

## 2. Community & Economic Development



**RESEARCH TEAM:** Redevelopment in critical perspective: political economy and decision-making

**Grand Challenge:** Equitable Redevelopment and Public Policy

**Key Terms:**

Community Benefits Agreement (CBA), socioeconomic change, municipal decision-making policy, gentrification, fiscalization of land use

**Student Leader/Data entered by:** Midori Wong

**Student Members/Student Research Project Titles:**

- Amanda Lazerus - A Tale of Two Cities: Redevelopment in Downtown San Diego
- Robin Teager - The Construction of Sports Stadiums: Economic and Social Impacts on the Surrounding Community
- Midori Wong - Redevelopment and military base conversion: A case study of NTC San Diego
- Ted Faturus - The Role of Local Government in the Gentrification of the Gaslamp Quarter in Downtown San Diego
- Steven Mateer - Land Use and Economics: A Case Study of the National City Marine Terminal

**Mentor(s) Leader:**

- Isaac Martin
- Steve Erie
- Murtaza Baxamusa

## Team Narrative

### Equitable Redevelopment and Public Policy by Isaac Martin

The politics of local government are the politics of land use, and the politics of land use are inseparable from the politics of redistribution. The papers summarized here present a critical perspective on local redevelopment. Although the papers differ in many respects, they agree on two core themes. First, local government land use decisions are often driven by local government revenue needs, rather than any conception of the public interest. Second, the outcomes of these decisions are often inconsistent with our highest ideals—including our aesthetic ideals of good urban design and our political ideals of social and economic justice. These five papers question the reasons why redevelopment is so often skewed towards the interests of the wealthy and the powerful. The authors of these papers agree that local governments attempt to maximize revenue, though not under conditions of their choosing. But the papers emphasize different strategies for revenue maximization and different constraints on local land use decisions.

The first paper, by Steven Mateer, emphasizes the constraining role of public law. Mateer presents a parsimonious model of local governments as rational revenue maximizers. Local redevelopment strategies differ because local governments pursue revenues according to different institutional rules. Mateer discusses a variety of institutional constraints, although he particularly emphasizes constraints imposed by state law—such as Proposition 13, which limits municipal reliance on property tax revenue, or the Tideland Trust Act of 1911, which limits the Port of San Diego’s use of maritime revenues. These divergent institutional constraints can lead to conflicts over development strategy. Thus, National City’s dependence on sales tax revenue leads it to favor tourist-oriented commercial uses for its waterfront, while the Port of San Diego’s dependence on contractual fees leads it to favor uses associated with maritime transport. Both of these strategies have potential negative externalities.

The second paper emphasizes private business interests—rather than state or federal law—as the primary constraint on land use decisions. Midori Wong argues that redevelopment decisions often reflect the influence of powerful interest groups. Wong compares the redevelopment of the Naval Training Center (NTC) San Diego to redeveloped naval stations in San Francisco and Orlando. She argues that the outcomes in other cities were similar despite different legal structures because the officials involved saw their jobs as securing return on private investment. Wong also presents evidence from a detailed case study of the NTC San Diego, which demonstrates that local governments are not simply passively constrained by state and federal laws, but may sometimes actively seek to change those rules. The city council, for example, lobbied to change a federal law that could have required the NTC to be converted into housing for the homeless. Advocates for the homeless, environmental groups, American Indian tribes, and other interest groups were unable to sway the outcome of the NTC redevelopment process because private developers had more leverage in the political process.

The third paper offers a slightly different picture of local government. Local officials according to this view are not just constrained by institutional rules or beholden to private interests—but instead may *actively initiate collaboration* with private developers by

manipulating institutional rules to serve private interests. Ted Fatusos's paper presents abundant evidence that San Diego officials actively sought to encourage gentrification of the Gaslamp Quarter, a former skid row adjacent to the central business district. Local officials invested in historically-themed infrastructure improvements lobbied to put the area on the National Register of Historic Places; condemned businesses they deemed undesirable; sponsored local festivals; and changed zoning rules to attract artists and upscale nightclubs. Fatusos argues that these efforts served the interests of private developers—much like the NTC described by Wong—but in this case local government initiated the collaboration with business, rather than merely responding to political pressure.

The crucial implication of Fatusos's argument is that local officials might have been free to pursue an alternative course, with correspondingly different outcomes. This point is developed explicitly in the last two papers.

All three of the papers discussed above argue that redevelopment often goes wrong. It may lead to undesirable distributional and aesthetic impacts—such as the displacement of low-income residents, the replacement of good jobs with bad jobs, or the homogenization of diverse urban neighborhoods. Under what conditions, then, does redevelopment ever go right? The last two papers take on the question of who benefits from entertainment-oriented redevelopment and who does not. These papers highlight variation in outcomes in order to uncover correlates of equitable and community-oriented redevelopment.

Both papers focus on stadium construction. Robin Teager's paper reviews the extensive scholarly literature on the impacts of stadium construction. Teager's meta-analysis supports two particularly interesting findings. First, the *social* impacts of stadium construction may vary independently of their *economic* impacts. Thus, a stadium that stimulates economic growth may nevertheless prove disruptive to the social life of a neighborhood; conversely, a stadium that does not pay off economically may nevertheless provide less-easily-quantified social goods such as civic pride or opportunities to meet and bond with other community members. Second, both social and economic impacts are variable and context-dependent. The impact of a stadium may depend on details of its construction and management—from site selection through physical planning and entertainment programming. These, in turn, may depend in part on social and political context.

Which contextual variables matter most? The final paper by Amanda Lazerus addresses this question by comparing two downtown projects—the shopping center at Horton Plaza and the sports stadium at Petco Park. Like Fatusos, Lazerus depicts Horton Plaza in a critical light. She rightly points out that the investment and job figures provided by the Center City Development Corporation are inflated; some of the downtown development that followed on the heels of the Horton Plaza project surely would have happened anyway. She also argues that the distributional impact of downtown redevelopment has been inequitable: many of the new jobs have been low-wage service occupations that do not pay enough to support a family.

But Lazerus presents the Petco Park redevelopment in a more positive light. Although this development involved a much greater public subsidy, Lazerus points out that the

subsequent development deal for neighboring Ballpark Village guarantees a wide range of benefits to low- and middle-income San Diegans. These benefits include living wage guarantees; environmental construction standards; local hiring and job training programs; additional affordable housing; and funding for local services and youth programs. The deal was a so-called Community Benefits Agreement (CBA) signed by the developer and a coalition of some two dozen local community groups, including labor unions, congregation-based organizations, and neighborhood groups, all led by the Center on Policy Initiatives. The crucial contextual variable, then, was the presence of a broad-based grassroots coalition. Developers criticized the CBA as a “back-room deal,” but all negotiated agreements are in some sense back-room deals. The proper questions, Lazerus argues, are whose interests are represented, and who benefits—and by these measures, the Ballpark Village CBA is more inclusive and equitable than the other development processes described here.

The papers reviewed here address classic questions in urban studies. Who wins and who loses from redevelopment, and why? The practical stakes in answering these questions should be clear: to understand how redevelopment can be made to serve the public interest, we need to understand why it so often fails to do so.

These papers collectively argue that there are structural and institutional constraints on redevelopment. They also suggest that these constraints are not immutable. But each case study tells a different story. Future research can help to identify which story is more likely under which conditions. When is local government free to act? When is it beholden to business? How much freedom of maneuver is available within state and federal law? How much is available within the constraints of a political process? How do coalitions like the Ballpark Village CBA coalition come together? Research on questions like these will help to identify the conditions under which redevelopment can be made to deliver community benefits.

### **References:**

Erie, Steven P. *Globalizing L.A.: Trade, Infrastructure, and Regional Development*. Stanford: Stanford University Press, 2004: 124.

Judd, Dennis and Susan Fainstein. *The Tourist City*. New Haven: Yale University Press, 1999.

Sheard, Rod. 2001. *Sports Architecture*. New York: Spon Press

U.S. Department of Housing and Urban Development. 2006. *Guidebook on military base reuse and homeless assistance* Office of Community Planning and Development.

Zukin, Sharon. “Gentrification: Culture and Capital in the Urban Core.” *Annual Review of Sociology* (1987): 129-147.

### **Links:**

Center for Policy Initiatives - <http://www.onlinecpi.org>

The Twisted Logic of Stadium Construction - <http://www.american.com/archive/2007/july-0707/the-twisted-logic-of-stadium-construction>

City of San Diego Redevelopment Agency: NTC San Diego - <http://www.sandiego.gov/ntc/index.shtml>

What is gentrification? - <http://www.uncanny.net/~wetzal/gentry.htm>

Port of San Diego - <http://www.portofsandiego.org>

**Multimedia Archive:**

Available presentations for this group can be found on the Senior Sequence website at: [http://seniorsequence.net/?page\\_id=440](http://seniorsequence.net/?page_id=440)