

Prop B – Referendum of Resolution related to Barrio Logan Community Plan Update – FINAL

This measure allows approval of a Community Plan Update (Update) for the Barrio Logan Community Planning Area (Barrio Logan). The Update intends to stabilize Barrio Logan's development by eliminating incompatible land uses and encouraging increased density, transit-oriented housing, commercial development, and employment opportunities. The measure's fiscal impact cannot be quantified, as the timing, nature, and amount of development and business activity attributable to the Update is difficult to accurately project.

The Update allows increased multifamily residential and commercial development, and reduces acreage zoned for industrial uses from 230 (most of which also permit commercial and residential uses) to 170 (zoned solely for industrial use). Existing developments on rezoned lots could remain and expand up to 20 percent, although significant expansion would require discretionary permits.

Full build-out of the Update would require construction of 34 City-funded infrastructure projects (including transportation facilities, parks, and a fire station) to support increased population and commercial uses. Those projects are estimated to cost \$85 million and would require ongoing operational expenditures, although all 34 projects may not be required should development not occur to the extent envisioned in the Update.

The Update increases developer fees in Barrio Logan from \$10,737 to \$11,986 per unit to help pay for those projects. Assuming full build-out, these fees are estimated to generate \$58 million, providing funding for 68% of required projects; historically, similar development fees have generated approximately 10% of infrastructure costs. Additional revenue sources for these projects will be required.

The extent and magnitude of development in Barrio Logan will ultimately be determined by private investment in the area. Development in the Update might not occur, or might occur only partially. Revenues to the City from fees and increased property and sales taxes resulting from increased development will depend on the nature of that development. As the amount of future development cannot be forecast with certainty, and different types of development require different services, it is difficult to project if new City revenues would exceed or fall short of the costs of providing those services.

Opponents of the Update have expressed concerns that the reduction in industrial zoned land and the potential for gradual elimination of conforming use property exemptions could result in businesses supporting the maritime industry moving out of the region. Opponents assert that this potential loss or relocation of supporting businesses could increase costs for the maritime industry (including the Navy), and adversely impact the City's economy and revenues. Information suggesting that the Update might significantly or detrimentally impact the City's economy or revenues is inconclusive. If approved, the overall fiscal impact of the Update will likely not be known for decades.

Should this Update be rejected by voters, no similar update could be adopted for 12 months. Should the City wish to develop a revised Update after that period, additional staff time and resources would be required, and reallocation of existing resources may delay completion of other Community Plan Updates.