



COUNCILMEMBER SEAN ELO-RIVERA
NINTH COUNCIL DISTRICT
MEMORANDUM

DATE: January 9, 2026

TO: Charles Modica, Independent Budget Analyst

FROM: Councilmember Sean Elo-Rivera, District Nine

SUBJECT: Updated Fiscal Year 2027 Budget Priorities

San Diego should be the best city in America to live, raise a family, and work. Unfortunately, we are facing a reckoning. After years of short-changing City employees and residents of the dignity and services that a world class city deserves, we are facing a structural budget deficit and we will not be saved by federal or state funds.

We can choose to slash the budget, resulting in disproportionate impacts to San Diego's working families who are struggling to remain in their communities. Or we can choose to find fiscal and policy solutions that help close the deficit, provide additional revenue for rental assistance and other needed programs, and address the housing speculation that keeps homes out of reach of San Diegans.

I have proposed the **Empty Second Home and Vacation Rental Tax** to protect and restore housing for San Diegans and increase revenue through an excise tax that 99% of San Diegans will not pay.

The Empty Second Home and Vacation Rental Tax could result in ongoing general fund revenue of up to \$90 million annually. In Fiscal Year 2027, it could generate up to \$45 million. This revenue should reduce the cuts necessary in the upcoming fiscal year as well as ensure that San Diegans can continue to live in the communities they call home.

To administer this tax, the Office of the City Treasurer has preliminarily determined a need for an additional 2-3 Administrative Aides and a supervisor. One-time NPE start-up costs are needed for a tax collection system.

Additional Considerations: Put San Diegans First:

The rollout of paid parking at Balboa Park has unnecessarily and unacceptably landed hardest on San Diego residents. We have heard clearly and consistently from our communities, and the

uneven implementation of the resident discount program has only compounded the frustration. Resident fees at Balboa Park should be suspended immediately.

In addition to the Empty Home and Vacation Rental Tax revenue and expenditures above, the proposed revenues and expenditures our office submitted in September remain priorities. As we approach a budget that currently proposes 7% cuts across the City's departments, I will continue to push for thoughtful cuts to minimize impacts to the communities that will be most impacted by reductions in service levels to libraries, parks and rec programming, and other meaningful city services.