

## EMBEDDED PHILANTHROPY PROFILE

From “Moving Forward While Staying in Place: Embedded Funders and Community Change”  
(Chapin Hall Discussion Paper, 2004)

### JACOBS FAMILY FOUNDATION

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#### SUMMARY

The Jacobs Family Foundation is engaged in a comprehensive effort to revitalize a cluster of neighborhoods in southeastern San Diego called the Diamond, named for the diamond shape of the business improvement district that it defines. The effort includes a broad range of development, service, and organizing activities concentrated in this area, largely spearheaded and coordinated by the Jacobs Center for Neighborhood Innovation. Since 1997, Jacobs has invested about \$46 million in the Diamond, and it continues to invest about \$9 million per year, including the operating and program costs of the Jacobs Center. Jacobs anticipates transferring continued investment into community-owned assets during a 20- to 25-year period.

#### HOW AND WHY DID THE FOUNDATION EMBED ITSELF IN THIS PARTICULAR NEIGHBORHOOD?

The decision to concentrate investment in a particular neighborhood emerged from a process of decision-making that was driven, in large part, by a lack of sufficient impact from their unrelated, nonprofit funding activities. The 1992 Los Angeles riots served as an important catalyst for Jacobs to rethink its philanthropic strategy, revealing the need for a more in-depth approach to community revitalization. This led first to a move away from providing “traditional” grants and toward building close relationships with and providing a variety of supports to particular targeted organizations. The Jacobs Center for Nonprofit Innovation (later to become the Center for Neighborhood Innovation) was created as an operating foundation to work more intensively with these organizations. In 1998, the Center moved into the Diamond and began to engage directly in planning processes with residents and in managing development activities, rather than just providing grants.

The idea of concentrating on a particular neighborhood was strategic, but Jacobs had been supporting organizations in communities throughout southern California, particularly in San Diego and Los Angeles. The choice of the Diamond, in particular, was largely pragmatic: key staff lived in San Diego, the need for investment in the Diamond was clear, the Foundation had a long-term relationship with a major grantee organization in the neighborhood, and land was

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available that could be purchased to establish both the Center as a physical presence in the neighborhood as well as housing and economic development projects.

### **WHAT BELIEFS AND THEORIES OF CHANGE INFORM THE FOUNDATION’S WORK?**

The Foundation believed that to fundamentally change neighborhoods, it needed to approach neighborhood change in an integrated, comprehensive way that both builds the capacity of the neighborhood to manage its own affairs and ensures ownership of the resources in the neighborhood, including capital and resource-generating assets.

### **WHAT STRATEGIES HAS THE FOUNDATION USED?**

The effort includes a range of development activities and resident-led projects (on issues such as child care and youth) and a process of community outreach and organizing led by resident coordinators. A set of working teams, composed of residents and Jacobs staff, deliberate about programs and activities. The cornerstone project is the Market Creek Plaza, a mixed-use development anchored by a major grocery store and providing space and start-up subsidies for a set of resident-owned commercial businesses. To ensure resident employment, Jacobs negotiated with the grocery store, Food 4 Less, to address union hiring practices in ways that would support resident employment. Jacobs partnered with a neighborhood community development corporation on the outreach to Diamond residents, and Food 4 Less trained and hired residents to work at other Food 4 Less stores beginning about a year before the Diamond store opened. About 90 percent of current employees at the Diamond store are neighborhood residents, and all are in union jobs with benefits.

The design of the plaza was the product of intense community deliberation within eight working teams, which focused on design, ownership, business development and leasing, outreach, employment development, youth, construction, and resources. It is a unique place—brightly colored, multi-shaped, incorporating design aspects and aesthetics that draw from the various cultural backgrounds of the population. In addition to commercial space, an open-air common space exists with chairs and tables, as does an outdoor amphitheater with a stage that floats on the creek that runs through the property. The plaza is also decorated with portraits of “neighborhood heroes” selected and painted by residents, an African mosaic tile tapestry, and a wall of painted ceramic tiles created by neighborhood children. Other public art projects are being planned.



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The first phase of the project is situated on one-half of a 20-acre plot that Jacobs purchased on moving into the neighborhood; the second phase will develop the other half of the site to include meeting and office space, a movie theater, and a mixed-income housing development. Jacobs owns another 40 acres in the neighborhood, which is being held for development pending further planning.

Jacobs has also hired community residents as neighborhood coordinators and organizers to foster communication and to identify and support small-scale neighborhood projects. Through outreach and neighborhood meetings, they have responded to a variety of expressed community needs, such as supporting a youth-run youth center. The Foundation also provides small grants to local groups (which do not require nonprofit status) through the Spirit of the Diamond Fund, and provides larger grants to community-based organizations in the Diamond for various projects. The Foundation is currently working on strategies to transfer ownership of Market Creek Plaza to the neighborhood and to create a funding mechanism (a neighborhood-level community foundation) that would provide resources for neighborhood projects after Jacobs completes its work.

### **WHAT INTERNAL PRACTICES, STRUCTURES, AND POLICIES HAS THE FOUNDATION DEVELOPED TO SUPPORT THE WORK?**

The principal organizational strategy has been to give the Jacobs Center, which is both a physical space in the neighborhood and an operating foundation, the central role in the community development work. The Center not only houses Jacobs staff and provides space for various working groups to meet and plan, but it is also used by community groups as meeting space for activities not directly connected to Jacobs’ projects. The space itself is a refurbished supermarket, with open areas that can accommodate large community meetings as well as closed-door conference rooms and offices for Center staff.

The Center supports a fairly large number of employees, spending approximately \$2.5 million per year on staff alone, including about \$500,000 on training, much of which is provided for residents. The range of staff positions required by Jacobs’ development and organizing activities is substantial, including program, organizing, legal, property management, construction, marketing, development, training, and other staff.

In addition to the Jacobs Center, other organizational entities are being created to assume aspects of ownership and management, including Market Creek Partners, Diamond Management,

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Diamond Community Investors, and the Neighborhood Unity Foundation. These organizations will manage investments and distribute profits after Jacobs’ funding ends.

### WHAT CHANGES IN THE COMMUNITY DOES THE FOUNDATION POINT TO AS SIGNIFICANT?

Half of the central 20-acre plot has been developed, and several commercial businesses are open or about to open, including the supermarket (staffed substantially by residents) and five resident-owned businesses, boutiques, and restaurants. Plans are underway to develop the other half of the plot, and about 45 acres of additional land has been purchased for further development. Neighborhood coordinators are active throughout the community; youth programs and child care supports have been launched; and several working groups continue to plan for further development.

### WHAT WERE THE BIGGEST CHALLENGES? HOW DID THE FOUNDATION CONFRONT THEM?

**Community engagement and trust.** Initially, community members expressed significant concern about the motives and likely impact of Jacobs’ investment in the Diamond. Jacobs has attempted to confront these issues directly, largely by demonstrating long-term commitment to the neighborhood, by trying to be transparent about intent and motives, and by showing that the Foundation is true to its word. The working teams emerged as one mechanism to demonstrate these values, providing forums in which residents were offered not just advisory but decision-making roles as well. As a result, building Market Creek Plaza was a slow but effective process, in large part because of the long deliberation with residents over issues of design and tenants, who would own the businesses, and who would make these and other decisions.

**Building community ownership.** The Foundation has little experience with viable strategies and mechanisms to transfer philanthropic investments into community assets that provide resources for ongoing development and that are under residents’ control. The Foundation is exploring a range of such mechanisms and is working through the organizational and legal complexities this entails.

**Gentrification and displacement.** Redevelopment in the Diamond, as elsewhere, inevitably raises the challenge of managing the market in ways that avoid displacement of current residents as real estate becomes more valuable, higher-income people move in, and the cost of living

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increases. Home-ownership levels in the neighborhood are fairly high, which can help mitigate this dynamic, and the Foundation’s strategies of land-banking and mixed-income development are designed to address the threat of gentrification.

**Diversity.** The Diamond is a very diverse area, home to large numbers of Latinos and African Americans, as well as Whites, Samoans, and other Asian and Pacific- Rim immigrant populations. This is both an asset and a challenge, which the Foundation is addressing through the support of neighborhood coordinators who engage in ongoing outreach and organizing to connect different groups.

### INTERVIEWEES

**Meg Jacobs**, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation

**Valerie Jacobs Hapke**, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation

**Norm Hapke**, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation

**Vernon Brinkley**, resident, member of the Neighborhood Council coordinating committee

**Ezra Carroll**, resident, member of the Neighborhood Council coordinating committee

**Jennifer Vanica**, President and CEO, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation

**Roque Barros**, Director of Community Building, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation