



Century | Urban Strategic Real Estate Advisory Services

Midway Rising Fiscal and Economic Impact Analysis

November 3, 2025 (Rev. 4/10/26)



CENTURY | URBAN

200 California Street, Suite 300 | San Francisco, CA 94111 | www.centuryurban.com



TABLE OF CONTENTS

INTRODUCTION AND EXECUTIVE SUMMARY	3
METHODOLOGY AND APPROACH	6
FISCAL REVENUES.....	9
FISCAL EXPENDITURES	17
SUMMARY OF FISCAL IMPACT ANALYSIS.....	20
ECONOMIC IMPACT ANALYSIS	21
CONCLUSION	24



INTRODUCTION AND EXECUTIVE SUMMARY

The City of San Diego (the "City") has engaged Century Urban, LLC ("Century | Urban") to perform a fiscal and economic impact analysis of the proposed Midway Rising development project proposed by Midway Rising LLC ("Developer"). The Developer is proposing to develop a mixed-use site consisting of market rate apartment units, affordable for-rent apartments, an entertainment district and a new sports arena (the "Project") City-owned land.

Project Description

The Midway Rising project is an approximately \$4.6 billion redevelopment of San Diego's 48-acre Sports Arena site that will deliver a mixed-use neighborhood anchored by a modern 16,000-seat arena, approximately 4,254 new apartments, including 2,000 affordable units, plus retail, dining, and entertainment spaces. The proposed project also includes a large urban park, public plazas, and improved pedestrian and bike connections. In addition to addressing the City's housing and sustainability goals, the project is expected to generate thousands of construction and permanent jobs, significant tax revenues, and long-term community benefits while transforming one of San Diego's most prominent sites.

Figure 1: Site Map



Source: Midway Rising, LLC

The proposed development program is summarized in Table 1 below.

**Table 1: Proposed Program**

Use/Type	Gross Square Feet	Units
Arena	380,600	-
Market Rate Rental Units	3,191,100	2,254
Affordable Rental Units	2,511,750	2,000
Retail/Entertainment	166,700	-
Shared Parking	905,100	-
Total	7,155,250	4,254

Summary of Findings

Century | Urban prepared a fiscal impact analysis to estimate the proposed Project's effect on the City and County's General Fund revenues and expenditures. The analysis is based on in-depth research and interviews with key City departments, County Staff and the County Assessor's Office to directly assess the potential impact of the Project on departmental budgets.

The analysis estimates net fiscal impacts of:

- \$8.6 million to the City and \$2.9 million to the County within the first 5 years.
- \$24.9 million to the City and \$18.0 million to the County within the first 10 years.
- \$36.1 million to the City and \$44.6 million to the County within the first 15 years.
- A net fiscal benefit of \$2.6 million to the City after 30 years, as City expenditures are projected to outpace revenues, primarily due to the effects of Proposition 13, and fiscal revenue of \$235.9 million to the County

While the analysis results in a declining net fiscal benefit to the City over time, significant increases in market values and/or sales tax revenues could result in a neutral or positive long-term fiscal impact beyond the 30-year period.

In addition to the estimated fiscal impacts, the Project is expected to deliver substantial economic benefits to the City and County:

- 23,610 total construction jobs in the region, including 19,320 within the City.
- \$4.5 billion in direct construction activity, generating an additional \$2.6 billion in induced and indirect economic output, of which a total of \$5.8 billion is estimated to occur within the City.
- 1,200 net new permanent full-time equivalent jobs created over the 30-year operating period, including 980 within the City, through direct, indirect, and induced employment.
- A total long-term economic impact of \$18.4 billion regionally, with \$14.7 billion generated within the City.

The following sections outline the methodology and assumptions used in this analysis.

**Table 2: Fiscal and Economic Impact Analysis Summary**

Fiscal Impact Analysis Summary		Estimated Values			
City Fiscal Revenue	5-Year Total	10-Year Total	15-Year Total	30-Year Total	
One-Time Revenue					
Transfer Tax - Land Sale	\$ 30,000	\$ 52,000	\$ 91,000	\$ 157,000	
Development Impact Fees	4,149,000	7,593,000	13,152,000	22,891,000	
Property Taxes During Construction	834,000	3,028,000	3,938,000	6,441,000	
Property Tax In-Lieu of VLF During Construction	300,000	1,090,000	1,417,000	2,318,000	
Business Cooperation Program Sales Taxes	2,656,000	7,659,000	11,066,000	16,925,000	
Other Sales Taxes During Construction	856,000	2,388,000	3,401,000	5,082,000	
Total One-Time Revenue	\$ 8,825,000	\$ 21,810,000	\$ 33,065,000	\$ 53,814,000	
Recurring Revenue					
Property Taxes	\$ 177,000	\$ 5,174,000	\$ 17,305,000	\$ 103,282,000	
Property Tax In-Lieu of Vehicle License Fees	91,000	2,624,000	7,625,000	39,450,000	
Franchise Fees and Business License	9,000	937,000	3,994,000	28,428,000	
Sales Taxes	7,000	4,550,000	16,175,000	89,746,000	
Transfer Tax Upon Resale	-	-	690,000	3,336,000	
Total Recurring Revenue	\$ 284,000	\$ 13,285,000	\$ 45,789,000	\$ 264,242,000	
Less: RPTTF Passthrough	(407,000)	(3,159,000)	(7,918,000)	(9,266,000)	
Total Fiscal Revenue	\$ 8,702,000	\$ 31,936,000	\$ 70,936,000	\$ 308,790,000	
City Fiscal Expenditures	5-Year Total	10-Year Total	15-Year Total	30-Year Total	
Expenditures					
Police	\$ 49,000	\$ 3,676,000	\$ 18,280,000	\$ 160,524,000	
Fire Rescue	24,000	1,793,000	8,917,000	78,300,000	
Parks & Recreation	5,000	385,000	1,912,000	16,791,000	
Transportation	4,000	286,000	1,424,000	12,501,000	
Library	1,000	92,000	459,000	4,031,000	
Environmental Services	1,000	74,000	369,000	3,242,000	
Stormwater	2,000	130,000	646,000	5,674,000	
Other	8,000	575,000	2,859,000	25,104,000	
Total Expenditures	\$ 94,000	\$ 7,011,000	\$ 34,866,000	\$ 306,167,000	
Net Fiscal Impact	\$ 8,608,000	\$ 24,925,000	\$ 36,070,000	\$ 2,623,000	

County Fiscal Revenue	5-Year Total	10-Year Total	15-Year Total	30-Year Total
One-Time Revenue				
Transfer Tax - Land Sale	\$ 30,000	\$ 52,000	\$ 91,000	\$ 157,000
Property Taxes During Construction	762,000	2,766,000	3,597,000	5,883,000
Property Tax In-Lieu of VLF During Construction	398,000	1,443,000	1,877,000	3,070,000
Sales Taxes During Construction	1,808,000	5,167,000	7,435,000	11,300,000
Total One-Time Revenue	\$ 2,998,000	\$ 9,428,000	\$ 13,000,000	\$ 20,410,000
Recurring Revenue				
Property Taxes	\$ 161,000	\$ 4,727,000	\$ 15,807,000	\$ 94,343,000
Property Tax In-Lieu of Vehicle License Fees	120,000	3,474,000	10,096,000	52,238,000
Sales Taxes	6,000	3,254,000	12,237,000	74,020,000
Transfer Tax Upon Resale	-	-	690,000	3,336,000
Total Recurring Revenue	\$ 287,000	\$ 11,455,000	\$ 38,830,000	\$ 223,937,000
Less: RPTTF Passthrough	\$ (372,000)	\$ (2,885,000)	\$ (7,233,000)	\$ (8,464,000)
Total County Fiscal Revenue	\$ 2,913,000	\$ 17,998,000	\$ 44,597,000	\$ 235,883,000



Economic Impact	5-Year Total	10-Year Total	15-Year Total	30-Year Total
Construction Period				
Total Employment	9,330	12,410	17,330	23,610
Labor Income	\$ 439,400,000	\$ 1,297,300,000	\$ 1,879,700,000	\$ 2,868,700,000
Economic Output	\$ 1,087,200,000	\$ 3,209,700,000	\$ 4,651,000,000	\$ 7,098,100,000
City Portion				
Total Employment	7,635	10,155	14,180	19,320
Labor Income	\$ 367,300,000	\$ 1,084,400,000	\$ 1,571,250,000	\$ 2,397,950,000
Economic Output	\$ 890,450,000	\$ 2,628,900,000	\$ 3,809,400,000	\$ 5,813,700,000
Stabilized Period				
Total Employment	140	1,060	1,110	1,200
Labor Income	\$ 3,000,000	\$ 418,000,000	\$ 1,300,100,000	\$ 5,809,600,000
Economic Output	\$ 13,100,000	\$ 1,176,300,000	\$ 3,783,100,000	\$ 18,398,300,000
City Portion				
Total Employment	115	865	905	980
Labor Income	\$ 2,450,000	\$ 336,250,000	\$ 1,047,450,000	\$ 4,700,100,000
Economic Output	\$ 10,700,000	\$ 928,400,000	\$ 2,995,400,000	\$ 14,678,700,000

METHODOLOGY AND APPROACH

This study assesses the estimated impact of the proposed Project on the City and County's General Fund across budget categories and the economic impact of the Project during construction and at stabilization over a 5-year, 10-year, 15-year and 30-year period. As noted above, Century | Urban prepared a fiscal impact analysis to estimate the proposed Project's impact on General Fund revenues and expenditures. Where possible, the analysis uses Project-specific assumptions to estimate fiscal revenues, including property taxes, transfer taxes, and sales taxes. Where direct estimates are not possible, projections are made based on the Project's estimated new service population.

The fiscal impact analysis relies on multiple data sources cited throughout this report, including information from City departments, publicly available reports such as the City's Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024 ("ACFR"), the FY 2025-2026 Adopted Budget, the County's ACFR for Fiscal Year Ended June 30, 2024 and FY 2025-2026 Adopted Budget, the Developer's pro forma and supporting documents, and discussions with City and County staff. Century | Urban also applied its economic analysis expertise to validate and refine key assumptions and methodologies. For the economic impact analysis, Century | Urban utilized the Regional Input-Output Modeling System ("RIMS II") model created by the Bureau of Economic Analysis ("BEA").

To further inform the analysis, Century | Urban conducted interviews with key City departments, including the Department of Finance, Development Services Department, and City Planning Department. These discussions focused on data availability and the Project's potential impact on departmental budgets.



Service Population

A common method for estimating fiscal revenues or expenditures is applying a “service population” factor, which is divided into two categories: (1) residents and (2) employees working in the City. As each of these categories generate different levels of service demand, residents are weighted at 100% and employees at 50%. The table below shows the total estimated City-wide service population allocation by residents and employees.

Table 3A. City-Wide Service Population Estimate

Type	Total Number [A]	Factor [B]	Service Population [A] x [B] =[C]	% of Service Pop. [C]/[D]
Residents	1,404,500	100.00%	1,404,500	76%
Employees	900,000	50.00%	450,000	24%
Total [D]			1,854,450	100%

Source: U.S. Census Bureau, Century | Urban

The Residents factor is applied to the proposed residential units. The Employees factor accounts for service demand from individuals working in the City and is applied to the commercial uses. The analysis uses a total City-wide service population of 1,854,450 to estimate per capita (“Per Service Population”) revenues and expenditures for certain budget line items.

At the project level, service population estimates were based on the projected number of individuals per household for residential uses, and employee estimates were derived using an employees-per-gross-square-foot assumption based on the specific use, as described in the following section. The same service population factors described above were then applied to the total new resident and employment estimates.

Table 3B. Project Service Population Estimates

Type	Total	Factor	Service Population
New Residents	8,918	100%	8,918
New Full-Time Employees*	756	50%	378
Total New Service Population	9,674		9,296

*Reflects full-time equivalent employee estimates after building completion. Excludes Arena.

Estimated New Population and New Employment

As noted above, the Project is anticipated to include 4,24 new homes including 2,254 market rate apartment rental units (“Market Rate Units”) and 2,000 affordable housing apartment rental units (“Affordable Units”).



The Market Rate Units are projected to house 4,417 residents, based on a weighted average household size of 2.0 persons. This household size assumption is derived from the Census American Community Survey (“ACS”) 2021 5-Year Estimates for high-density buildings in San Diego County.

According to the Developer’s pro forma, the Affordable Units will include a mix of studios, one-two-, and three-bedroom apartments. Household size is projected using the “bedrooms plus one half” methodology applied by the Housing and Community Development Department (“HCD”) to set maximum rents for affordable units. This approach yields a weighted average household size of 2.25 persons per unit based on the projected unit mix. The Affordable Units are expected to house 4,494 residents. In total, the Project is projected to add approximately 8,911 new residents.

Table 4A. Estimated New Residential Population

Housing Type	Total Units	HH Size per Unit	Total New Pop
Market Rate Housing			
Studio	451	1.70	749
1-Bedroom	1,127	1.90	2,107
2-Bedroom	451	2.20	1,010
3-Bedroom	225	2.50	558
Total/WTD Average	2,254	2.00	4,424
Affordable Housing			
1-Bedroom	986	1.50	1,479
2-Bedroom	534	2.50	1,335
3-Bedroom	480	3.50	1,680
Total/WTD Average	2,000	2.25	4,494
Total New Population	4,254	2.10	8,918

Source: Census American Communities Survey 2021; HCD

During the construction period, new employment was estimated using a factor of 2.1 jobs per 1,000 gross square feet. For the stabilization period, new employment for retail and parking uses was calculated using factors of 3.3 jobs per 1,000 gross square feet of retail space and 1 job per 10,000 gross square feet of parking space. New employment for residential uses was estimated based on a factor of approximately 2.3 jobs per 100 units for Market Rate Units and 2.9 jobs per 100 units for Affordable Units. Employment associated with the new arena was excluded, as it will replace existing Pechanga Arena employment. Total direct new employment estimates are shown in Table 4B.

**Table 4B. Estimated New Employment**

Type	Total GSF	Total Units	Employees
Construction	7,155,200	4,254	16,412
Stabilized Full-Time Employment			
Market Rate Apartments	3,191,100	2,254	52
Affordable Apartments	2,511,800	2,000	57
Retail/Entertainment	166,700	-	556
Shared Parking	905,100	-	91
Totals	5,315,000	4,254	756

FISCAL REVENUES

The City and County receive revenue from new development projects in the form of one-time revenue and ongoing recurring revenue. One-time revenue reflects fees or revenues that are paid once or are due to construction activity, which has a limited duration. These revenues are temporary and distinguished from the ongoing revenues associated with the operations of residential and commercial buildings or tenants inhabiting those buildings. The one-time estimated fiscal revenues are described in greater detail in the following section.

One Time General Fund Revenue Assumptions

City Impact Fees

The City levies impact fees on new development to fund local services and programs. Under the draft Development Agreement, the Project will be subject to the City's Affordable Housing Fee, Library Fee, Fire Fee, and an Ad Hoc Fire Fee. According to the Fiscal Year 2026 City Planning Department Fee and Deposit Schedule and the draft Development Agreement, the following fee rates would apply to the Project:

Table 5. Impact Fees

Impact Fee Type	Fee per Gross Square Foot	Fee per Unit	Applicable Use
Affordable Housing Fee	\$1.28	-	Retail
Library Fee	-	\$2,149	Residential
Fire Fee	-	\$846	Residential
Ad Hoc Fire Fee	-	\$588	Residential

Source: Fiscal Year 2026 City Planning Department Fee and Deposit Schedule and City of San Diego



Property Taxes During Construction

Property taxes during construction are estimated based on construction costs incurred during development. The City's General Fund currently receives approximately 17.22% of the 1.0% ad valorem rate or 0.1722% of assessed value on all taxable property per the City's ACFR for the Year Ended June 30, 2024, the most recently available financial report at the time of the analysis. The tax rate includes the City's Share of the 1.0% levy per Prop 13 and the City's Overlapping Rate. Per the same schedule, the County's General Fund receives a 15.731% share of the ad valorem property taxes or 0.15731% of assessed value.

According to the San Diego County Assessor's Office, the appraisal of new construction involves determining its market value and adding it to the value of the existing property. For unfinished construction, value is based primarily on construction costs, which are typically provided by the builder and include full construction costs, architectural expenses, financing, permits, and other related costs. Property taxes are therefore assumed to be assessed and payable during the construction period, based on the Developer's projected construction budget and schedule.

The taxable basis consists of the assessed land value plus the incremental assessed value of the Project as it is built out. Table 6 below summarizes the project schedule by phase for each component and the escalated construction budget, including land value.

Table 6. Escalated Budget and Phasing Schedule

Component	Construction Start	Construction End	Escalated Budget
Arena	2032	2035	\$587,760,000
Market Rate - Phase 1	2033	2035	\$227,461,000
Market Rate - Phase 2	2036	2038	\$180,123,000
Market Rate - Phase 3	2040	2042	\$466,759,000
Market Rate - Phase 4	2044	2046	\$293,621,000
Market Rate - Phase 5	2047	2049	\$311,089,000
Affordable Housing - Phase 1	2033	2036	\$403,463,000
Affordable Housing - Phase 2	2037	2039	\$390,647,000
Affordable Housing - Phase 3	2041	2043	\$392,617,000
Affordable Housing - Phase 4	2044	2047	\$643,290,000
Affordable Housing - Phase 5	2048	2050	\$432,909,000
Retail/Entertainment	2032	2035	\$105,642,000
Shared Parking	2029	2031	\$182,453,000
Total			\$3,595,000,000

Source: Land cost and development cost provided by Developer.



The Project site is located within a former Redevelopment Agency (“RDA”) area. As a result, property tax increment generated by the Project will first be captured by the Successor Agency to the RDA to fulfill existing obligations before any remaining increment is distributed to the taxing entities. Based on projections prepared by HdL, the City’s property tax consultant, and reviewed by Century | Urban, an average of 43% of the annual property taxes generated by the new development is expected to be captured by the Successor Agency in the first year of development. This share is projected to decrease to approximately 36% by 2044, after which the RDA’s obligations will be satisfied and all property tax increment will flow to the taxing entities.

Sales and Use Tax

According to the California Department of Tax and Fee Administration (“CDTFA”), the City receives a 1.0% share of the statewide 7.25% sales and use tax, plus an additional 0.50% Safety Sales Tax under Proposition 172, for a combined 1.50% of all taxable sales within the City. The County also receives 0.75% of taxable sales within the City. Sales tax is collected on the sale or procurement of tangible property used within the City and deposited into the City’s General Fund.

Under a Business Cooperation Program agreement with the Developer, the City will receive its 1.0% share of sales and use tax on all taxable construction materials purchased, acquired, installed, or furnished in connection with the Project, as well as the additional 0.50% Safety Sales Tax on purchases made within the City. Based on Century | Urban’s market expertise and discussions with cost estimators and general contractors, it is assumed that approximately 45% of the hard cost budget consists of building materials. Of these materials, an estimated 50% will be procured within the City (or otherwise subject to the City’s tax jurisdiction) and 75% within the County.

The analysis also accounts for Sales and Use Tax revenue generated by on-site construction employee spending. Sales tax estimates are based on projected taxable spending per construction worker, assuming 50% of purchases are made within the City and 90% within the County. The Project is expected to generate approximately 15,130 full-time equivalent jobs during construction, based on a factor of 2.1 employees per 1,000 gross square feet. Each worker is estimated to spend roughly \$4,700 annually on taxable goods during the workday, according to a study by the International Council of Shopping Centers.

Transfer Tax at Land Sale

The County imposes a real estate transfer tax of \$1.10 per \$1,000 of gross sales price, equivalent to 0.11% of the total transaction value and reimburses the City for 50% of the transfer tax or approximately 0.06% of the gross sales price.



Recurring General Fund Revenue Assumptions

The City generates revenue from property taxes, which are determined based on assessed property values, as well as user fees and transactional charges, including sales and transfer taxes. The County receives property tax revenue and sales and use taxes from property located in the County. Provided below is a summary of projected fiscal revenue sources, followed by a description of each revenue source and its associated estimating methodology.

For the fiscal year ending June 30, 2026, the City's total General Fund revenue is budgeted at approximately \$2.2 billion, which includes property taxes, sales taxes, transient occupancy tax, and other revenues from user fees, governmental transfers, and interest income. The Project is not expected to generate revenue in certain categories that are not applicable to the Project, such as the transient occupancy tax, which is levied on hotel and vacation rental accommodations. Additionally, other revenue sources, such as intergovernmental revenue and use of money & property, would not be directly impacted by the Project and are noted as "Not Applicable" in Table 7 below.

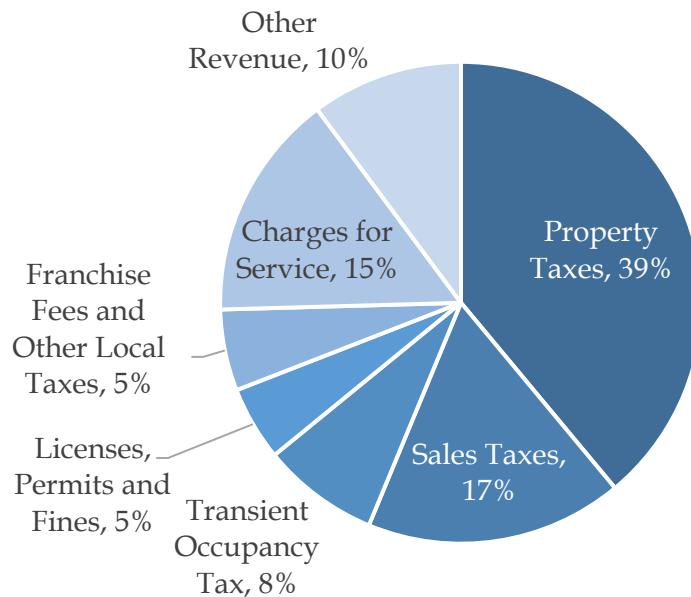
Table 7. 2025-26 Fiscal Revenue Budget

Revenue Source	General Fund Amount	Note
Property Taxes	\$632,500,000	
Property Tax In-Lieu of VLF	\$212,100,000	
Sales Taxes	\$374,530,000	
Transient Occupancy Tax	\$170,260,000	Not applicable
Licenses and Permits	\$62,405,700	Not applicable
Fines, Forfeitures and Penalties	\$45,748,300	
Other Local Taxes	\$118,380,700	
Revenue from Money & Property	\$85,817,000	Not applicable
Transfers In	\$121,451,000	Not applicable
Charges for Service	\$330,860,000	
Other Revenue	\$13,380,000	Not applicable
Total Revenues	\$2,167,430,000	

As shown in Graph 1 below, the largest portion of the City's General Fund revenue is derived from property taxes, including property tax in-lieu of VLF, which accounts for approximately 39% of total General Fund revenue. This is followed by sales taxes, which contribute approximately 17%. Similarly, property taxes including property tax in-lieu of VLF, make up the largest portion of the County's General Fund revenue attributable to this Project.



Graph 1. General Fund Revenue by Source



Property Taxes

Property taxes are estimated based on the projected assessed value of the completed and stabilized buildings within the Project. Per discussions with the County Assessor's Office, the income approach is the most common valuation method for traditional income-producing properties. Accordingly, all income-producing uses are valued using this approach, applying an assessor's capitalization rate to the projected stabilized net operating income at building completion.

The Arena, by contrast, is valued using the cost approach, which incorporates hard costs and furniture, fixtures, and equipment from the Developer's pro forma, adjusted for accumulated depreciation plus estimated land. The City and County's respective shares of the ad valorem rate are then applied to these assessed values, as summarized in Table 8.

**Table 8. Assessed Value at Stabilization**

Use	Stabilization Year	Assessed Value
Arena	2036	\$412,600,000
Retail	2036	\$149,200,000
Market Rate Residential		
Phase 1	2036	\$306,900,000
Phase 2	2039	\$269,800,000
Phase 3	2043	\$674,500,000
Phase 4	2047	\$432,600,000
Phase 5	2050	\$488,200,000
Parking	2032	\$50,700,000
Total		\$2,784,500,000

Property Tax In-Lieu of Vehicle License Fees

In 2004, the State of California modified the method for distributing Vehicle License Fees (“VLF”) to local jurisdictions, replacing the VLF with property tax revenue that grows in proportion to increases in the assessed value of cities and towns. Property tax in-lieu of VLF represents this portion of ad valorem taxes, which is reimbursed to the City and County by the State. This amount is estimated by applying the proportional increase in the City and County-wide assessed value, resulting in a corresponding proportional increase in VLF revenue.

According to the City’s 2023-2024 ACFR, the City-wide taxable assessed value is estimated at \$333.1 billion, with property tax in-lieu of VLF budgeted at approximately \$206.5 million for the same period. According to the County’s 2023-2024 ACFR, the County-wide taxable assessed value is estimated at \$717.7 billion with property tax in-lieu of VLF budgeted at approximately \$589.0 million for the same period.

Upon completion, the Project is expected to increase the City-wide assessed value by approximately 0.59% and approximately 0.27% for the County, which is calculated by dividing the projected incremental assessed value by the respective total assessed value. As a result, property tax in-lieu of VLF is anticipated to increase by the same percentage.

Table 9. Property Tax In-Lieu of VLF

Total City-wide Assessed Value (FY 2024-2025)	\$333.1 billion
City-wide Increase to Assessed Value from Project	0.55%
Total County-wide Assessed Value (FY 2024-2025)	\$717.7 billion
County-wide Increase to Assessed Value from Project	0.26%



Sales Taxes

The City receives 1.50% of all taxable sales within its jurisdiction, including a 0.50% Safety Sales Tax under voter-approved Proposition 172. Sales tax revenue is estimated based on projected household spending and retail taxable sales. The County receives 0.75% on all taxable sales.

To estimate residential taxable spending, average household income is calculated by housing type. For Market Rate Units, rent payments are assumed to comprise 35% of household income, based on the 2021–2022 California Consumer Spending Survey by the Bureau of Labor Statistics for the fourth income quintile. According to the Developer, average rent for Market Rate Units is \$3,740 per month in today’s dollars, or approximately \$44,880 per year. Using the 35% rent-to-income assumption, the estimated annual household income is approximately \$128,200 (as shown below).

For Affordable Units, targeted to households earning between 30% and 80% of Area Median Income (AMI), with an average of 50% AMI, income estimates are based on the Department of Housing and Community Development (“HCD”) state income limits by AMI and household size. For example, the maximum income for a household of two (typically a one-bedroom unit) at 50% AMI is \$66,150. Table 11 below summarizes household income by housing type.

Table 10. Annual Household Income by Ownership Unit Type

Affordable Units	50% AMI	
	Limit	% Units
1-Bedroom	\$66,150	49%
2-Bedroom	\$74,450	27%
3-Bedroom	\$82,700	24%
Total Income Limit	\$72,300	100%
Market Rate Units		
Monthly Average Rent		\$3,740
Annual Market Rate Rent		\$44,880
Percentage Rent of Total Income		35%
Implied Annual Household Income		\$128,200

To estimate sales tax revenue by product type, the percentage of household income allocated to taxable spending is applied to estimated household incomes. For Market Rate Units, approximately 26% of household income is assumed to be spent on taxable goods, based on the 2021–2022 California Consumer Spending Survey by the Bureau of Labor Statistics for households earning between \$117,000 and \$255,800 annually. For Affordable Units, approximately 34% of household income is assumed to be spent on taxable goods, based on the same survey for households earning between \$41,320 and \$71,960 annually. A 50% factor is



applied to reflect spending projected to occur within the City, and an 80% factor is applied for spending within the County.

According to a study by HdL in July 2023, the new Arena is expected to generate approximately \$40 per square foot in retail sales annually (in 2025 dollars), totaling approximately \$15.4 million in taxable sales. The existing site is currently estimated to generate \$11.5 million, which is subtracted to calculate the incremental impact of the new development.

The Retail/Entertainment component, totaling 166,667 gross square feet (130,000 net square feet), may include a mix of uses such as food service, general merchandise, and other commercial activities, including a day care and fitness center that do not generate sales tax revenue. The HdL study estimates that approximately 68% of this space will generate taxable sales. Estimated annual taxable sales are summarized in the table below (in 2025 dollars).

Table 11. Taxable Spending

Rental Unit Type	Household Income	% Taxable Spending	Annual HH Taxable Spending
Market Rate Units	\$128,200	25.8%	\$33,000
Affordable Units	\$72,300	33.8%	\$24,400

Commercial Use	Taxable Sales PSF	Total GSF	Total Taxable Sales
Arena	\$40.50	380,550	\$15,412,000
Retail/Entertainment	\$475.50	166,667	\$62,295,000

Other Local Taxes

Other taxes include real estate transfer tax franchise fees. The real estate transfer tax is assessed at a rate of \$1.10 per \$1,000 of assessed value on transferred property of which the City receives 50% and the County receives 50%. Since this tax is only generated upon the sale of a building, revenue for the City will depend on sales activity, which will occur periodically. For this analysis, an estimated holding period is applied to each building type to project the number of transactions and associated transfer tax revenue. Transfer taxes are estimated based on the assumed hold period per the Developer's pro forma and an average holding period of 10 years thereafter.

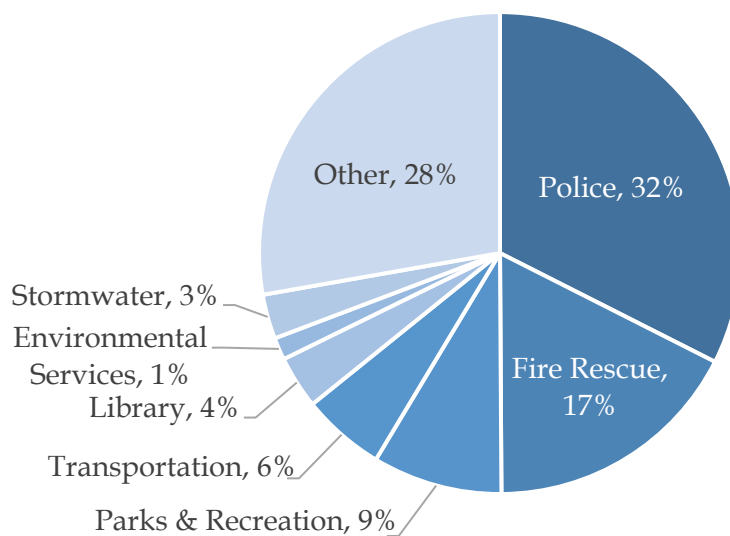
The City collects franchise fees from utility companies for the right to operate within its jurisdiction, including fees on garbage, gas, and electricity services. For Fiscal Year 2025-26, franchise fee revenue is estimated at approximately \$106.5 million. Franchise fee revenue generated by the Project is estimated using a service population approach.



FISCAL EXPENDITURES

The City provides a range of services to residents, employees, and visitors, including general government and administration, economic development, public safety, public works and engineering, and recreation and community services. The City's 2025-2026 Adopted Budget expenditures totals approximately \$2.2 billion, with the largest portion of the budget allocated to Fire Rescue and Police, which account for 50% of the budget.

Graph 2. General Fund Expenditures by Service



An analysis was prepared to estimate the General Fund expenditures that would be incurred by the City as a result of development of the Project. Provided below is an outline of the methodology and assumptions used in estimating each expenditure category.

Cost Recovery

The City recovers costs for certain services through user fees ("Charges for Current Services"), primarily related to library charges, golf course fees, filing fees for planning services, charges for engineering, and reimbursements for fire and police services. Estimated revenue from Charges for Current Services for FY 2025-26 is \$330.9 million. The Charges for Current Services are deducted from each departmental budget per the 2025-2026 Annual Budget to estimate the City's net expenditures for new development and is shown in Table 12 below.

Proportion of Expenditure Budget Impacted

The fiscal expenditure impact of the Project will vary across City departments. Departments providing direct services to residents and businesses such as Police, Fire Rescue, Parks &



Recreation, Stormwater and Transportation, will be the most impacted by the Project. In contrast, departments offering general government or administrative services, such as City Attorney, City Council, Department of Finance, etc. will see minimal impact, as their functions do not scale directly with population growth. Furthermore, some departments like the City Planning department are expected to recover most Project-related costs through user fees and are unlikely to incur significant additional expenses.

To estimate the fiscal impact on each key department, a percentage adjustment to the net budget after deducting Charges for Current Services is applied as described above. This adjustment, referred to as the “% Variable,” is detailed in Table 12 below. For Parks & Recreation, the “% Variable” is assumed to be 50%, reflecting the developer’s obligation to maintain all parks within the project area.

Table 12. Budgeted Expenditures, Variable Rate and Cost Recovery

Expenditure Category	2026 Budget	Cost	%	Net Budget	\$ Per Serv.
		Recovery	Variable		Pop.
Police	\$703,500,000	\$28,900,000	100.00%	\$607,100,000	\$401
Fire Rescue	\$378,300,000	\$53,500,000	100.00%	\$292,400,000	\$196
Parks & Recreation	\$188,800,000	\$67,000,000	50.00%	\$77,800,000	\$42
Transportation	\$121,200,000	\$44,000,000	75.00%	\$57,900,000	\$31
Library	\$76,700,000	\$2,000,000	25.00%	\$18,700,000	\$10
Environmental Services	\$32,300,000	\$2,300,000	50.00%	\$15,000,000	\$8
Stormwater	\$64,800,000	\$12,200,000	50.00%	\$26,300,000	\$14
Other	\$601,900,000	\$136,900,000	25.00%	\$116,200,000	\$63

Key Departmental Expenditures

Fire Rescue Department

The Fire Rescue Department provides life safety services across the City, including emergency response, fire prevention education, investigations, regulatory enforcement, and inspections to ensure compliance with fire and hazardous materials codes. It also conducts fire safety code inspections and plan reviews to minimize risks to life and property. Approximately 89% of the total budget is dedicated to personnel costs to provide fire and emergency medical services dispatch.

The industry standard for California fire departments is approximately 1 full-time employee (FTE) per 1,000 residents. The department currently has 1,400 FTEs serving a population of 1,404,452, which aligns with this standard. The Project is expected to add 8,911 residents, requiring nearly 9 additional personnel. At a cost of \$231,950 per FTE, this represents approximately \$1,823,400 in additional personnel expenses, or roughly \$196 per service population.



City staff also indicated that the existing Fire Station 20 will require an upgrade to increase crew capacity to service the Project and other planned developments in the area, at an estimated cost of \$29.2 million. Additional fire apparatus, including a new engine, is estimated at \$2.5 million. The Developer is expected to contribute its share of these costs. The City is currently estimating the total costs for the station expansion and determining an appropriate allocation methodology.

Police Department

The Police Department enhances public safety through crime prevention programs, investigative services, and 24/7 response to emergency and non-emergency incidents, including crimes, traffic accidents, disturbances, and medical emergencies.

The department currently has 2,680 budgeted FTEs, or approximately 1 FTE per 523 residents. Maintaining this ratio for 8,911 new residents would require hiring 17 additional FTEs. With 87% of the budget allocated to personnel costs, and an estimated cost of \$220,000 per FTE, this represents an increase of approximately \$3,738,100 in personnel expenses, or roughly \$401 per service population.

Parks & Recreation

The Parks & Recreation Department enhances San Diego's quality of life by providing diverse recreational programs, community services, and park facility rentals. The department manages more than 42,400 acres of developed parks and open space. The park system offers residents and visitors a wide variety of recreational opportunities through facilities such as recreation centers, playgrounds, athletic fields, pools, campgrounds, nature and visitor centers, gymnasiums, skate parks, boat launch ramps, piers, dog parks, and golf complexes. Per discussions with the City, the developer will maintain all parks within the Project, which will partially reduce the City's park-related service costs, however, new residents will likely utilize other City operated parks and recreation services.

Because different population segments require varying levels of services and may not pay the same user fees, separate methodologies were applied to estimate expenditures for Market Rate and Affordable Units. For Market Rate Units, Charges for Services are deducted from the departmental budget to estimate fiscal impact, as these households, earning approximately \$128,000, would not qualify for the City's Low Income Fee Waivers. In contrast, Affordable Units, with projected household incomes as low as \$34,750, are likely to qualify for Low Income Fee Waivers, so Charges for Services are not deducted from the departmental budget for these units.

For all other departments, Century | Urban applied the per service population estimated fiscal cost to the new Project service population of 9,296 excluding the Arena.



SUMMARY OF FISCAL IMPACT ANALYSIS

Based on the methodology and assumptions described above, the completed Project is projected to generate a net fiscal benefit to the City of approximately \$8.6 million during the first five years and \$36.1 million over 15 years, and approximately \$2.6 million over 30 years as annual expenditures are projected to exceed revenues over time under current assumptions.

Conversely, the County is anticipated to receive approximately \$2.9 million in fiscal revenue over the first five years, \$44.6 million over 15 years, and \$235.9 million over 30 years.

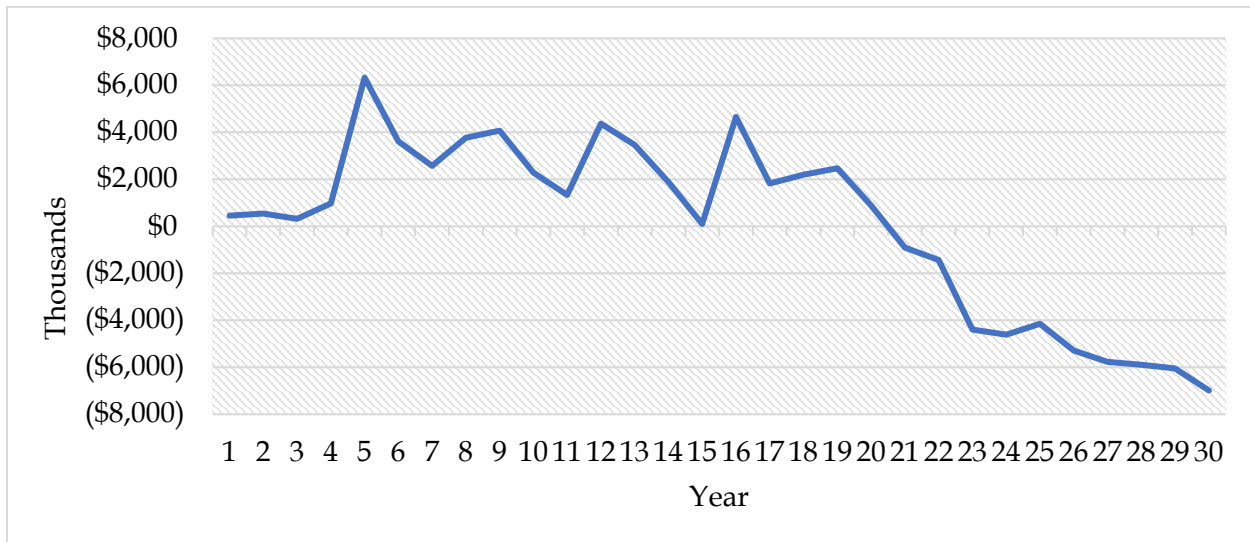
Key Factors Driving the Fiscal Impact:

- **Affordable housing exemptions:** Affordable Units are exempt from property taxes, which represent the largest General Fund revenue source for the City and County.
- **Sales tax revenue:** Sales tax is the City's second-largest revenue source and supports many City services. The Project is projected to generate significant annual sales tax, primarily from commercial uses.
- **Service population demand:** Residents generate higher demand for City services than employees. Based on service population estimates, residents account for approximately 76% of service demand, while employees account for 24%. Because the Project is primarily residential, it will have a proportionally larger impact on the City's budget.
- **Public safety costs:** Police and Fire Department budgets represent 50% of the City's General Fund and are heavily utilized by residents, contributing to high incremental costs from the Project.
- **Arena assessed value:** The Arena is a specialized use, and its building improvements' taxable value is likely to diminish over time as it approaches obsolescence.
- **Rising expenditures:** Discussions with the Department of Finance and other jurisdictions suggest City expenditures tend to rise faster than CPI. Expenditures are assumed to increase 4% per year, reflecting historical trends.
- **Property tax growth:** Property tax revenue increases only 2% annually per Proposition 13 until a building is sold, at which point it is reassessed at the projected sales price. The analysis assumes residential and commercial building values grow 3% per year, with sales occurring every 10 years after the initial hold period, per the Developer's pro forma.

Due to these factors, the gap between revenues and expenditures to the City is projected to widen over time, resulting in a negative fiscal impact beginning in Year 15. As shown in the graph below, the annual net fiscal impact becomes increasingly negative as expenditures grow faster than revenues each year.



Graph 3. Project City Net Fiscal Impact Over Time



ECONOMIC IMPACT ANALYSIS

This Analysis uses the RIMS II econometric input/output model, developed by the BEA, to quantify the economic benefits of Project construction and ongoing operations for the local region. The proprietary model estimates the impact on industries within a given geographic area based on known economic inputs, such as construction costs. Benefits are measured in terms of economic output, earnings ("labor income"), and job creation, capturing direct, indirect, and induced effects.

- **Direct Economic Benefits:** These arise from the direct business activity to construct the Project as well as the ongoing business activities of Project commercial buildings and tenants.
- **Indirect Economic Benefits:** Indirect benefits occur when local firms impacted by the Project purchase materials, supplies, or services from other businesses. Examples include increased sales of building materials due to construction and higher demand for inputs related to tenant operations.
- **Induced Economic Benefits:** Induced benefits result from the household spending of employees at firms directly or indirectly affected by the Project. This includes typical household consumption, such as housing, retail purchases, and local services.

Inputs from the fiscal analysis are used to estimate the economic impact. These include the Developer-provided development budget and estimates of permanent on-site and construction employment, based on discussions with general contractors. Permanent full-time employment estimates were derived from comparable projects and industry-standard employment densities for each land use type as described above.



Economic Benefits – Construction

The Project is expected to generate significant economic benefits for the City, County, and region. Approximately \$4.5 billion in construction expenditures (excluding land and financing costs) is projected to support an estimated 15,030 FTE construction jobs.

Using the RIMS II economic multipliers, this investment is estimated to generate an additional \$2.6 billion in regional economic output, supporting 8,580 FTE indirect and induced jobs across a variety of industries. Over the construction period, the Project is expected to yield approximately \$7.1 billion in total regional economic activity and 23,610 FTE jobs, as shown in Table 13 below.

Table 13. Construction Period Economic Impact by Category

Year	5-Year	10-Year	15-Year	30-Year
Employment				
Direct	5,940	7,900	11,030	15,030
Indirect	1,400	1,860	2,600	3,540
Induced	1,990	2,650	3,700	5,040
Total	9,330	12,410	17,330	23,610
City Portion				
	7,635	10,155	14,180	19,320
Labor Income				
Direct	\$295,200,000	\$871,500,000	\$1,262,800,000	\$1,927,200,000
Indirect	\$68,200,000	\$201,500,000	\$291,900,000	\$445,500,000
Induced	\$76,000,000	\$224,300,000	\$325,000,000	\$496,000,000
Total	\$439,400,000	\$1,297,300,000	\$1,879,700,000	\$2,868,700,000
City Portion				
	\$367,300,000	\$1,084,400,000	\$1,571,250,000	\$2,397,950,000
Economic Output				
Direct	\$693,700,000	\$2,048,100,000	\$2,967,800,000	\$4,529,300,000
Indirect	\$187,900,000	\$554,700,000	\$803,800,000	\$1,226,700,000
Induced	\$205,600,000	\$606,900,000	\$879,400,000	\$1,342,100,000
Total	\$1,087,200,000	\$3,209,700,000	\$4,651,000,000	\$7,098,100,000
City Portion				
	\$890,450,000	\$2,628,900,000	\$3,809,400,000	\$5,813,700,000



Economic Benefits – Recurring

At full buildout, Project operations are estimated to provide approximately 760 direct on-site jobs, excluding the Arena, generating approximately \$3.6 billion in wages over 30 years. Commercial operations and visitor spending are expected to produce \$7.4 billion in indirect and induced economic output during the same period, supporting an additional 440 jobs. Over a 30-year period, the City is projected to capture a significant portion of this employment and economic activity, including approximately 980 jobs and \$14.7 billion in total regional output.

Table 14. Stabilized Period Economic Impact by Category

Year	5-Year	10-Year	15-Year	30-Year
Employment				
Direct	90	670	700	760
Indirect	30	210	220	240
Induced	20	180	190	200
Total	140	1,060	1,110	1,200
City Portion	115	865	905	980
Labor Income				
Direct	\$1,900,000	\$254,500,000	\$794,800,000	\$3,590,600,000
Indirect	\$600,000	\$71,400,000	\$224,200,000	\$1,028,300,000
Induced	\$500,000	\$92,100,000	\$281,100,000	\$1,190,700,000
Total	\$3,000,000	\$418,000,000	\$1,300,100,000	\$5,809,600,000
City Portion	\$2,450,000	\$336,250,000	\$1,047,450,000	\$4,700,100,000
Economic Output				
Direct	\$8,300,000	\$680,500,000	\$2,207,700,000	\$10,959,100,000
Indirect	\$2,700,000	\$221,900,000	\$718,700,000	\$3,554,000,000
Induced	\$2,100,000	\$273,900,000	\$856,700,000	\$3,885,200,000
Total	\$13,100,000	\$1,176,300,000	\$3,783,100,000	\$18,398,300,000
City Portion	\$10,700,000	\$928,400,000	\$2,995,400,000	\$14,678,700,000



CONCLUSION

The proposed Project represents a transformative redevelopment of the 48-acre Sports Arena site, envisioned as a vibrant mixed-use neighborhood anchored by a state-of-the-art 16,000-seat arena. The Project will include approximately 4,254 new residential units, of which 2,000 will be designated as affordable housing, along with a mix of retail, dining, and entertainment spaces. A large urban park, public plazas, and enhanced pedestrian and bicycle connections are also planned, creating a dynamic and accessible community hub.

In addition to addressing the City's housing and sustainability objectives, the Project is expected to generate substantial economic and fiscal benefits for both the City and County. Overall, the Project is anticipated to provide long-term community benefits, support local employment, increase tax revenues, and contribute to the continued vitality of one of the City's most prominent sites.

The Project is anticipated to generate approximately \$8.6 million in net fiscal benefits to the City within the first 5 years, \$24.9 million within 10 years and \$36.1 million within 15 years. Although the project is estimated to generate declining net fiscal revenue over the long term due to Prop 13 limits on assessed value increases, the project is estimated to generate significant additional economic and community benefits as follows:

- Approximately 23,610 total jobs created regionally, including 19,320 within the City.
- \$4.5 billion in construction activity, generating an additional \$2.6 billion in indirect and induced economic output (\$5.8 billion total within the City).
- 1,200 net new permanent FTE jobs over 30 years, including 980 within the City.
- Total long-term regional economic impact of \$18.4 billion, with \$14.7 billion generated in the City.