The Effect of Organizational Capacity on Urban Redevelopment Outcomes: 
The Case of the Community Redevelopment Agency of Los Angeles 
and the Baldwin Hills Crenshaw Plaza

by

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ABSTRACT

This thesis seeks to answer the following questions:

- What organizational features (i.e. types of leadership, structure, etc.) are significant in executing successful urban redevelopment projects?
- To what extent does organizational capacity make certain projects successful?

Primary research question:
What aspects of organizational capacity contribute to the positive or negative outcomes of urban redevelopment projects and in what way?

Organizational capacity is defined as how well an agency organizes its human, social, financial, and technical resources.

These questions are answered through an in-depth case study of the Community Redevelopment Agency of Los Angeles (CRA) with respect to its redevelopment of the Crenshaw Center, a regional shopping center built in the late 1940s, into the Baldwin Hills Crenshaw Plaza, a mall completed in 1988. The mall is once again the target of new, extensive redevelopment plans. Research was conducted through theoretical and archival research, supplemented by interviews with those involved with the development and execution of the project, as well site observation.

What emerges from the fieldwork and empirical research is a strategic understanding of organizational capacity that is useful in diagnosing key features of an organization that pursues urban redevelopment, and in suggesting areas for strengthening the organization’s capacity. The key features of organizational capacity for CRA are cultivating internal leadership, concretely defining mission and central tasks, negotiating power-balanced relationships, and managing their network of actors.

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Chapter 1
Introduction

Urban redevelopment projects have made an indelible mark on contemporary cityscapes. The urban renewal projects of the last century wiped out entire neighborhoods and displaced millions under the guise of revitalization. As evidenced by such projects, public agencies have central roles in determining urban planning outcomes. Many of these agencies confront significant organizational challenges, faced by many in the public sector, in undertaking large and complex redevelopment projects intended to meet the needs of various constituencies. This is an incredibly overwhelming task that can easily fall short of success. In spite of this, some agencies are able to transform areas with blighted and vacant parcels to communities with diverse uses, users, and residents, while others flounder. What makes some agencies more adept at performing urban redevelopment projects than others?

Central Questions
A principal factor in determining the performance of urban redevelopment agencies is their level of organizational capacity. Organizational capacity can be defined as how well an agency organizes its human, social, financial, and technical resources. This has a great impact on an organization's ability to function effectively. Most agencies are stronger in organizing some areas of resources than others. Some might be particularly skilled in managing financial resources, but much weaker in aligning staff and departments in ways that facilitate successful performance. By evaluating these categories of resources, an agency’s overall organizational capacity can be determined. The following questions emerge from this line of thinking in relation to urban development projects:

- What organizational features are significant in executing successful urban redevelopment
What are the elements of a successful urban redevelopment project?

These two questions lead to my primary research question:

What aspects of organizational capacity contribute to the positive or negative outcomes of urban redevelopment projects and in what way?

This thesis will analyze public-sector organizational capacity and its effect on the outcomes of large-scale, inner-city urban redevelopment projects. I will use the case study of the Community Redevelopment Agency of Los Angeles (CRA) with respect to its redevelopment of the Crenshaw Center, one of the country’s first regional shopping centers, into the Baldwin Hills Crenshaw Plaza, a mall in a primarily African-American neighborhood. My analysis of the CRA as an organization is means- and not ends-oriented; I am interested in analyzing the “outcomes of planning actions by multiple actors” and not solely “analyzing the actions of one public sector organization.” This will yield an analysis that not only looks at different actors in the mall’s redevelopment but also their characteristics, purpose, and location within the city’s complex power structures. Public agencies with planning functions must consider these questions: it is important for them to be reflective and evaluative of their practices in order to continuously improve upon them and increase their impact.

Case Study Background

Opening as a regional shopping center in 1947 to great fanfare, the Crenshaw Center was wildly successful for decades. The center began its roller-coaster sales and vacancy rates in the 1970s when the demographics of the area started to change dramatically. The surrounding neighborhood went from being predominantly white to African-American, a sizable percentage of them middle- or upper-income households. Ever since, it has failed to attract its new neighbors in large numbers. The CRA became involved in the site in the 1980s as a result of political pressure from the Mayor, community, and City Council district office to address the center’s deteriorating conditions. The redeveloped mall, newly christened the Baldwin Hills Crenshaw Plaza, has served as a symbol for the economic well being of the area since its

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opening in 1988. Its ebbs and flows reflect the changing and difficult times the area has faced. The site is currently the target of extensive redevelopment by a new owner, Capri Capital, looking to transform the site once again.

The CRA is tasked with redeveloping struggling areas like this within a challenging set of conditions and interests. Growing from an agency with a single project in downtown in 1948, the CRA now operates 32 project areas on a $725 million annual budget. The agency’s central aim remains similar to that at its outset, to “cultivate fertile ground for private investment” that will provide work, decent housing, public amenities, and social services. Its tasks have since grown to encompass a much wider scope than at its creation. By the 1990s the CRA worked on projects of affordable housing, job creation and retention, economic development, transportation, public art, open space, historic preservation, childcare, culture, and so on. This broad scope made its work flexible in the eyes of some, but too diffuse according to others. While its scope of work grew, its workforce and funding decreased, losing half its staff and 62 percent of its revenue from 1994 to 2004.

In recent times, the agency has often been criticized for quickly completing redevelopment projects for booming areas like Hollywood and downtown while those destined for faltering stretches of East and South Los Angeles can take decades. Current Mayor Antonio Villaraigosa appointed a new CRA board in 2005 with a specific mandate to “aggressively move important projects forward to revitalize neighborhoods, bring back economic development, jobs, and housing” in order to combat the agency’s historic investment disparity evident in many of the city’s lower-income and minority areas.

Methodology
In order to answer these questions, I chose to complete an in-depth case study. The research for this case study consisted mainly of scholarly and archival research, supplemented by interviews with those involved with the development and execution of the project. The scholarly research helped outline the analytical framework used to evaluate the organizational functioning

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of the CRA and provide context within organizational literature. The archival research consists of a review of CRA documents and newspaper articles. CRA documents dating from 1984 were reviewed to determine the formal plans and goals for the site. Newspaper articles dating from the 1940s, mostly from the Los Angeles Times, were reviewed for information about the creation of the CRA, the original Crenshaw Center development, the neighborhood's history, and the Baldwin Hills Crenshaw Plaza redevelopment.

I conducted eight in-depth interviews with current and past CRA staff, political staffers, and a newspaper reporter. Relevant CRA staff were identified through the CRA website and a video on the redevelopment of downtown Los Angeles. From the four interviews with CRA staff, I sought to learn more about the formal workings of the agency, its roles in redeveloping the site, its definition of successful projects, and to get a sense of its organizational culture. Initial contacts were then asked for further CRA or other staff that would be helpful in my research. From these recommendations I identified three other current or former City Council staffers to interview. The reporter was identified through her prolific coverage of the mall and the surrounding area for the Los Angeles Times and the LA Weekly, which spans over a decade. Interviews with political staffers and the reporter provided some perspective on working with the agency, outside perceptions of the agency, and definitions of project success. These interviews were open-ended but were structured by a set of questions found in the appendix.

Four site visits were made between December 2008 and March 2009. During these site visits, I documented the site through observation and photographs, some of which are used in later chapters. I focused on observing conditions at the mall, including overall maintenance of the building and stores as well as types of retailers and quality of merchandise stocked. Site visits were purposely completed on different days of the week and times to compare levels of use.

Limitations
The biggest limitation to this study is the use of one case study, versus various, which does not allow for comparison. This is a study of one project, in one agency, in one city. A much richer analysis could result from comparisons across projects, agencies, cities, and even countries. However, this analysis is still useful in extracting lessons from this single case and how this agency interpreted and responded to the challenges it faced.
Another principal limitation of this research was the small numbers of interviews conducted. Ideally, more past and present CRA staff would have been interviewed, like the regional manager of CRA’s South Los Angeles office who was away on personal leave. I also wanted to meet with representatives from the various owners and developers of the mall but these were difficult to contact. In attempting to find a representative from one of the development companies prominent in the site’s recent history, the Johnson Development Corporation, I found that it had recently dissolved. I also tried contacting members of community-based organizations like the Crenshaw Chamber of Commerce and the Crenshaw Community Action Committee but received no response. The added input of these individuals would have surely enriched the analysis and maybe even yielded different results.

The analytical framework presented also exhibits limitations. The organizational literature relevant to this analysis is far too extensive to cover here. Readers familiar with this body of work will find other connections to previously discussed theories that could more precisely explain the forces that I found at work at the CRA.

In evaluating the financial success of the mall, I assumed easy access to market data from the management company, Festival Companies. Since data on the mall’s performance was periodically reported in newspaper articles, I assumed this data was frequently shared. Inquiries to numerous individuals at Festival were not successful. I soon learned that it is common for companies to closely guard this kind of data in order to remain competitive. This forced me to evaluate the mall using insufficient and sometimes contradicting data cobbled together mainly from what had already been published in newspapers.

Summary

The second chapter will provide a definition of “organizational capacity” and provide an analytical background on relevant theories useful in understanding the workings of public agencies. This framework and the site’s history in the third chapter will provide the foundation for the case study analysis. Chapter 4 will redefine organizational capacity as it applies to this case study and outline the features that had a prominent role in determining how the CRA defined its work, its relationship to other actors, and its outcomes. Chapter 5 will present the
study’s principal findings and provide recommendations on how the CRA can improve the efficacy of its work.

The CRA has had varying levels of success in the redevelopment of the Crenshaw Center into the Baldwin Hills Crenshaw Plaza. As this analysis will show, the agency faces challenges in the areas of internal leadership and its development, political influence, and broad definition of its mission and central tasks. Redevelopment is a powerful mechanism to reshape the city. In order to maximize public benefit through redevelopment, the CRA must reinvent itself as an organization and in the eyes of other groups of actors in order to reshape its work and the city it serves.
Chapter 2
Organizational Capacity in Public Agencies

Selznick defines an organization as "a lean, no-nonsense system of coordinated activities, [...] a rational instrument engineered to do a job."6 Anyone who has experience working with any type of organization knows that many more elements come into play when groups of individuals join forces to pursue a goal or common interest. Sometimes an overbearing leader dominates. Other times outside pressures constrain and shape the direction of the organization. There are countless examples of how organizations often veer from the their defined purpose. In my analysis of the CRA and its involvement in the redevelopment of the Baldwin Hills Crenshaw Plaza, I seek to identify the prominent features that impact its work and how these features interact to produce positive or negative outcomes. This resulting interaction and its effect on the performance of the agency is deeply tied to what I am terming "organizational capacity." In addition to defining organizational capacity in this chapter, I will also discuss elements and theories that are relevant in understanding the workings of public agencies as they relate to my analysis.

Defining Organizational Capacity

In their study of twenty-four restructuring schools, Newman, et al. tie organizational capacity with accountability and performance. They define organizational capacity as the "efforts to organize the human, technical, and social resources of [an organization] into an effective collective enterprise."7 Another useful definition of the term comes from Fredericksen and

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London. They believe that internal organizational capacity is derived from various elements of an organization and provides the “basis upon which organizations can implement programs and achieve goals.” They propose four elements of organizational capacity to be used as a framework for examining the capacity of organizations: leadership and vision, management and planning, fiscal planning and practice, and operational support. Although Newman’s work is focused on schools and Fredericksen’s on community development corporations, a combination of these definitions provides an excellent definition for this analysis.

With the addition of financial resources to Newman’s definition, the two definitions align very well. In constructing the definition of organizational capacity for this case study, Newman’s definition provides the outline and Fredericksen’s the proper foci for analysis.

*Organizational capacity - the ability to organize the human, technical, financial, and social resources of an organization into an effective collective enterprise with regards to the following features:

- Human → Leadership and Vision
- Social → Management and Planning
- Technical → Operational Support
- Financial → Fiscal Planning and Practice

This definition constructs a useful framework in which to begin my discussion of organizational capacity of public agencies.

My discussion of organizational capacity with regards to the CRA will focus on developing three of these elements; I will not be discussing the operational/technical element since it was surprisingly not mentioned in any of the interviews I conducted. Social, human, and financial resources played prominent roles. The following sections will provide a theoretical framework in which my analysis of each type of resource and the conduct of actors within a specific political-economic context is based. In reading these sections, the reader should also keep in mind Leonard’s public sector strategy-building framework, which outlines capacity, support, and public value as the three crucial characteristics in successful public interventions, which also heavily contributed to the analytical framework being used (see Table 2.1).

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## Organizational Capacity

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### Organizational Capacity + Support + Public Value = Successful Public Interventions

| Table 2.1 Analytical Framework |

Human – Leadership and Vision

In the formal hierarchy of actors in organizations, it is often the most powerful that get to decide the “collective purpose.” They are the gatekeepers of information, which is packaged and presented to serve certain needs. It is not surprising then that for many organizational theorists leadership is central to the success of an organization. Often times the quality of leader is even more crucial than having a strong vision, mainly because leaders have the power to reformulate and restructure as they see fit. Organizations are often passed down to new leaders with inadequate vision or mission statements. A strong leader will recognize this inadequacy and reformulate the organization’s vision in order to chart a new course. Wilson believes that skilled leaders are able to come into an environment and “correctly identify the critical tasks of that organization, distribute authority in a way appropriate to those tasks, infuse their subordinates with a sense of mission, and acquire sufficient autonomy,” allowing them to successfully complete the job at hand. Ostroff classifies leaders as those who are able to “court support among key stakeholders, rededicate employees to an agency’s true mission, undertake reform so comprehensively that resistant elements are unable to subvert it, and lay the groundwork for next steps so clearly and systematically that progress continues when

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10 Author.
leadership changes hands.” Both of these descriptions of what leaders should be are extremely tall orders. Many of the examples of bureaucratic change and reform Wilson gives in his book have strident leaders at their core.

If leaders are so central to organizational success, why then are government agencies not devoting more effort to recruiting and maintaining a cadre of strong leaders? One of the first set of obstacles are personnel rules and regulations; many government agencies’ ability to hire and fire based on merit is prohibited or strictly limited. This is one of the many constraints which public agencies face in their quest for successful results. Another obstacle is the public sector tendency towards placing those with good managerial skills in positions of leadership. As Kotter makes clear, managerial and leadership skills are distinct but equally valuable. Whereas managers tend to plan, staff, control, and problem solve, leaders set directions, align, motivate, and inspire. Kotter would argue that the director of a public agency should be in charge of creating the vision and direction of the agency, not with determining the daily operations of each employee, which should be the charge of lower level managers. It is important to note that these skills are not necessarily mutually exclusive. Some agencies actively practice cultivating leader-managers to fill their top ranks, though Kotter would not approve.

In addition to strong leaders, organizations need visions that provide strong direction. Many organizations approach this need by crafting formal mission or vision statements, sometimes both. It might first be useful to differentiate between the two. A vision “says something that helps clarify the direction in which an organization needs to move.” This statement or idea needs to convey a picture of the future that is easy to communicate and appeals to stakeholders both internally and externally. An organizational mission is one that sets parameters for an organization’s work, motivates and inspires, and also helps evaluate performance. A mission statement should include the organization’s purpose, its values, and the kind of work it does. It should be clear and “translatable into concrete actions.” What may seem relatively simple is of extreme importance. If the leaders of an organization are unable to

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clearly articulate or get stakeholders to buy into their defined vision or mission, their work cannot be successful.

Leaders and visions are critical in determining the culture of an organization. Cultures are “patterned way[s] of thinking about the central tasks of and human relationships within an organization.” Another, more detailed, definition of culture is:

a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Cultures often appear in the forms of accepted values, behavior, and process norms that are institutionalized in an organization over time. Cultures are passed through generations and are resistant to change. The process of institutionalization reflects the organization’s history, its employees, the groups it represents, the values they jointly create, and how it has adapted to its environment. An organization’s functions move beyond the technical, incorporating psychological and social functions. There is also a connection between culture and organizational goals. The level of precision with which goals and tasks are defined is inversely related with the opportunity for a culture to fill in the gaps in determining how an organization functions.

Social – Management and Planning
The management of public organizations poses many challenges. One of the challenges currently at the forefront of public management is how to rethink traditional organizational theory and structures when government has entered an era of “third-party government.” Instead of undertaking tasks on their own, government agencies more frequently contract out traditionally publicly-provided services, everything from social and health services to garbage collection. These “third parties” take on a quasi-governmental role by delivering “publicly financed services and pursu[ing] publicly authorized purposes.” This creates an intricate network of actors that share public authority and responsibility. Although most organizations still agonize over careful ordering of organizational charts to reflect their formal, hierarchical
structures, they regularly conduct work through a much more complex set of organizational networks.\textsuperscript{20} The government gains allies but also loses a degree of control over its operations in this new structure characterized by “interdependencies between public agencies” and other third-party actors. The proliferation of contracting destroys the traditional image of monolithic governments by bringing a wide variety of actors into the “public” sector.

Another iteration of private-sector involvement in the public sphere is that of formal public-private partnerships, where two or more entities undertake a program or project jointly. Weiss cites “problem solving” as being one of the drivers of cooperation.\textsuperscript{21} When an agency is faced with a task in which they lack expertise, they can look to other organizations that have more experience in the area. While Weiss advocates for intra-organization cooperation, she notes “cooperation is easier to advocate than to practice.” Cooperation is often driven by the values of staff; if staff personally believe that cooperation is valuable, an agency is more likely to engage and be successful in cooperative efforts. Coalition-building within these partnerships is also imperative. Simply declaring a partnership or even the existence of a memorandum of understanding does not guarantee true cooperation. Parties must develop a shared assessment of “problems and opportunities, and create a minimum level of trust and communication”\textsuperscript{22} to move forward towards unified goals.

This diffusion of service provision increases the number of entities working to address the comprehensive array of public needs but it also presents numerous challenges. Salomon lists these as:

\begin{itemize}
  \item \textit{Pluriformity} – involvement of a diverse range of organizational types with limited cooperative experience and knowledge of each others’ operating styles
  \item \textit{Self-referentiality} – actors with individual interests, frames of reference, and sets of incentives
  \item \textit{Asymmetric interdependencies} – actors with different timelines, needs, and levels of urgency; one actor always needs another actor more
  \item \textit{Dynamism} – facets of the relationship change over time\textsuperscript{23}
\end{itemize}

\textsuperscript{20} Salomon, 11.
\textsuperscript{22} Kotter, (1995), 62.
\textsuperscript{23} Salomon, 13.
Another challenge is a potential loss of legitimacy due to projects with unsuccessful processes or outcomes. Organizations are able to sustain their legitimacy if they serve “collectively valued purposes over time.”\textsuperscript{24} They need to communicate to constituents that they are undertaking legitimate projects and plans. If they do not convey this legitimacy through appropriate objectives and actions they will quickly lose their perceived legitimacy. Coupled with concerns over legitimacy are those of accountability. In using outside partners, public agencies hand over substantial discretionary authority even though the public agency is ultimately responsible. Public agencies must perform a careful balancing act between public priorities and concerns and those of their private counterparts in order to retain both their legitimacy and accountability in the view of and to the public.

One mechanism that public agencies use to address these challenges is community outreach and public input. Constituents want to be apprised of plans and have the ability to voice their opinions and objections through public participation processes. Many public agencies are mandated to involve community members but do so with varying levels of success. Some agencies resort to utilizing “tokenistic”\textsuperscript{25} versions of community participation that do not give constituents true power in shaping the plans affecting their lives and surroundings. While to some it is heretic to claim that community participation processes usually do not yield meaningful results, they must admit that many times “potential participants seem to care as much for the right to participate as for the fact of participation.”\textsuperscript{26} Herein lies the paradox of community participation: often the process is more important than the results.\textsuperscript{27} Unfortunately for both constituents and public agencies, agencies seem to be aware of this fact. Participation is a political requirement for almost all public undertakings, though careful weighing of public input is not. The public loses out on having a significant role in shaping their environment while the government loses out on creating richer relationships with the communities it serves and ideas that could often create longer-lasting success.

A discussion about management and planning in the public sector must also include a discussion of “bureaucrats,” who they are and how they operate. Common discussions about government

\textsuperscript{24} Inam, 139.
\textsuperscript{27} Inam, 33.
agencies include the perception that they are populated by “incompetent hacks [...who go] to great lengths to avoid doing the job they were hired to do.” Some theoretical models assume rational organizations and rational actors who make decisions through rational choice. Experience tells us these perceptions lie at the extreme of a spectrum of behavior. Most bureaucrats fall somewhere in the middle. The various tiers of supervision and authority prevalent in many public agencies provide the room for a wide range of bureaucrat behavior.

Policy is rarely implemented as it is formulated. Its movement down through the ranks creates many changes unforeseen by those responsible for drafting legislation or regulations. Lipsky’s concept of the “street-level bureaucrat” is useful in understanding how policy is transformed through modes of implementation and levels of discretion. Their behaviors are affected by the imposition of rules, management styles, personal beliefs, and expectations. Discretion can be a source of good or bad behavior since it provides the chance to “intervene on behalf of clients as well as discriminate among them.” Escalating levels of discretion seem to raise the bar on questionable practices, causing some to move farther away from acceptable behavior but successful bureaucrats know when, how, and to what degree to utilize their discretion in order to provide the best service. Street-level managers can be very effective at influencing the behavior of lower-level bureaucrats due to the fact that their higher position allows them more connection to the organization’s “sense of mission” while still being close enough to lower ranks to transmit this mission successfully. They can create cultures where appropriate service provision is encouraged and valued above simply meeting required obligations.

Wilson posits that bureaucracy can be made more "efficient" by giving bureaucrats more incentives and flexibility, but finds that this conflicts with our political culture. Political interests, perhaps unfortunately, play a huge role in determining the workings of the public sector and their interactions with the public. Logically, this must be the case since political interests have created and shaped most public agencies. Although some agencies would like to operate independent of them, “no agency head can ever achieve complete autonomy” from democratic politics. Agencies must therefore define their role in and relationships to political interests. If

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28 Wilson, xviii.
30 Wilson, 188.
political interests have already defined this relationship, agencies must strive to negotiate its terms in ways that will provide higher levels of service. The constraint this relationship places on public organizations is especially important to consider when they operate in the midst of interest-group politics where numerous interests clamor for public attention and intervention, and are beholden to politicians for annual funding allocations.

Financial – Fiscal Planning and Practice
Public agencies operate within a myriad of constraints not imposed on private entities that cause a perceived inefficiency. Decisions are made with uncertain knowledge and intended to decrease exposure to risk.\(^3^1\) Internal political wrangling and less than optimal patterns of behavior add to the conditions present in large organizations. These conditions usually create environments that are more concerned about finding ways to work within constraints than completing tasks, and in turn focus more on fair methods than successful outcomes.\(^3^2\) Efficiency in the public sector cannot be judged without consideration of the “costs” of these constraints and the worth of other publicly valued and demanded outputs.

A central constraint to an organization’s functioning is that it “must serve goals not of [its] own choosing.”\(^3^3\) Governments usually form new public organizations to meet an unserved public need that has come to the forefront. The Occupational Safety and Health Administration was formed amidst rising concerns about workplace safety. Although its first leader could not influence the role Congress wanted the agency to serve in the public realm, he did have a role in shaping its priorities and direction the agency would take. In comparison, a private organization’s founders often run it to serve self-defined and self-serving goals.

Another constraint borne by public agencies is that they cannot use revenue as an incentive or measure for performance. Whereas private organizations regularly use commissions and bonuses to extract higher levels of performance from their employees, these kinds of practices are illegal in the public sector. In determining whether or not a particular program or product is financially viable, the private sector has the assistance of market competition. If a company sells a product that is faulty or for another reason undesired by the public, the company will soon know that it

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\(^3^2\) Selznick, 12.
\(^3^3\) Wilson, 115. This section is largely indebted to Wilson’s discussion on inefficiency and constraints.
is time to stop production. If a social service agency is running a program that is aimed to combat juvenile recidivism, the agency will most likely not know what kind of impact the program is having for years, if ever. The program could be a waste of public funds that will continue for decades.

A third constraint is the fact that public agencies must adhere to strict guidelines meant to ensure equity and fairness in public actions. In order to provide equal access to government contracts, all firms must be considered even though some are more qualified than others. While private organizations are able to procure equipment that is best suited to their work, public organizations must usually run purchases through numerous supervisors and acquire those that are the cheapest instead of those that are the best value. Recently, best value contracts have become more prevalent but they are still far from being the norm. This constraint also creates a “bloated bureaucracy” due to the need for multiple levels of supervision.

These constraints severely limit government agencies from behaving in a more “efficient” manner. Constituents wonder why projects come in over budget and at lengthy delays and these constraints are often a factor. Paradoxically, these constraints that cause constituent complaints were created at the behest of constituents. Each constraint has been constructed in response to demand for it. In addition to their central tasks, public agencies have other valued outputs like a reputation for integrity, public confidence, and support of important outside interests. Monetary value cannot account for “maintaining honest behavior, producing fair allocation of benefits, and generating popular support” in addition to achieving central goals. Determining the value of these outputs would begin the process of more fairly judging government’s level of efficiency. Within this system, the private sector will almost always appear more efficient due to its fewer number of constraints, valued outputs, and goals. This discussion of government constraints is not meant as an excuse for government behavior. There are definitely instances in which government is inefficient even allowing for these constraints, as there are instances of great efficiency in spite of them. The public should not lessen its expectations of government performance because of these constraints, but be aware of them when making claims about government efficiency.

34 Wilson, 318.
Recent reform theories

Before concluding this chapter I will also touch on recent reform theories that have had a critical impact in changing the way public organizations work and how they are perceived. One of the most dominant directions organizational reform has charged towards is the recreation of public agencies into those that are more “catalytic,” “mission-driven,” “customer-driven,” “anticipatory,” “market-oriented,” etc. In other words, public organizations should become more like private, profit-driven organizations. Osborne and Gaebler are of the belief that government bureaucracy, created a hundred years ago to combat official corruption, has outlived its usefulness. Since governments are increasingly caught between declining revenues and rising demands for service, they must radically restructure themselves and their functions in order to achieve higher levels of employee empowerment, public support, and efficiency. Theorists in this camp seem to ignore the fact that the public sector has already become more like its private counterpart due to the rise of “third-party government.”

New Zealand became the poster child for these types of reform in the 1990s with the adoption of “managerialism.” Managerialism aimed to increase flexibility, promote improvements to process, and encourage market-style competition. Reformers wanted to “let managers manage,” and trusted them to do so. A related phenomenon in the world of organizations was new public management, which also advocates for greater market orientation in the public sector to achieve greater cost-efficiency. Pollitt presents a sharp critique of new public management by arguing that some elements of it are exactly what researchers have found to be counterproductive to successful institutions (i.e., “shifting the basis of employment... towards term contracts, performance-related pay,” etc). Even when research proves that certain practices are better than others, organizations continue to use those that are less effective. An internal contradiction exists in the new public management prescription for public organizations: “managers are simultaneously encouraged to take more responsibility for the results of their activity and obliged to surrender significant shares of the authority for achieving those results

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to third-party implementers."\textsuperscript{38} Advocates of reform systems that claim to be panaceas must keep in mind that all reform efforts, in order to be successful, remain works “in progress that require constant improvement”\textsuperscript{39} and evaluation.

This chapter aimed to provide the analytic framework necessary to understand some of the forces at play at the organizational and environmental levels in the CRA's development of the Baldwin Hills Crenshaw Plaza. The human, social, and financial elements of organizational capacity featured more prominently in this endeavor that the technical elements. In summary, leadership, mission, and culture have extreme importance in setting the course of an agency and determining how it functions. Breaking from traditional perceptions of hierarchical organizations with static structures, most public agencies now function in partnership with a wide network of actors. Evaluations of financial efficiency must take into consideration the environment of constraints that most public agencies operate within. This framework coupled with the history of the site in the next chapter will provide the basis for analysis of how successful the CRA is at carrying out these types of redevelopment projects.

\textsuperscript{38} Salomon, 12.  
\textsuperscript{39} Kettl, 451.
Chapter 3
From Regional Shopping Center to Regional Mall

The site of the Baldwin Hills Crenshaw Plaza has had an incredibly interesting but tumultuous fate. An overview of the site’s history will provide the reader with the background to understand the political, economic, and social conditions that have brought the mall to its present form. Understanding this history is integral in evaluating the mall’s level of success throughout its various incarnations and how these forms of success or failure manifest. This chapter also begins to sketch an outline of CRA’s modus operandi throughout the site’s redevelopment and the agency’s ability for adaptability in the face of changing circumstances. The site’s history is divided into four distinct eras with distinct sets of actors and interests: an initial period of successful private sector development starting in the late 1940s, a period of decline that begins in the 1970s, followed by a period of public-sector driven redevelopment that extends from the 1980s until 2006, and a current phase of redevelopment driven purely by the private sector. However, the mall’s history begins in downtown Los Angeles where the automobile would have unprecedented changes to the retail sector.

The Exodus from Downtown
Urban centers were rapidly changing by the early 1920s. Bustling downtowns were bursting at the seams with businesses, pedestrians, trains, but most problematically with personal automobiles. Although Los Angeles was not nearly as centralized as other cities of the day, it was facing this same problem but in a different form: train lines connecting dispersed residential clusters met in downtown. When cars skyrocketed in popularity in the 1910s, Los Angeles’ middle class denizens found their mode of liberation from the already-overburdened rail system. By 1915, Angelenos were almost eight times more likely than residents of Chicago to own a
Traffic congestion grew so dire that in 1920 the City Council passed a measure that banned curbside parking in the core area of downtown during business hours. This proved more effective than government officials had anticipated; downtown businesses reported a sharp decline in retail transactions. A few months later, the ordinance was reformulated to allow limited parking during the day and banned parking only during the evening rush hour.

This alleviated some of downtown’s decline in sales, but the car continued to present a challenge. Stores had to convince customers that parking would not be an issue while shopping in downtown (see Figure 3.1). Retailers that could secure the most contracts with private parking lots within a few blocks had a definite advantage over those who were in denser parts of downtown. However, these measures were only partial solutions to the desire of customers to shop without having to worry about parking. Los Angeles County’s meteoric population rise of 936,000 in 1920 to 2,200,000 in 1927 coupled with new residents’ love of cars predicted the need for an entirely new solution. This solution came with the revolutionary idea of moving department stores out of downtown to other areas of the cities. Developers envisioned creating...

40 Fulton, 130.
41 Richard Longstreth, City Center to Regional Mall: Architecture, the Automobile, and Retailing in Los Angeles, 1920-1950, (Cambridge: The MIT Press, 1997), 5. The history of the site until 1950 is largely indebted to Longstreth.
42 Ibid., 211.
43 Ibid., 6.
their own mini-downtowns all over the city. The first example of this move away from the central city came with the 1929 opening of the Bullock’s on Wilshire Boulevard, two miles west of downtown.\textsuperscript{44} Bullock’s had not only created a gorgeous new flagship with ample parking in a yet uncongested area of the city, but also provided valet parking from a lavishly decorated porte cochere (see Figures 3.2 and 3.3). Customers had been completely freed from their parking worries at the posh new store. Developers and other department stores raced to find sites where these new amenities could be rivaled.

Concurrently, the country was undergoing a dramatic demographic change. Both the highest and lowest income groups had declined since 1929 and more people were now considered middle class. Los Angeles had rebounded from the Depression far sooner than other urban areas and continued to attract skilled blue-collar workers in large numbers. Increasing amounts of disposable income also pushed department stores to grow larger in order to carry more and wider varieties of merchandise. Bullock’s, May Company, Broadway, and Sears competed in creating larger and larger department stores. While May Company announced its extraordinary $10 million expansion plans in January of 1945, Broadway kept their plans for a “fully integrated shopping center” under wraps.\textsuperscript{47} For Broadway, these forces represented an opportunity to build something that went far beyond the plans of other department stores. It had decided to embark on building a shopping center with one of their department stores alongside numerous smaller

\textsuperscript{44} Ibid., 116.
\textsuperscript{45} Ibid., 115.
\textsuperscript{46} Ibid.
\textsuperscript{47} Ibid., 227.
retailers. They hoped that this retail clustering would attract more of these middle class clients than possible with a single store.

The Development of a “Regional Shopping Center” for Los Angeles

The first of these opportunities was found at the intersection of Crenshaw Boulevard and Santa Barbara Avenue. According to a 1931 map of Los Angeles, a golf course and an airport occupied the western half of the intersection (see Figure 3.4).\textsuperscript{48} Broadway’s project was among the earliest to make extensive use of Census data to select a profitable site. The company analyzed data on ownership rates (40.5 percent in the adjacent tracts, the highest in the nation) and rent levels.\textsuperscript{49} Without this degree of analysis, such a large development would not have been considered. By 1945 the site had been unoccupied and cleared to make room for the first regional shopping center in the metropolitan Los Angeles area, and some say the country. Broadway had contracted out the leasing arrangements to Coldwell Banker and had arranged for a master ground lease from the Baldwin Hills Estates of the 35-acre area southwest of the intersection.\textsuperscript{51} A ground-breaking ceremony for the “Broadway-Crenshaw Center” was held on October 29, 1945. The plans at the time included a design with mostly stainless steel and black granite exteriors and large glass display windows with a mix of retailers and private housing.\textsuperscript{52}

\textsuperscript{48} Ibid., xxvii.
\textsuperscript{49} Ibid., 227.
\textsuperscript{50} Ibid., xxvii.
\textsuperscript{51} “Broadway Begins Store in Southwest Section,” \textit{Los Angeles Times}, October 30, 1945.
\textsuperscript{52} “Store Heads Dedicate Broadway-Crenshaw,” \textit{Los Angeles Times}, February 27, 1946.
The steel and housing fell by the wayside as the Broadway focused more on perfecting their retail mix. This new center did not seek to be in direct competition with downtown or Wilshire’s upscale establishments; it was looking to attract a “budget-conscious” population. Broadway instructed Coldwell Banker to seek and retain retailers that specialized in high-volume, and not high-value, sales a directive that lead to tenants like Woolworth, Vons (a grocery store), Savon (a drug store), a bank, auto shop, and others.

Simultaneously, May Company moved forward with independent plans for a store on the northwest corner of the intersection. This was a major source of tension between the two competitors. Most of the city was completely unaware that the two sites were being developed separately and were under the assumption that the two were being developed as one site. While May Company was also working on including other retailers along with their department store, their center was not nearly as ambitious or innovative as that of Broadway.

On November 21, 1947 the $6 million Broadway-Crenshaw Center opened in what was then a predominantly white, middle class, suburban neighborhood (see Figure 3.5). The complex was

![Figure 3.5 Aerial looking east](image)

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53 Longstreth, 231.
55 Longstreth, 230. May Company is the large structure at the far left, while the large structure at the center is Broadway. Also notice location of tunnel entrance and exit in lower half of photograph, near edges of parking lot.
extremely successful in its early years boasting nearly “550,000 square feet of enclosed space supplemented by thirteen acres of parking lots designed to hold 2,500 cars at a time.”56 One of the noteworthy innovations of the center was its service tunnel, stretching from Santa Barbara Avenue to Stocker Avenue, which connected all of the stores underground and eliminated delivery congestion above ground,57 a concept that was widely adopted in subsequent years.

Other significant innovations in retail history were the break with the previously dominant “lone-wolf” model of department store development as well as the management and leasing control retained by Broadway to carefully craft the center’s appeal. While the center finally gave the car its rightful place with over ten acres of parking, it did not forget the importance of the pedestrian traffic along Crenshaw, an increasingly important North-South thoroughfare. To this end, the stores in the center were designed to have dual-frontages, one towards the parking lot and another towards the street (see Figures 3.6 and 3.7). Unfortunately, pedestrians were not as prevalent as the developers had hoped but the importance of the display windows was still too entrenched to question in the 1940s.

![Figure 3.6 Parking lot façade](image1)
![Figure 3.7 Crenshaw façades](image2)

Although tension was high between Broadway and May Company, they soon realized that two department stores in such close proximity were an even bigger draw, and that the market seemed able to sustain both. The Broadway-Crenshaw Center became simply the Crenshaw Center and a formidable competitor to downtown retail, without meaning to. This competition was intensified when plans for redeveloping the Santa Barbara Plaza shopping area next-door surfaced in 1950. This increased attention to redevelopment in the city was perhaps the result

56 Longstreth, 230.
58 Ibid., 232.
59 Ibid., 234.
of the creation of a new city agency a few years before. In 1948 Mayor Bowron created the
Community Redevelopment Agency of Los Angeles under authority of the Community
Redevelopment Act of 1945. The agency was to purchase and "wipe out blighted and slum
areas," then turning them over to private enterprise for development into the "best social and
economic use," a mandate that would continue into the present.

As the years passed, the Santa Barbara Plaza would continue to be the focus of redevelopment
talk that never amounted to much action. In contrast, the Crenshaw Center continued to rise in
popularity into the late 1950s with numerous businesses choosing to locate offices there. The
center expanded in 1962 adding two buildings facing Santa Barbara that would house fifteen
additional tenants. This brought the center's total building area to 620,000 square feet.

A Growing Need for Redevelopment
A few years later, the area would begin to see a drastic change accelerated by the Watts Riots.
1965 brought to the forefront decades of racial tension fostered by extreme segregation the
city had previously tried ignoring. While white flight had already begun to the newer suburbs
further way from downtown in small quantities, the riots helped intensify this trend. Middle class
housing stock was thus made available to African-Americans and new immigrants. From 1950 to
1960, Los Angeles County experienced a 111.8 percent jump in African-American residents,
from almost 218,000 to over 461,000. 61 percent of whites were now living outside the
central city as compared to 53 percent in 1950. The high level of African-American
homeownership and quality of housing stock proved a huge draw over Northern cities like New
York and Chicago.

By the early 1970s, the demographic shift of the surrounding neighborhood was complete. A
newspaper article cites the May Company salon as the highest grossing department store salon

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61 “$190,000 Office Building Ready,” Los Angeles Times, September 9, 1956 and “Firm Occupies New Building,” Los
Angeles Times, July 28, 1957.
in the city. The salon was newsworthy because it had an entirely black staff and a predominantly “upper-middle class” black clientele. These customers were coming from the hills to the west of the site, from neighborhoods like Baldwin Hills and View Park. To the east in the flatlands, a very different type of neighborhood was developing. While a stable Japanese enclave developed in Jefferson Park to the northeast, others areas had begun to show signs of “economic blight and decay.”

The area was identified as one of concern by the city in 1974 with the Planning Department-sponsored “Southwest Area Plan.” Mayor Tom Bradley, elected the first and only Black mayor of the city the previous year, had instructed the Planning Department to look specifically at housing, transportation, business, jobs, and crime. Little action seems to have come from this plan and in 1977 Councilwoman Pat Russell aided a newly formed community group, the Greater Crenshaw Revitalization Agency (GCRA), to commission a study on the revitalization of the area. The Community Development Department was pinpointed as the lead coordinating agency for the revitalization project, which was to include mainly tenant-funded improvements to the shopping center and surrounding streets. Community members and politicians alike were concerned that a failure to address the continuing middle class exodus in the area would result in it becoming a “mere extension of South Central with all of South Central’s problems.”

The study, completed in 1979, found numerous factors contributing to the Crenshaw area’s downturn. The Crenshaw Center was extremely outdated compared to other local retail centers, most notably the Fox Hills Mall, which opened five miles to the west in 1975. The center’s central location was an asset, but also a drawback since it made leaving the area easy. Instead of shopping locally, residents were spending 60 percent of their disposable income outside of the area. Residents complained about merchandise quality at the mall while retailers maintained they stocked what sold in a circular debate. The study also found that the neighborhood’s racial makeup had changed even more drastically in the previous twenty years. When in 1960 the area’s population was 63 percent white, it stood at 10 percent in 1980. While this racial shift

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did not accompany an income level change, it was accompanied by a decrease in city services. The study recommended residents start the area’s revitalization with individual actions like shopping at local retailers, a recommendation that is still heard today. However, most residents continued shopping in other areas of the city and the area continued its slow decline.

Whatever momentum the study and its results created was lost after a protracted battle over signage and a power struggle between two factions of the GCRA. In 1982, the Los Angeles Urban League, an organization specializing in job development, training, and leadership, received a contract from the city to bring economic growth to the area.71 Their first order of business: another unsuccessful attempt to put up new signs in the area. The League was able to hold a daylong event showcasing local businesses but not much else. The community-run revitalization efforts had by most accounts failed. Mayor Bradley, often accused of not paying sufficient attention to the South Los Angeles although raised there, finally conceded the need to have further city involvement in the area. Some speculate that the move to redevelop the center was perhaps his attempt at “saving his legacy” in the area.72 In 1983, he along with State Senator Diane Watson intensified the push for the CRA to become involved in the area.73 Senator Watson was instrumental in forming the Crenshaw Community Advisory Committee (CCAC), which created community pressure for action and still remains the citizen oversight organization over the project area.

Public Sector Driven Redevelopment

The original Crenshaw Redevelopment Plan was adopted by the City Council on May 9, 1984.74 It outlined a $50 to $60 million redevelopment of the Crenshaw Redevelopment Area, the 54-acre site of the current mall, which would include a bridge over Santa Barbara Avenue that would finally connect the two halves of the center and the addition of a third anchor store. At this point the center consisted of twenty-three interconnected buildings and thirteen freestanding structures, containing 860,000 gross square feet.75 Many of the buildings were under-utilized and in need of repair, as some had not seen improvements since their initial construction. The

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project suffered substantial delays due to a denial of funding from the federal government and the possible vulnerability to fault lines under the site.

After securing additional funds through bonds, the CRA reached an agreement with Southern California’s leading retail developer Alexander Haagen in early 1985 to transform the center into a $100-million enclosed shopping mall. The CRA agreed to acquire the land through purchase and eminent domain and sell the land to Haagen for construction and development. The two would then share the mall’s profits. Concerns about the existing anchors deserting the center were assuaged when they announced that they would stay through the redevelopment and would donate their land to the CRA. Shortly after, Sears announced its plan to become the new mall’s third anchor store after being convinced to close down a store in the Mid-City neighborhood a few miles to the north.

In 1986, the aging shopping center began its conversion into a modern mall that would add 120 shops to the site. Two years later, the $120 million overhaul of the center was complete.

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80 Valerie Shaw, Interview with the author, March 26, 2009.
83 Figures 3.8 - 3.11 by author.
The mall reopened as the Baldwin Hills Crenshaw Plaza with a pedestrian bridge over what was now Martin Luther King Boulevard connecting the two sides of the complex (see Figure 3.9). The mall was able to celebrate another important first this time around: “the nation’s first major enclosed mall to open in a mostly black urban community.” The mall would prove to be a testing ground for potential future developments in similar neighborhoods. Developers across the country would follow the mall closely in its early years to decide whether similar investment in minority, inner-city neighborhoods was worthwhile.

A few weeks after opening, a Los Angeles Times editorial proclaimed “New Mall; It’s Working,” but the Crenshaw Plaza did not live up to expectations. A year after its opening, only 67 of the 100 available store spaces were leased although anchor stores were faring well. Initial plans to add a fourth anchor to the mall were not realized. National chains, not used to locating in minority areas, waited for initial sales results only prolonging the mall’s initial lease-up woes. Some in the community attributed their resistance to blatant racism. Adding to this sluggish start were high rental rates; rent ranged between $28 and $36 per square foot at the Crenshaw Plaza while the Fox Hills Mall rates were between $15 and $20 per square foot. Attempts to attract other major retailers were numerous but none were successful. Councilwoman Ruth

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87 Decker, 1986.
89 Shiver, 1989.
Galanter (elected in 1987) shot down a plan to bring an IKEA to the northern half of the site due to traffic concerns.\textsuperscript{90} Even though property values in the surrounding areas reportedly went up, the mall continued to struggle into the early 1990s. Middle income customers continued to cite the lower quality merchandise stocked by the anchors as the main reason they continued to shop elsewhere. All these factors left the mall ranking 43\textsuperscript{rd} in overall sales among the nation’s 45 largest malls.\textsuperscript{91}

It appeared that the mall might have better times in store with the 1991 announcement that the Lucky supermarket chain planned to open a 43,000 square foot store at the northern end of the site as a result of numerous petitions from community members and Galanter herself.\textsuperscript{92} This would be the first supermarket to open in the area since the Watts Riots. Another boost came in the form of the CRA’s announcement a few months later of plans to revitalize Santa Barbara Plaza, which at the time housed the largest concentration of black-owned businesses in the city.\textsuperscript{93} The supermarket opened in early April of 1992 to large crowds.\textsuperscript{94} These victories were quickly tempered with the civil disturbances that began a few days later, which decimated many areas of South Los Angeles including those around the mall.\textsuperscript{95} While the mall was “at the epicenter of some of the worst riot damage, [...it] was relatively unscathed;” Haagen officials credited this to the site’s otherwise heavily criticized black iron fence and its private security force.\textsuperscript{96}

Ironically, instead of providing proof to reluctant tenants of area’s instability, potential tenants began to see the mall as a secure location because it was largely unharmed. Mall sales jumped after the riots, partially due to the destruction of local competition, but it still maintained a 30 percent vacancy rate.\textsuperscript{97} A few months after the riots, the mall received commitments from national chains like the Disney Store, Gap, and See’s Candies to locate in the mall, commitments that would have lowered its vacancy rate to 10 percent.\textsuperscript{98} This move brought criticism from

\textsuperscript{91} “Redone Mall Struggles to Bounce Back,” Los Angeles Times, December 27, 1990.
\textsuperscript{93} “Crenshaw Shopping Mall Study OKd,” Los Angeles Times, October 24, 1991.
\textsuperscript{95} “Riot Aftermath,” Los Angeles Times, May 7, 1992.
\textsuperscript{96} Timothy Williams, “Calamity Breathes New Life Into Recession-Plagued Mall,” Los Angeles Times, November 15, 1992.
\textsuperscript{97} Nina J. Easton, “Bringing it All Back Home,” Los Angeles Times, October 26, 1992.
community members that wanted local retailers to populate the mall while another faction praised the move, citing the lack of national retailers as the reason why more affluent customers avoided the mall.

As the mall was on an upswing after the riots, the surrounding area was quickly worsening. Numerous stores in the neighborhood remained boarded up well into the next year. The Crenshaw Chamber of Commerce started a “Buy Crenshaw” campaign in mid-1993 to try to raise awareness of the retailers and goods remaining in the area. Higher income residents were wary of the types of businesses they felt were overwhelming their neighborhood without being representative of the potential clientele. On a given block there are numerous wig shops, hair and nail salons, as well as liquor stores (see Figure 3.12). The earthquake in early 1994 caused additional damage, forcing Robinsons-May to close for six months. It reopened with new paint and flooring, and with a new mix of merchandise. Store officials claimed the earthquake provided the perfect opportunity for these long-planned upgrades. However, these were not enough to bring more customers to the mall, nor all of its former customers. Some simply found other malls to frequent during the repairs and never found their way back.

As a response to these deteriorating conditions, new Councilman Mark Ridley-Thomas explored the idea of expanding the project area to include Santa Barbara Plaza and other properties along the Crenshaw commercial corridor. The amendment to the project area was adopted on

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100 Author.
December 6, 1994 and added approximately 150 acres to the original 54-acre project area\textsuperscript{102} (see Figure 3.13). The CRA would funnel $75 million into improving the façades of businesses, rehabilitating commercial properties, and creating plans for sites like Santa Barbara Plaza.\textsuperscript{103}

![Figure 3.13 Expanded Crenshaw Project Area\textsuperscript{104}]

While the CRA was working out the details of the new project area, they also dealt with questionable actions by Haagen. He sold the mall without the consent or knowledge of the CRA to a real estate investment trust he controlled, Alexander Haagen Properties, of which Mayor

\textsuperscript{102} CRA/LA, 1994.
Bradley was board member. This move effectively cut the CRA out of any potential profits. Haagen held that this sale did not violate his contract with the CRA and that he was forced into this maneuver due to the mall’s continued losses. As Haagen was dissolving his partnership with the CRA, he was also urging the agency to approve a $1.5 million loan to the Johnson Development Corporation (headed by former Los Angeles Lakers superstar basketball player Earvin “Magic” Johnson) for a proposed theater complex at the mall. The theaters were to finally bring the mall into the black. The theater deal was put on hold while Haagen and the CRA reached a new agreement; Haagen would keep any profits for two years and then return to sharing profits evenly.

Sony Theatres and JDC had announced earlier in the year a joint venture to bring an $11 million, twelve-screen theater complex to the Baldwin Hills Crenshaw Plaza. When the theaters opened to celebrity appearances and unprecedented crowds in mid-1995, they were the largest in Los Angeles seating 3,700 (see Figure 3.14). A year later, first floor stores in the mall reported a revenue increase of up to 50 percent for some establishments and a vacancy rate decline of 17 percent (from 20 to 3 percent). The theaters performed very well their first year becoming one of the top-grossing theaters in the country with over 1 million patrons.

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106 James Rainey, “Mall to get Theaters; City to be Paid,” Los Angeles Times, April 22, 1994.
109 Author.
111 Ted Johnson, “Magic Chain Grows by 14: Johnson Theatres, Sony plan 14-site expansion,” Daily Variety, February 10,
JDC quickly announced plans to expand to fifteen screens in 1998. They planned to further build off of this success by helming the $100 million redevelopment of the Santa Barbara Plaza. The mall enjoyed what some see as its most successful years in the late 1990s.

By this time the mall’s original anchors had morphed into Robinsons-May (formerly May Company) and Macy’s (formerly Broadway) after a series of department store sales and mergers. The initial boost caused by the theater addition (a 95 percent occupancy rate at the end of 1995) dissipated and by 1998 the mall’s sales per square foot rate was $31 below the national average for comparable malls. Major retailers, like the Gap, pulled out after years of losses. A major setback came in early 1999 when Macy’s abruptly closed its stores in Crenshaw and Westwood claiming they were “underperforming.” Employees showing up to work one morning were informed the store was closed. Macy’s informed Haagen’s company with a phone call later in the day. Mall executives had to pass this information along to the CRA and the Council office. Local residents and mall tenants feared that Macy’s departure would significantly slow business and aggravate the mall’s declining sales even further.

Ridley-Thomas promised to start looking for a replacement tenant immediately. In mid-1999 Wal-mart expressed interest in becoming the mall’s third anchor. Those critical of the chain worried that the bargain retailer would lower the profile of the mall, a trend they believe started with the addition of T.J. Maxx in 1994. They feared these types of retailers would not bring higher income customers down from the hills. Ridley-Thomas disagreed and worked to secure Wal-mart. The retailing giant announced plans to become the mall’s third anchor in 2000 and opened three years later, bringing 450 jobs to the area. This would mark one of Wal-mart’s “race to the bottom” in terms of employee wages and benefits was another concern. The store promised benefits for both full- and part-time employees. Wages averaged $9.50 an hour, just above the $8.71 average earned by unionized supermarket workers nearby. Increased

2009.

pedestrian traffic and mall sales after Wal-mart’s opening assuaged the fears of nearby retailers of being put out of business. The mall’s vacancy rate dropped from 20 percent to 5 percent in the three years after the store’s opening.119 There was also a dramatic increase in average sales per square foot, jumping from $350 in 2002 to almost $500 in 2005 for non-anchor stores.120 This substantial gain still reflected performance below other area malls like the Beverly Center and Glendale Galleria,121 but above the national average of $366 per square foot.122

A Return to Private Development

Even though Wal-mart would prove a stabilizing force, the mall’s ownership changed three times in less than three years. The largest shopping center operator on the West Coast, Pan Pacific Retail Properties, purchased Center Trust (Haagen’s renamed company) for $219 million in November of 2002. Five months later, Hager Pacific Properties purchased the mall for $68 million. After only small physical improvements, Hager was able to sell the mall to Capri Capital Advisors, LLC for $136 million in late 2005123 after a bidding war between twenty companies,124 among them JDC and Westfield. Capri, the largest black-owned real estate investment business in the country, envisioned a $100 million mixed-use redevelopment. Capri had recently begun to focus on inner-city retail development, what it considered one of the country’s greatest untapped investment opportunities, with other high-profile projects in Chicago and Baltimore.

In late 2008, the CRA issued an environmental notice of preparation for this redevelopment. A comparison between the current site plan and Capri’s proposal demonstrates how drastic this transformation will be (see Figures 3.15 and 3.16).125 Capri’s plans include a mixed-use retail, office, hotel, and residential center totaling approximately 3,500,000 square feet of developed floor area to be built over several phases. The proposal would increase the retail area by 770,000 square feet, add 150,000 square feet of office space, a 400-room hotel, and 1,000 mixed-income dwelling units. Capri presented these plans through an outreach consultant to city and CRA officials as well as community groups in various meetings before any public hearings.

Officials report that the plans were very well received. Capri is currently working on revamping the financing structure that previously relied too heavily on public subsidies with terms more amenable to the CRA.

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\^[26] Author.

\^[27] CRA/LA, 2008.
Numerous forces have shaped the mall throughout its history. A series of actors and interests have been introduced through this history, which has traced the mall’s evolution from a regional shopping center to a regional mall. It has also presented the numerous challenges the mall has faced in its quest to become a successful inner-city establishment. It is in this environment that the CRA has been tasked with being the public steward of its revitalization. The following chapter will analyze how well it has taken on this challenge as an organization, both at the agency and project levels.

128 Billy Chun, Interview with the author, February 23, 2009.
Chapter 4
CRA’s Organizational Performance in Redeveloping the Baldwin Hills Crenshaw Plaza

The CRA has taken on various roles since its initial involvement in the site of the Baldwin Hills Crenshaw Plaza: purchasing agent, facilitator between the public and private sectors, watchdog, negotiator, advocate, and so on. The CRA has been quite successful in carrying out some of these roles but much less successful in others. This chapter will focus on the different tasks and roles it has undertaken as an agency and in relation to the redevelopment of the mall in order to evaluate where the CRA’s strengths and weaknesses lie in carrying out large-scale inner-city redevelopment projects. It will also present a modified definition of organizational capacity as it pertains to the CRA in this case. A discussion of the elements of organizational capacity that feature most prominently in the CRA’s work—its informal structure’s influence on leadership development, the influence of politically driven relationships, and the agency’s definition of its mission and central tasks—will follow.

Organizational Capacity Redefined
Our understanding of organizational capacity must be flexible enough to adapt to specific cases and contexts to highlight its most important features. At the outset of this analysis, organizational capacity was defined as “the ability to organize the human, technical, financial, and social resources of an organization into an effective collective enterprise.” Just as the initial collection of information demonstrated the need to exclude technical resources from further analysis, this definition must be further refined moving forward. At this juncture, it is important to revisit the concept of organizational capacity and modify it as it pertains to this case study.
and as is relevant to CRA’s work. This strategic modification of our understanding of organizational capacity helps us comprehend its most significant elements in a particular case and sheds light on specific ways of strengthening an organization’s capacity in order to move particular types of efforts (for example, urban redevelopment) forward. Based on empirical research conducted through this case study, I have found that the organization of human and social resources is intricately linked and especially important. While financial resources played an important role in determining the agency’s amount of work and its roles within this work, it did not play a crucial role in defining the central tasks of the agency. Closer attention to the human and social resources within CRA would yield more significant organizational change.

These two elements must therefore be the basis for a modified definition of organizational capacity as is relevant to this case study. The features that played the most prominent roles in terms of human resources were the lack of internal leadership and the broad definition of mission and central tasks. In terms of social resources, these were politically dominated relationships and the organization of the agency into networks of actors rather than traditional hierarchies. This leads to the key features of organizational capacity for CRA: cultivating internal leadership, concretely defining mission and central tasks, negotiating power-balanced relationships, and managing their network of actors (see Table 4.1).

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<tr>
<th>Organizational Capacity</th>
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<td>Type of Resources</td>
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Table 4.1 Important Features of Organizational Capacity for CRA

An operational and strategic definition of organizational capacity for the CRA can be formulated within this new framework. The new definition that will be used to analyze this case study is:

Organizational Capacity - the ability of the CRA to organize its human and social resources in ways that yield successful urban redevelopment outcomes with regards

129 Author.
to the following features:

*Human → Leadership and Mission*

*Social → Relationships and Networks*

The following discussion of human and social resources will be intertwined as the key features of organizational capacity operated interdependently.

**Structural Interference of Leadership Development**

The CRA's formal organization chart shows a board of seven commissioners at its helm (see Figure 4.1). They are appointed by the Mayor and ratified by the City Council. The board appoints the agency's chief executive officer, usually from candidates recommended by the Mayor. These top two levels of administration are the only levels that remained unchanged during the 2004 restructuring under Robert Ovrom, a former Burbank city manager who

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managed to completely transform its downtown. Under the CEO are four other agency-wide executives and seven regional administrators. Ovrom created the seven new regions with local headquarters in order to get employees out of downtown and closer to the areas they served. The new areas—East Valley, West Valley, Hollywood and Central, Downtown, East Los Angeles, South Los Angeles, and Harbor-Watts—each had their own manager that oversaw a group of geographically adjacent project areas. Under the new system, regional managers would be exempt from civil service protection, and thus could be hired or fired at the CEO’s discretion. The branch of the chart with “Regional Project Clusters” was entirely new in 2004.

There are obvious advantages to disseminating human resources across the city instead of having them concentrated in downtown. However, this appears to have created regional clusters that are extremely isolated from program areas like housing and resources like information technology. The reorganized structure has been widely recognized as an improvement but should not be seen as static or accurate. The organizational chart does not reflect the Mayor and Council’s power over the agency, nor does it acknowledge the role community members or third parties play in executing the agency’s work.

As we know from Salomon’s work, few agencies function in ways that are consistent with such organizational charts. Their actors are more accurately organized into networks brought together for specific projects. Each actor or group comes to the table with competing interests and different levels of power. The network of actors that decided the terms of the 1984 redevelopment consisted of the Mayor, the Council member, a state senator, downtown CRA administrators, the CCAC, and Haagen’s company. These actors were brought together in response to community outcry over the deteriorating conditions at the shopping center, an issue around which politicians formed committees to pressure the city into action.

Mayor Bradley became involved in response to this pressure and to criticism for his lack of previous or substantial involvement in the area. During his time in office he made downtown redevelopment the showpiece of his administration rather than community development in needier areas of the city. The Mayor then brought on the CRA to prepare a proposal to adopt

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the center as a project area. Here we also see the involvement of third party consulting agencies that conducted the studies necessary for the proposal preparation. The proposal was then brought to the CRA board and the City Council for approval. Before the proposal was even ready, machinations behind the scenes to get Haagen on board to redevelop the property had already begun.

By this time, Haagen had established a “lucrative monopoly over the retail recolonization of South-central Los Angeles” through his connections with and contributions to numerous city politicians, both Republican and Democrat, including Bradley. It took this number of internal and external actors to set into motion the redevelopment of the center, a structure and chain of command very different from that presented by the agency’s organizational chart.

The leaders for redevelopment projects in Los Angeles often do not come from within the ranks of the CRA but in the form of politicians. The leader of this project in its early stages was Bradley; he was the single most important actor in moving this project forward. Although Haagen was already very experienced in inner-city retail development, he did not jump at the chance of redeveloping the center, nor did any other developer. After an open request for qualifications, he was the only respondent. Apparently it took a lot of “money on the table” in public subsidies and assistance as well as a personal request from Bradley to get Haagen involved. Another crucial step in getting the plans for the mall to move forward was another personal plea from Bradley to May Company and the Broadway. The stores, long neglected and underperforming were on the brink of closure. If Bradley had not personally intervened, the department stores would have closed and killed any possibility of redevelopment.

Ridley-Thomas in his active lobbying to convince Wal-mart to become an anchor tenant is another example of politicians playing a major role in setting the mall’s course for development. Waiting for a Nordstrom or even a Nordstrom rack, a chain heavily desired by more affluent neighbors, seemed unrealistic at a point when the mall had seen years of losses. He believed that “something was better than nothing” in an area historically neglected by the retail sector.

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132 Davis, 134.
133 Don Spivack, Interview with the author, February 27, 2009.
135 David Roberts, Interview with the author, February 26, 2009.
and starved for investment. Ridley-Thomas was also at the forefront during the selection of a developer for Santa Barbara Plaza. Ridley-Thomas threw his weight behind Christopher Hammond. This venture has unfortunately not fared as well: Hammond has numerous lawsuits pending against him from unpaid contractors and creditors, and the redevelopment has yet to start after millions in public expenditure.\textsuperscript{136}

In the media coverage of the mall’s redevelopments, no CRA staff members were described as leaders in accordance with Wilson and Ostroff’s definitions. The agents of change and visioning came from the political world. An example of a leader within the CRA, although not directly tied to this project, was Ovrom. He was able to redefine the agency’s structure and redistribute authority in ways he thought would enable the successful completion of central tasks. Kotter might term him more accurately as a leader-manager but the changes he made to the agency are still visible today. They have been strong enough to withstand numerous changes in management. However, Ovrom fell short of redefining the agency’s scope and areas of work.

This is most likely a result of the way the CRA has been set up to function. On top of the fact that project areas are established at the request of politicians, the City Council must approve all CRA actions.\textsuperscript{137} The organizational chart does not reflect any of this. This chain of command has created an environment where genuine leaders cannot be fostered within the agency. A meaningful change in the CRA structure would not only need strong support from within the agency, but would also have to garner support from the City Council. This seems unlikely, as it would entail a loss of great political power.

**Politically Driven Relationships**

The CRA works within a complex network of actors in the public, private, and community sectors. Instead of responding directly to the public and its needs, the CRA responds to these needs through intermediaries in the political system, whether they be mayors, Council members, or others. The agency is not insulated from public pressure as Salamon would claim, but they are twice removed from it. What the agency feels more acutely is political pressure. The senior project manager for the Crenshaw area perceives his job performance as being measured by

\begin{itemize}
\item \textsuperscript{136} "The Santa Barbara Plaza flop," \textit{Los Angeles Times}, May 2, 2008.
\item \textsuperscript{137} CRA/LA, "About CRA/LA," http://www.crala.net/internet-site/About/index.cfm.
\end{itemize}
“keeping the Council office satisfied.”\textsuperscript{138} Council staff are tasked with getting regular updates on project progress and timelines from the CRA. A principal CRA task is responding to these queries in a timely manner. In regards to determining project or priority areas, “if the elected official [is not] interested, [CRA is] not there.”\textsuperscript{139} Of course this is also a result of the formal project area selection process and the agency’s mandate to work only within ratified project areas, but it also has a larger importance. CRA staff are so closely tied to elected officials and their desires for project areas that they are not even allowed to envision what farther reaching plans might exist.

As stated earlier, most public agencies do not have the liberty to achieve autonomy from political interests. Inam found that relatively autonomous planning institutions can have significant outcomes on urban planning and development.\textsuperscript{140} The CRA’s lack of autonomy has perhaps been one of its major impediments. Beholden to mayoral and Council interests, the agency has never had a chance to formulate comprehensive redevelopment visions for its project areas nor for the city. This is where the most serious problem lies. The city is spending hundreds of millions of dollars each year in public funds and employing hundreds of individuals tasked with looking at redevelopment in an overly myopic way. Targeted redevelopment projects tied to short-term officials will not yield the long-term redevelopment outcomes some areas of the city and the city as a whole desperately needs.

High levels of political involvement and pressure have also weakened the CRA’s ability to ensure appropriate use of public funds. Politicians have had mixed results in determining the development outcomes of the mall. Bradley got Haagen on board, but Haagen’s involvement required a questionable amount of public subsidy. His sale of the mall is another example of how the public good might have been sacrificed for private gain. Ridley-Thomas’ support for Hammond in the redevelopment of the Santa Barbara Plaza is another instance of political pressure getting in the way of sound decision-making. The fallout from Haagen and Hammond’s actions falls squarely on the shoulders of the CRA, for it remains the public entity responsible for the project even though politicians are primarily responsible for these deals.

\textsuperscript{138} Al Jenkins, Interview with the author, February 23, 2009.  
\textsuperscript{139} Ibid.  
\textsuperscript{140} Inam, 110.
The relationship between Haagen and the CRA was a formal public-private partnership and not one of true cooperation. If true cooperation existed between the two parties, the sale by Haagen would not have occurred without consultation and agreement on the agency’s part. The agency’s relationship with Haagen is also representative of many of the challenges that Salamon believes arise when private entities become involved in public endeavors. The CRA and Haagen had different organizational and operating styles (pluriformity) and sets of incentives and goals for the project (self-referentiality). Haagen’s involvement, as others in the private sector, was motivated by “marketability, competition, and high returns,” while the CRA’s goals in redevelopment were much broader. The terms of their relationship also changed over time (dynamism). At the outset, there must have been greater levels of communication between the two in order to reach an initial agreement. Haagen possibly lost interest in maintaining the relationship due to continued losses, leading to the unilateral sale of the mall.

There was also an asymmetric interdependency between the two actors. From CRA’s perspective, they were in dire need of Haagen’s participation since no other developer was willing to take on the project. This unequal partnership was also evident in Loukaitou-Sideris and Banerjee’s study of CRA’s redevelopment of downtown. They found that the “balance of power often tilted toward the private sector: developers usually set the terms of the negotiation process.” While Haagen indeed had the upper hand in negotiating the terms of the Baldwin Hills Crenshaw Plaza agreement, public agencies often undervalue what they bring to the table. In numerous instances of public redevelopment, developers are highly dependent on public subsidy. To some developers’ chagrin, the CRA board has realized this fact with some members contending that any decision that benefits developers financially—a height increase, reduction in open space requirements or change in zoning—is reason to ask for more community benefit concessions like job training and low-income housing.

The CRA has also had a difficult relationship with another set of actors, community members. According to another project manager for the Crenshaw project area, this results from a history of mistrust in the agency largely due to its powers of eminent domain. Local home and

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142 Ibid., 95.
144 Chun, 2009.
business owners are wary of the agency’s use of eminent domain: some considered the 1994 expansion of the project area as a “land grab.”

According to CRA regulations, the agency only retains eminent domain powers up to ten years after the adoption of a project area. For the Crenshaw project area, this power expired in 2004 but the fear in the community remains. The CRA also has a greater amount of contact with community members than other city agencies. Staff believe that this is another source of difficulty in their relationship: since members of the public do not “have the forum to vent about a lot of community issues, they complain to [CRA] about things not under [their] purview.” When these issues go unresolved, the result is the perception of an unresponsive agency.

Since the opening of the mall, the community has not been able to organize into an effective coalition. Communities usually organize against plans or with the aim to alter their direction. Since there has been no substantive plan to alter the mall since its creation (other than the one currently circulating), there has been no unifying cause around which to organize. The main area of community discord surrounding the mall is disagreement over its target audience. One vocal, and more involved, faction would redevelop the mall with its wealthier neighbors to the west in mind, and another would cater to the lower income residents to the east and south. The CRA is pulled in these two different directions. Up until recently, those in charge of charting the course for the mall—politicians, developers, and the agency—had evidently believed one of these was the more economically viable route (the new plans include a luxury hotel). Much more is needed of the community organization in order to be truly representative of the range of community interests and desires. A representative body that could reconcile these divergent views into one well-articulated vision for the mall’s redevelopment would be extremely valuable in directing future Council member and CRA actions.

Broadly Defined Mission and Central Tasks
A comprehensive mission statement is at the core of how the CRA internally defines its work. The agency has an eight-part mission that goes far beyond simply acquiring and selling land to the private sector. The current mission outlines the following goals:

- attract private investment into economically depressed communities

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146 Chun, 2009.
147 Inam, 168.
• eliminate slums, abandoned or unsafe properties and blight throughout Los Angeles
• revitalize older neighborhoods through historic preservation, rehabilitation, and new development
• build housing for all income levels
• encourage economic development
• create and retain employment opportunities
• support the best in urban design, architecture, and the arts
• ensure the broadest possible citizen participation in its activities\textsuperscript{148}

The mission statement goes on to say that the agency takes direction from the Mayor and City Council, and is overseen by a board of seven commissioners.

Judging by the parameters set out by Zimmerman, this statement is moderately successful. It includes the agency’s purpose, sets parameters for its work, and the goals laid out are “translatable into concrete actions.”\textsuperscript{149} It is less successful in being motivational or inspirational, helping evaluate performance, and conveying the agency’s values. The mission statement does not make a connection between its goals and desired ends. Since the statement falters in inspiring, the agency could work on creating a vision statement to address its vision for the city and how its work can bring this about. The mission also does not state how the success of their work can be measured. If the agency works towards these goals in hopes of improving the quality of life of Los Angeles residents, or increasing the number of jobs or housing units in an area, this should be explicitly stated.

Another weakness of the statement is its breadth. According to its current mission, the CRA can undertake activities ranging from building homes for the wealthy, demolishing blighted properties, and supporting the arts. This breadth makes the agency seem like “such a flexible organization”\textsuperscript{150} to some staff members. To critics, this could easily seem like the agency needs to do a better job of defining its central tasks. Expanding or narrowing the mission or vision of an agency results in nothing if these revisions are not inculcated in staff of all levels. Of its eight-part mission, the most memorable concept to CRA staff is eliminating blight. When asked about the mission of the agency, both project managers responded, “to eliminate blight.” One

\textsuperscript{149} Zimmerman, 2008.
\textsuperscript{150} Chun, 2009.
couched this as being the broad mandate amongst additional goals, but the other manager only recalled this phrase. Other CRA staff recalled some of the other seven goals, but blight removal was always amongst the first mentioned.

CRA staff are being informally trained to focus on a narrow set of objectives, versus viewing the agency’s mission as more comprehensive. The agency’s culture is reinforcing that one of their most important functions is that of blight elimination. In its original redevelopment of the site, CRA staff worked mainly in drafting the redevelopment plan and assembling and clearing the parcels for private redevelopment. If the CRA saw its central role in redeveloping the mall as the elimination of blight, then the project would most definitely be considered a success. Although it is not the most profitable mall in the area, there are no longer decrepit and vacant structures occupying the land. This tendency to distill goals into a singular sound bite results in a workforce that is far more task than goal-oriented. In carrying out this project, the agency was more concerned with completing tasks that would lead to blight removal than those that would lead to the development of a successful mall.

Since CRA’s scope of work is so broad, it gives the agency a lot of leeway in determining its tasks. On its website, the CRA states its main task as lending “a hand to investors willing to take risks for a more vibrant city, to neighborhood residents with renewed aspirations for their communities, and to those in need who strive to take part in the city’s growing prosperity.”151 This is not one task but three, and they overlap with the central tasks of other area agencies, namely the Los Angeles County Economic Development Corporation and the Los Angeles Community Development Department. Numerous agencies devoting themselves to similar tasks is not a detriment. Redundancy sometimes leads “to more flexible responses and generate[s] alternatives.”152 The problem arises when government agencies fail to distinguish between productive and wasteful redundancies.

In looking at other central tasks of the CRA, there seem to be even more overlaps with agencies like the Los Angeles Housing Department and the Department of City Planning’s Office of Historic Resources and its Urban Design Studio. This is not to say that redevelopment work does

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152 Wilson, 274.
not or should not encompass a wide variety of tasks or types of work. Organizations often struggle with taking on too many tasks or focusing on an overly narrow range of tasks. In this spectrum, it appears that the CRA is spreading itself too thin.

Defining Appropriate Project Goals and Successful Outcomes
The breadth of the agency’s mission and central tasks carry over into the way goals are defined for projects. In fact, many of the agency goals stated in its mission statement appear as project goals for the Crenshaw project. The Crenshaw goals have varied over the agency’s nearly thirty years of involvement. They decrease in number but increase in complexity from the original 1984 redevelopment plan, a 1991 report, the 1994 project expansion plan, to the five-year implementation plan from 2007.

The definition of goals heavily influences the definition of success. If the major goal of redevelopment in 1991 was to build a “modern regional shopping center,” it is evident that this goal was met. However this was not one of the original goals of redevelopment nor was it stated as a goal in CRA plans for the project area. The first and most persistent project goal was the elimination of blight, which was listed first in three of the four sets of goals. The subsequent chart traces the persistence of project goals from 1984 to 2007 (see Table 4.2). Goals were weighted according to the number of times they appeared in the four plans and the rank order they were given amongst goals. Their order in this chart is determined by their resulting weighted rank. For example, although local job creation appeared in all four plans, it was almost always amongst the last-listed, whereas the architectural and urban design goal only appears in the last two plans but was given higher importance.

The most prominent and persistent goal, elimination of blight, was moved down from first- to last-listed in the 1991 set of goals as the goal about restoring economic vitality moved up to second place. Blight removal once again becomes a priority in the 1994 expansion plan. This is consistent with Ridley-Thomas’ primary concern with the deteriorating conditions around the mall. Another goal with a consistently high level of importance was encouraging investment

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153 Some of the differences in the definition of goals and their level of importance can be explained by the fact that the goals from 1984, 1994, and 2007 were from formal CRA plans for the project area, most likely intended for internal and City staff consumption. The goals outlined in 1991 were taken from a glossy report that was distributed to the public. The only obvious oversight in this report was not including a goal about public participation in the set of goals that were widely disseminated to the public.
from the private sector. While in 1984 it was the second-listed goal, it dropped to the fifth-listed in 1991, but rebounded in the following set of plans. In 1994 and 2007, the goal was also greatly expanded to include specific mention of the direction this investment should take.

Three other goals were also present in all four iterations of the project goals: enhancing shopping opportunities; promoting the physical, social, and economic well being of the area and city; and developing local job opportunities. The first was consistently given a relatively high importance in all four sets of goals while the other two were relegated to much lower importance with one exception. The promotion of well being is listed much higher in 1991 than in other years, hence its higher listing in the preceding chart. This extremely vague goal was somewhat clarified when it was merged with that of job creation in the last two plans.

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154 Author. For full text of project goals, please see appendix.
In addition to the persistence of goals, it is also important to point out the significant additions made to the 1994 plan (see Table 4.2). Two entirely new goals were added. One of those calls for greater levels of community involvement, elements of which were added to other goals as well. It is surprising that a public participation goal came ten years into the project, especially considering the pressure from Watson and Russell to include the community at the outset. The focus on community is also apparent in the preference for local contractors and the development of business owners and tenants under the private sector investment goal. An emphasis on customer service and quality merchandise was added to the goal about improving shopping opportunities. This inclusion demonstrates a desire to address a common community concern, even though supervising the level of customer service and quality of merchandise in area stores seems outside of the agency’s scope of work.

A move away from the importance of community is the subjugation of the initially stand-alone goal of local job development into the “physical, social and economic well-being” goal. The focus on community was apparently short-lived as the community involvement goal was removed in the 2007 goals. This could be reflective of the CRA’s view of the CCAC as ineffective and ruled by members that are not representative of the community. This opinion is somewhat shared by authors.

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First Amendment to the Redevelopment Plan for the Crenshaw Redevelopment Project (1994)

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<tr>
<td>Involving owners, tenants, residents &amp; community groups</td>
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<td>Promote the development of business owners/tenants &amp; employ community-based firms</td>
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<tr>
<td>Emphasize strong marketing, customer service, &amp; high quality merchandise</td>
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<td>Reflect high level of concern for architectural, landscape and urban design principles</td>
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Table 4.3 Significant Goal Additions in 1994 plan

155 Author.
by the Council office. According to the Council member's economic development deputy, the CCAC is "pretty dysfunctional [and] very demanding [while] not understanding of the process." The condition of the CCAC is demonstrated by its dwindling attendance; while a few years ago meetings would draw 100 people, there are now about only thirty to forty people in regular attendance. The agency continues to engage community members through formal mechanisms but does not seem to be giving their input substantial weight, an example of community participation as an end and not a mean.

The other newly added goal in 1994 called for "attention to architectural, landscape and urban design principles." The new importance of design principles perhaps became an issue because the CRA would be overseeing the redevelopment of hundreds of parcels versus a singular project. The CRA wanted to ensure that the corridor would present a "strong theme," although the existence of this theme is largely absent when driving down Crenshaw except for the logos that pop up every now and then on light posts (see Figure 4.2).

As the goals of the project morphed over the years, so did the perception of successful outcomes. The area has undergone substantial positive change since CRA's initial involvement in the 1980s. Some of this success is attributable to the agency's efforts and some is not. In regards to eliminating blight in the area, the razing of the former businesses and the creation of a new mall in its place was successful in this goal. In terms of stopping the spread of blight, the agency was less successful in large part due to outside factors, namely the civil disturbances of 1992. If no blight remained, the CRA would no longer need to continue its work in the area.

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157 Dennis Rodriguez, Interview with the author, February 26, 2009.
158 Ibid.
159 Author.
In its financial goals, the redevelopment of the mall has also had moderate amounts of success. In determining financial success, we must keep in mind that the agency operates to fulfill goals much larger than the financial. If the true cost of the CRA’s redevelopment of the site were calculated, it would most likely give us a very different perspective on its level of success. Tax revenues due to the redevelopment have never reached levels that could be considered successful. Economically vital is most likely a term that would not be used to describe the mall or the surrounding area, but it is gaining potential. The mall has made huge strides in terms of vacancy and sales rates but it still lags behind other area malls. It has been a testing ground for inner-city investment and even though it has achieved limited success, it has proven to investors that the inner-city can be viable for retail development.

The stretch of Crenshaw Boulevard from south of the 10 Freeway to the mall is dramatically different now than it was ten years ago. Most notable are the construction of the West Angeles Cathedral on the corner of Crenshaw and Exposition Boulevard and a new retail center a block south at Rodeo Road, developments just north of the project area. While the level of private investment has increased significantly in the area since the project area’s creation, the CRA has not been directly responsible for encouraging major investment. Bradley and Ridley-Thomas are responsible for bringing in investors and retailers that have made real differences in the mall’s development. Political players are perhaps also responsible for the new development along Crenshaw.

Community-based goals of enhancing shopping opportunities, creating local jobs, and high levels of public participation have had fluctuating success. Compared to what was on the site before redevelopment, there is now a wider range of retailers and services available to local area residents. However, the types of jobs created through redevelopment have mainly been those in the retail service sector. Current redevelopment plans will add office space to the site, diversifying job opportunities. CRA did not advocate for this addition; it was brought about by the developer and current mixed-use trends in development. An instance of positive political involvement lies in the area of public participation. Community efforts for change have been the most effective when harnessed and organized by politicians like Watson and Galanter.
The success of the mall in terms of architectural and urban design is also up for debate. One of the mall's enduring strengths has been the preservation of the Art Deco buildings that housed the two original department stores (see Figures 4.3 – 4.6). Their exteriors remain largely intact.

The 1984 redevelopment made less successful attempts at reinterpretation (see Figures 4.7 and 4.8). A new grand entrance at Sears modified the classic chevron motif and placed it against a backdrop of reflecting glass with less than spectacular results that look extremely dated. This is not surprising since reinterpretations of classic styles often fall short of the original.

160 Figures 4.3 – 4.12 taken by author.
One of the main sources of criticism in regards to how the mall interacts with its surroundings has been the black wrought iron fence that wraps around the entire site (see Figure 4.9 and 4.10). The fence appeared during Haagen’s redevelopment amidst security concerns. During the 1992 riots, Haagen credited it as being one of the main reasons the mall suffered so little damage. Although crime has occasionally been a problem at the mall, most residents and patrons agree that the fence is unnecessary and detracts heavily from the mall’s appeal. The most egregious are the mall’s pedestrian points of entry (see Figure 4.11), which seem to function as warnings for potential trespassers instead of an invitation to potential customers. Fortunately, Capri’s plans for redevelopment do not include menacing fencing.

Another point of concern is the pervasive closing of entrances. While the Crenshaw Center was originally designed to have active streetscapes, these were removed during redevelopment. The ones that remain at the Macy’s and Walmart buildings have all been shuttered and physically
closed off to the public. Street entrances are buffered from the sidewalk by fencing, landscaping, and empty parking lots (see Figure 4.11). Entrances from main parking areas have also been boarded up (see Figure 4.12). The entrances shown in Figures 4.7 and 4.8 are also currently closed. Albertson’s uses smaller side entrances and three of four of Sears’ exterior entrances are closed. The management company and anchor stores seem to be placing a higher priority on controlling access to the mall for security reasons over activating the mall’s streetscapes, entrances, and parking areas.

Also up for debate is the agency’s ability to maintain projects with good urban design. The CRA’s involvement in redevelopment projects is substantial at the outset when plans and financing structures are being determined. The agency has the power to reject plans from developers if they are not appropriate. After plans are approved, there are few mechanisms that keep the agency involved in more than regulatory or facilitator roles. In this case, the agency was involved in the design of the mall in 1984 but has had little control over how private owners and management companies choose to operate the site. The CRA can request that facilities be maintained and upgraded regularly but it does not have the power of enforcement. Although most would agree that the major entrances of the mall should kept open or that the mall should retain active streetscapes, the agency has little power to force these practices.

Financial Management in an Environment of Constraints
As stated earlier, financial management plays a lesser role in this analysis, but is the area being the most proactively reshaped by the agency. For example, most project areas run along
arterials and extend one parcel depth (see Figure 4.13), severely limiting funding since the CRA collects tax increments only from within these boundaries. The agency is investigating merging the areas in the region. This could increase bond and leveraging capacity, and pool resources to fund more projects, but will come up against opposition from area community action committees. These groups will undergo a corresponding restructuring around a single project area, losing power over individual areas, and the power of eminent domain will be reinstated for ten years.

South Los Angeles project areas are also constrained due to their inability to attract the same level of private investment as other areas of the city. This has lead to politically imposed development partners and past reluctance to turn down wiling—yet inappropriate—developers. Increased private sector interest, starting with the 2005 bidding war, has repositioned the CRA. The agency rejected Capri’s financing structure for its proposed redevelopment for relying too heavily on public subsidy. This could mark the beginning of a new era of inner-city investment, one in which public agencies have more control over the terms of private sector partnerships.

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The CRA has had varying levels of success in the redevelopment of the Crenshaw Center into the Baldwin Hills Crenshaw Plaza. The success of its massive effort at internal reform is tempered by the fact that few leaders of CRA projects come from within the agency and are more often found in the world of politics. The CRA also maintains relationships with challenging and frustrating power dynamics. Its charge as an agency that seeks the maximization of public value creates a mission that is too broad, in turn causing confusion in defining the agency’s central tasks. Its projects’ goals suffer from extreme breadth as well, leading to goals that are sometimes outside the control of the agency. The CRA has incredible potential to reshape the city but has become mired in a series of constraints. The next chapter will propose strategies to help the agency reshape its work, itself as an organization, and in the eyes of other groups of actors.
Chapter 5
Conclusion

CRA’s organizational capacity has a definite impact on its urban redevelopment project outcomes. In the case of the Baldwin Hills Crenshaw Plaza redevelopment, the organization of human and social resources was intricately linked and especially important. What has emerged from the fieldwork and empirical research is a strategic understanding of organizational capacity that is useful in diagnosing key features of an organization that pursues urban redevelopment, and in suggesting areas for strengthening the organization’s capacity. The key features of organizational capacity for CRA that have become apparent are cultivating internal leadership, concretely defining mission and central tasks, negotiating power-balanced relationships, and managing their network of actors.

Principal Findings
While the official CRA organization chart shows a board at the head its hierarchy, this is not reflective of the network of actors that have crucial roles in determining the agency’s work. The most influential set of actors come from the political realm. The Mayor and City Council must appoint CRA board members. The City Council must also approve all agency actions and has the power to determine project areas. Some Council members even appoint representatives to the community action committees. These are the formal and publicly known channels of political power; however, the political influence exerted on the CRA extends beyond this. Politicians often determine the CRA’s partners in development as Bradley did with Haagen and Ridley-Thomas did with Hammond. CRA board members also recently report pressure from Council
members to approve or reject certain projects.\textsuperscript{162} When most of the agency’s direction comes from outside actors, it is not surprising that few leaders come from within the agency, an environment not conducive to the cultivation of leaders.

This lack of internal leadership creates an agency lacking a concise and coherent vision. This manifests in an overly broad mission statement that tries to encompass work normally done by a variety of agencies. The mission statement also fails to provide a sense of the agency’s underlying values that guide its work and does not provide guidance on standards of success. CRA’s all-inclusive mission statement filters down into vague definitions of its central tasks and project goals. Its areas of work range from affordable housing, job creation and retention, economic development, transportation, public art, open space, historic preservation, childcare, culture, and so on. The paradox in CRA’s work is that an overly comprehensive mission and wide array of tasks is forcing staff to create mental shortcuts. Mission and tasks are made into a single sound bite: eliminate blight. While aware of the larger goals of the agency, this sound bite becomes pervasive in determining the day-to-day activities of staff and in skewing the perception of project success. The agency’s diffuse definition of its mission, central tasks, and projects goals most likely result from its role as a public agency responsible to many in the creation of public value. In undertaking large and complex redevelopment projects, it is expected to meet the needs of various constituencies, often with different and sometimes opposing interests.

The CRA maintains relationships with skewed power dynamics in many settings, especially with elected officials. The agency’s informal rulers are the Mayor and City Council. CRA staff operates with the short-term goals of Council members in mind more so than that of the agency. Another group of actors that the CRA has traditionally depended upon is developers. Often backed by politicians, developers set the terms of partnerships that sometimes leave CRA involved in projects with great public expenditure and little public benefit. The power dynamics of CRA’s relationships with community members and organizations are opposite of their other relationships. While at one point community groups might have had significant input in the

redevelopment of their neighborhoods, the agency now views these groups as unrepresentative of the range of opinions present in the community and engages them only superficially.

Projects are not carried out by the hierarchy shown in CRA’s organizational chart (see Figure 4.1), but by a network of actors from various sectors. It took the Mayor, a Council member, a state senator, community organizations, a reluctant developer, a handful of other public agencies, and the CRA to make the Baldwin Hills Crenshaw Plaza a reality. The agency’s interactions with these different groups of actors are determined by the nature of the project bringing them together (for example, commercial versus mixed-use development) and the balance of power in their relationship, as discussed in the previous paragraph. The challenge seems to be keeping all of these sets of actors engaged and satisfied in a redevelopment process that redistributes power through negotiation and shares planning and decision-making responsibilities. Throughout this process, the agency must also push an agenda of using the redevelopment mechanism to create public value. While it is difficult to aggregate “the widely differing views of the public into a single and coherent judgment of value,” public servants must strive to produce the most significant benefit for a large portion of the population, or a segment of the population in need, in line with their agency’s core values.

It is important to note that political involvement is necessary in the area of attracting private sector investment. Development partners and retail tenants for the Baldwin Hills Crenshaw Plaza had to be lured to the mall and coaxed to stay. Current Council member Bernard Parks has continued this tradition: he has reached out to mall tenants on numerous occasions when rumors of lease termination arise. Whereas political involvement in other areas of CRA’s work seems overwhelming, it is imperative in this capacity. A personal plea from the project manager of the Crenshaw project area does not carry the same weight as one from the Council member, nor the same political influence.

**Recommendations**

**Vision, Mission, and Central Tasks** – The agency needs to narrow its scope of work and expand its vision: “the more redevelopment as a mechanism is focused, the more effective; the more

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163 Arnstein, 222.
164 Leonard, 9.
diffuse, the less successful." The agency suffers from taking on too many roles while concentrating these efforts in small areas of the city. The current power and organizational structure of the agency contributes to this. Politicians want efforts targeted to their areas, a belief consistent with Ovrom’s clusters that focus attention on regions.

At the core of the tension between roles it should and that it actually plays, the CRA struggles with acknowledging its redevelopment and planning roles. While its name and origin would suggest that it functions solely as a redevelopment agency, its history, current projects, and powers suggest that it also performs many planning functions. The CRA has the potential to be an agency that does much more than solely clear sites for redevelopment and find developers. In increasing the size of its project areas, and now perhaps creating project areas of unprecedented size, it will inherently have urban planning functions and the power to reshape entire neighborhoods and areas of the city. Redevelopment and planning are interdependent: the connections between the two must be strengthened. The agency’s mission must be refined with this in mind. This will in turn create more clearly defined central tasks and measures of success. With a better sense of the agency’s true goals and tasks, staff will no longer need to distill mission statements into two word phrases. This will also result in more appropriate project goals that concentrate efforts on achieving success versus carrying out tasks.

**Leadership and Relationships** – Meaningful change at the agency would require a renegotiated relationship with the political realm. This will prove a greater challenge, as politicians view their oversight of the CRA as crucial to determining the future of their domains. The Mayor and City Council should retain an active role in determining the city’s redevelopment direction, but the agency needs more room to chart a direction independent of political interests. Given the power to create project areas, the CRA can choose to look at redevelopment on a larger, city-wide scale. For example, the construction of the Expo light rail line, which will run from downtown Los Angeles to the ocean, will provide a corridor of redevelopment opportunities. The CRA should strategically look at how redevelopment projects can densify the areas near the rail line and facilitate the creation of transit-oriented development spanning across various CRA regions. Redevelopment projects tied to short-term political interests cannot achieve long-term success for the city. In furthering a reevaluation of the agency’s ties to the political sector, the Mayor,

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166 John Kaliski, Interview with the author, February 24, 2009.
City Council, CRA board, and the agency itself should also review the current system of appointed board members and chief executive officer. They should determine whether these appointments are allowing for the implementation of a comprehensive redevelopment vision for the city.

In gaining greater independence from the political sector, the agency will gain the autonomy to create its own mandate and cultivate genuine internal leaders. These leaders need to be politically savvy and technically skilled, as well as able to work in uncertain, constantly changing environments. They must also instill a flexibility to manage the numerous relationships in their networks and encourage true cooperation within them. Recognizing the importance of and strengthening these relationships should be one of the main foci of agency leaders. Increasing independence from the political sector must be paired with creating symbiotic relationships with political actors. The CRA cannot operate without the support of politicians, namely in attracting investment into underserved areas of the city, and Council members cannot redevelop a vacant lot in their district independently. Council members will undoubtedly have many high priority redevelopment projects during their time in office, which will need help from the CRA to come to fruition. A productive relationship between the CRA and the City Council begins with an understanding of their interdependence: neither can be successful without the other.

There is also room for creating greater connections between the CRA and other public agencies, like those with economic and housing development functions, and most importantly the Planning Department. A government agency coalition with similar priorities and visions for development could go a long way in influencing the issues at the political forefront. This coalition could begin with increased attention to a particular area of the city, or with a particular project that involves many city agencies. A more comprehensive coalition can be built around these initial connections. In order to make these coalitions a success, CRA leaders must identify a group of staff members committed to strengthening partnerships to lead this charge.

The CRA also needs to take active steps in rebuilding its relationship with community members. The fact that some residents in the Crenshaw area believe that eminent domain is still an option implies that the agency has not done a good job of communicating with and engaging the public thus far. A better understanding of how the agency functions and its goals for the area would
serve to alleviate the fear and tension between the two groups of actors and increase the agency’s perceived legitimacy amongst the community. If the CRA were to be successful in merging the South Los Angeles project areas, this would provide the agency and community members an opportunity to restructure their relationship into one of mutual acknowledgement and respect. The agency currently seems far from understanding the potential political importance of this. By having politicians play the role of the intermediary between the agency and community members, the CRA is ceding a potential source of support to the political sector. Herein lies another opportunity for coalition building: the CRA has ability to create coalitions around issues of mutual importance through meaningful forms of community engagement where planning and decision-making powers are shared. The recent economic downturn has caused a renewed focus on the creation and retention of local jobs, which could provide an excellent starting point.

Potential Moving Forward
Public agencies have central roles in determining urban planning outcomes. They must be reflective and evaluative of their work in order to be successful and effective. Protzen’s concept of idoneity captures how an organization can accomplish this:

[By] understanding the environment in which it works; recognizing and clarifying the objectives and intentions of those it serves and of its institutional colleagues; and defining ways of adapting and reconciling its environment and objectives with proposed development goals.  

The underlying premise of this investigation is that better-designed and functioning cities emerge from better-designed and functioning organizations. Too often public agencies follow mandates with procedures established decades ago. They do not question or evaluate whether these practices remain relevant or appropriate. The CRA has demonstrated its ability and will to undergo massive change. However, these changes have fallen short of recreating it into an idoneous organization. Nevertheless, with continuous evaluation and reflection on policies and practices, the agency can move closer towards this goal.

The site of the Baldwin Hills Crenshaw Plaza has morphed into a completely new shopping experience than how it was first envisioned; yet it retains an iconic stature in the neighborhood. There have been numerous actors and forces that have created what stands there today. A

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167 Inam, 185.
whole new set of actors will soon morph the mall into a new experience altogether, but its iconic buildings will remain. The CRA has the potential to reshape itself in a similar way. Continually working to understand its environment and colleagues, clarifying its objectives, and finding ways to adapt to changing circumstances will result in meaningful change. Departments, leaders, mission statements, and project goals will come and go. At the center of its work should remain a strategic, citywide redevelopment vision that works to maximize public value.
Appendix 1 – Interview Questions

**Base questions:**
- What are the measures of success for large-scale urban redevelopment projects?
- Have the redevelopments of the Baldwin Hills Crenshaw Plaza have been successful so far? What aspects of the project have been successful and which haven’t?
- What have been the major challenges the project has faced while in operation?
- Who have been the key actors in the development of the mall? How have they contributed?
- What do you envision for the site 50 years from now?
- What role do you think your organization will play in the project at this time?
- Are there any documents or individuals I should contact in continuing my research?

**CRA staff questions:**
- Why did the CRA decide to become involved in redeveloping the shopping center in the 1980s?
- What were the defined goals of the project at the outset? How have they changed over time?
- How are project goals determined?
- Do you think the mall has met these goals? How?
- How is the CRA measuring the success of this project?
- How many other agencies (both public and private) were involved in the project’s development? Which of these relationships have worked the best?
- How have community members been included in developing plans for the site?
- What is the current redevelopment plan for the mall?
- How do you think these changes will improve the project?
- How do you think this project fits into the long-term development goals of the CRA?

**Political staffer questions:**
- How often does your office have contact with the CRA?
- How would you describe your relationship with the agency?
- How have community members been included in developing plans for the site?
- What is the current redevelopment plan for the mall?
- How do you think these changes will improve the project?
- How long has your office been involved in the development of the mall?
- What organizations have you been involved with in relation to mall? Which of these relationships have worked the best?
- How do you think this project fits into the long-term development goals of the area?
Redevelopment Plan for the Crenshaw Redevelopment Project (1984)

1. To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate and redevelop the Project Area in accord with the General Plan, the Redevelopment Plan.

2. To encourage the investment of the private sector in the development and redevelopment of the Project Area by eliminating impediments to such development redevelopment.

3. To stabilize and restore the economic vitality of this regional center of the City of Los Angeles.

4. To stabilize and restore tax revenues to the City of Los Angeles.

5. To enhance shopping opportunities for the area residents.

6. To promote the physical, social and economic well being of the Project Area, the City of Los Angeles, and its citizens.

7. To promote the development of local job opportunities.


Major goal: The development of a modern regional shopping center through redevelopment, rehabilitation and revitalization

• To stabilize and restore the economic vitality of this area

• To enhance shopping opportunities for the area residents

• To promote the physical, social and economic well-being of the project area

• To promote the development of local job opportunities

• To encourage the investment of the private sector in the development and redevelopment of the Project Area by eliminating impediments

• To stabilize and restore tax revenues to the City of Los Angeles

• Elimination and prevention of the spread of blight and deterioration

First Amendment to the Redevelopment Plan for the Crenshaw Redevelopment Project (1994)

1. To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate and redevelop the Expansion Project Area in accord with the City's General Plan, specific plans, the Amended Redevelopment Plan and local codes and ordinances.

2. To involve as many property owners, tenants, residents and community groups as possible and to coordinate the revitalization efforts that meet the diverse needs of the Expansion Project Area.

3. To encourage the investment of the private sector in the development and redevelopment of the Expansion Project Area by eliminating impediments to such development.

a. Provide additional commercial, office and retail development that complements, not competes with, the Baldwin Hills Crenshaw Plaza Mall.

b. Every effort shall be made to promote the growth and development of business owners and tenants and to retain existing tenants.

c. To the greatest extent possible, Crenshaw community-based development and construction contractor firms should be employed in the Expansion Project Area.

4. To enhance shopping opportunities for the area residents.

Build local consumer loyalty, reverse persistent "dollar flight" trend by emphasizing strong marketing and customer service and by providing high quality merchandise and service.

5. To achieve an environment that reflects a high level of concern for architectural, landscape and urban design principles that meet the objectives of the Amended Redevelopment Plan.

a. Develop a strong theme to unite and promote the Expansion Project Area with the rest of the community's cultural and artistic strengths.

b. Improve public parking, other facilities, services, utility lines, lighting, public safety, pedestrian ways and public transportation.

c. Eliminate blight through abatement or code compliance, reconstruction and assembly of parcels into more developable sites for desirable uses.

6. To promote the physical, social and economic well-being of the Expansion Project Area, the City of Los Angeles and its citizens.

a. Preserve the Expansion Project Area's existing employment base.

b. Encourage job training and the development of local job opportunities to the greatest extent feasible under law.

Crenshaw and Amended Crenshaw Redevelopment Projects (2007)

• To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate and redevelop the Baldwin Hills Crenshaw Plaza (formerly the Crenshaw Shopping Center), as well as the Amended Project Area in accord with the City's General Plan, specific plans, the Amended Redevelopment Plan and local codes and ordinances.

• To encourage the investment of the private sector in the development and redevelopment of the Amended Project Area by eliminating impediments to such development.

a. Provide additional commercial, office and retail development in the Santa Barbara Plaza center that complements, not competes with, the Baldwin Hills Crenshaw Plaza Mall.

b. Every effort shall be made to promote the growth and development of business owners and tenants and to retain existing tenants.

c. To the greatest extent possible, Crenshaw community-based development and construction contractor firms should be employed in the Amended Project Area.

• To enhance shopping opportunities for the area residents. Build local consumer loyalty, reverse the persistent "dollar flight" trend by emphasizing strong marketing and customer service and by providing high quality merchandise and service.

• To achieve an environment that reflects a high level of concern for architectural, landscape and urban design principles that meet the objectives of the Crenshaw and Amended Crenshaw Redevelopment Plans.

• To promote the physical, social and economic well being of the Amended Project Area, the City of Los Angeles and its residents.

a. Preserve the Amended Project Area's existing employment base.

b. Encourage job training and the development of local job opportunities.


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