House, Block by Block: The Rebirth of America's Urban Neighborhoods*, von Hoffman captures the essence of CDCs. Starting at the smallest scale – the individual house – and moving up in geography, CDCs have an important role to play in our communities. San Diego is no exception. This study has captured the baseline accomplishments of San Diego's CDCs in areas as diverse as affordable housing development, economic development, and community development. Future studies will hopefully reveal a sector that continued to thrive.

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## **APPENDIX 1: LIST OF PARTICIPATING ORGANIZATIONS**

Casa Familiar

City Heights CDC

Community HousingWorks

El Cajon CDC

Faith Based CDC

Greater Golden Hill CDC

Las Palmas Foundation

Jacobs Family Foundation

Metropolitan Area Advisory Committee (MAAC)

Ocean Beach CDC

Price Charities

St. Vincent de Paul Village, Inc.

San Diego Community Housing Corp.

San Diego Interfaith Housing Foundation

South Bay Community Services

Stepping Stone of San Diego

TACHS

Townspeople

Wakeland Housing and Development Corp.