

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item: Downtown Community Plan

OVERVIEW

Definitions

- **Transfer of Development Rights (TDR):** Development rights that are transferred between sites for the purpose of establishing public parks or preserving designated historic resources.
- **Floor Area Ratio (FAR):** The numerical value obtained by dividing the total gross floor area of all building(s) on a premise by the total land area of the premise on which the building(s) are located.

On February 28, 2006, the Center City Development Corporation (CCDC) will submit the San Diego Downtown Community Plan to the City Council and the Redevelopment Agency. This plan outlines future development for the downtown area which includes Civic/Core, Columbia, Marina, Horton Plaza/Gaslamp, East Village, Cortez, Little Italy and the Convention Center.

The overall theme of the Community Plan is to create the Downtown area into a friendly living and work environment that provides a quality of life for the proposed population increase. The Community Plan includes a redevelopment proposal that incorporates new parks, transportation improvements, and Transfers of Development Rights. The goal is to establish Downtown San Diego as a place that allows residents to live close to work, transit, and culture by enhancing all of these areas. Some of the specific ideas in the Plan include the following: maintaining the number of affordable housing; incorporating residential project requirements for common outdoor open space; increasing the number of three bedroom units to accommodate larger families; increasing downtown employment opportunities; addressing public parking issues; creating a walkable system of streets and freeway lids for easy access to various sites; and establishing new parks.

The Office of the Independent Budget Analyst has performed a review in order to evaluate the fiscal impact of the San Diego Downtown Community Plan and the recommendations therein.

FISCAL/POLICY DISCUSSION

How do these proposed infrastructure needs relate to the City's overall infrastructure deficit? Overall, the Center City Development Corporation (CCDC) has developed a very good Plan that incorporates vision, and collaborates with the community and stakeholders. However, there are concerns as to the feasibility of implementing this plan. The City of San Diego currently has a very large infrastructure deficit that will take years to complete once funding is available. One of the concerns is how the new infrastructure that is presented in the Downtown Community Plan relates to the City's current infrastructure needs. Due to the fact that the City has a large existing infrastructure deficit and limited resources, it is important for the City to prioritize its existing capital infrastructure needs based on criticality to the communities. This Community Plan discusses several infrastructure projects that while good in nature, may not be the City of San Diego's top priority.

Is there a fiscal impact to the City? Although the Downtown Community Plan states that there is no fiscal impact with this action, the City should assess the long term fiscal impact to the City. Although the initial cost of the proposed projects are not funded with City revenues, the secondary costs associated with the projects after they are complete may have a fiscal impact to the City of San Diego. Some examples would be future park maintenance, energy costs, streets maintenance, sanitation, and public safety services. While parks are a valuable asset for the community, some consideration needs to be given to the future maintenance of these parks. Even if the parks are acquired with Development Impact Fees (DIF) and tax increment funding, the City may still be responsible for their maintenance. If increased population will result, which is one of the goals of the Downtown Community Plan, there will be a direct impact on City services such as Police and Fire. The City will also be responsible for sanitation service and for maintaining additional transportation improvements. Part of the Plan includes enhanced sidewalks, reconfiguration of residential streets, new streets and other transportation improvements. What is the future cost associated with these proposed projects to the City of San Diego? CCDC does not address these fiscal impacts or any funding solutions in their Downtown Community Plan.

How are the proposed projects "tied" into the City's annual appropriations? Again, the Community Plan is a good concept for the future of the downtown area, but how feasible is this Plan. If the Plan is not "tied" to the City's annual budgeting policy process, then it becomes a "wish list" for the community. It should be noted that the Downtown Community Plan includes a five year review to conduct periodic reviews of the Plan. This is important to ensure the goals of the Plan are achieved and will help to connect the fiscal impacts of the Plan to the City's multi-year financial forecasting and the annual budgeting process.

Transfer Development Rights. This Community Plan proposes a TDR program that would allow landowners of park sites to be compensated for their existing development rights, and in exchange, provide the land to the City for the construction of a park. The Plan also allows for the limited transfer of development rights from historic properties to development on the same block to contribute toward the preservation of designated resources. For example the owner is paid by transferring his/her right to develop the land, and continues to own the land (sending rights). The developer/purchaser is allowed to transfer those development rights and “add” them to the project in the receiving area. What is the value of the TDRs to the City of San Diego and the landowner? How much will it cost the City of San Diego to complete this transfer? The cost and value of TDRs needs to be discussed in detail to ensure that the City of San Diego and the landowners are receiving equitable exchanges.

Incentives and Bonus Floor Area Ratios. The Downtown Community Plan creates incentives/exemptions to promote civic benefits. This includes exempting retail/commercial uses and other public uses on the ground floor on active streets from FAR calculations, historical structure exclusion from the calculation of the total FAR, FAR bonuses for affordable housing, and FAR bonuses for specific amenities and improvements. Although these incentives and FAR bonuses may be created to promote a benefit to the community, the fiscal impacts to the City of San Diego should be addressed. By providing these incentives, what is the cost to the City?

QUESTIONS/COMMENTS

What is the total cost for the San Diego Downtown Community Plan including proposed parks, transportation, increase in City services, etc.?

Is there a list of the Downtown Community Plan proposed infrastructure?

What is the future cost associated with these proposed projects to the City of San Diego?

What are possible funding options?

How does the infrastructure of the Community Plan relate to the current City infrastructure deficit?

What is the cost to the City of San Diego for the TDRs?

What is the value of the TDRs to the City of San Diego and the landowner?

What do the incentives cost the City?

How will the Downtown Community Plan be implemented?

How will this be tied to the City's multi-year financial forecasting?

CONCLUSION

This plan is an extensive plan for the downtown community. It addresses several redevelopment issues that when fully implemented, will create a downtown that provides for enhanced living, working and tourism environment. Although this San Diego Downtown Community Plan is a very good plan for the downtown area, many fiscal issues need to be identified for the City Council so that a policy decision can be reached. Answers to the questions above should be included in the Plan so that it becomes more than a "wish list", but a plan that is integrated into the City of San Diego's budgeting policies and is therefore, an achievable outcome.

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