



**THE GREATER HILLCREST COMMUNITY BENEFIT DISTRICT
2021 MANAGEMENT**

T DISTRICT PLAN

Rough Draft Plan – March 2021

*Prepared pursuant to the City of San Diego's
Maintenance Assessment District Ordinance, San Diego Municipal Code
Section 65.0201, et seq*

Prepared for:

**The Greater Hillcrest CBD Steering Committee
Hillcrest Business Association
City of San Diego**

Prepared by:

**New City America, Inc.
The Greater Hillcrest Community Benefit District Steering Committee**



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Management District Plan Summary

The name of this Community Benefit District (“CBD”) is the Greater Hillcrest Community Benefit District (“Greater Hillcrest CBD” or the “District”). The District is formed under San Diego Municipal Code Section 65.0201.

The levy of assessments on real property within the proposed District will fund physical improvements to individual properties, attract new customers, and increase business sales. The assessments will fund maintenance, special events and activities, and other special benefits within the District, revitalizing the Greater Hillcrest area and creating jobs, attracting and retaining businesses, and reducing crime.

PROPOSED FIRST YEAR BUDGET FOR THE GREATER HILLCREST COMMUNITY BENEFIT DISTRICT – 2022

Category of Special Benefit Services	Annual Amount First Year	Percentage of total budget
Sidewalk Operations	TBD	66%
District Identity/Placemaking	TBD	14%
Administration	TBD	16%
Contingency	TBD	4%
Total	(Estimated at \$1.5 million)	100%

The proposed “bundles” of special benefit services are listed below. All services listed below are special benefits and supplemental to current City services.

SIDEWALK OPERATIONS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Private security or case workers to respond to homeless issues, aggressive panhandling and mentally ill people behaving poorly in the public rights of way, including possible hiring of SDPD Bike patrols and/or a community camera system installed on private properties
- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces

- Installation of and maintenance of hanging plants, planting flowers throughout the district
- Personnel to manage the in-house or contracted maintenance and/or security teams.

DISTRICT IDENTITY AND PLACEMAKING:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site development and updating
- Social media, public relations firm
- Holiday and seasonal decorations
- Branding of the Greater Hillcrest CBD properties so a positive image is promoted to the public including the development of a new logo
- Banner programs
- Public art displays
- Public space design and improvements
- Personnel to manage the in-house or contracted public relations, web site maintenance or social media contractors.

PARKING AND MOBILITY:

Examples of this category of special benefit services and costs may include, but are not limited to: (Not funded by assessments; rather, from Parking Meter revenues)

- *Wayfinding sign system*
- *Installation of shared parking spaces with the City*
- *Possible community valet operated by the Management Corporation*
- *Bike racks, ride-sharing spaces and other items that increase mobility in the district*
- *Sidewalk repair where applicable*
- *Enhanced lighting in the district*
- *Staff support for the management of these services.*
- *Services related to the planned Normal Street Promenade*

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors and Officers and General Liability Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but is not limited to:

- Delinquencies, City/County fees, reserves

METHOD OF FINANCING:

The financing of the Greater Hillcrest CBD is based upon the levy of special assessments upon real properties that receive special benefits from the improvements and activities based upon which Benefit Zone they are located within. See Section 4 for assessment methodology and compliance with Article XIII (d) . There will be five factors used in the determination of proportional costs to the parcels in the District. These five factors are:

- Linear frontage (all sides, excluding alleys)
- Lot size or the footprint of the parcel.
- Building square footage.
- Current and future residential condominiums that exist or will be constructed within the District.
- Location within one of the yet to be determined geographic benefit zones of the district.

Costs per parcel:

The costs per parcel are based upon the five factors listed above. The Benefit Zones are determined by the anticipated special benefits that a parcel will receive based upon its proximity to the core of the district, as well as the services that that parcel will be receiving. All assessments must be proportional to the special benefits received so we have agreed upon the following Benefit Zones.

Reimbursement of Formation Funds:

This plan authorization the repayment of formation funds advanced by Greater Hillcrest CBD stakeholders to cover the costs of the survey, calculation of results, the management district plan creation, approval by the CBD Steering Committee, the Assessment Engineers report, the petition drive and the balloting process to be conducted by the City of San Diego. An amount not to exceed \$70,000 shall be reimbursed to those property owners who invested in this process and they shall be repair in the first three years of the formation of the district, based upon request and need.

Current status:

In the past, the opportunity to fund pedestrian lighting, new sidewalks, and public improvements in Greater Hillcrest has typically been through this redevelopment, tax-increment financing, parking meter revenues or public grants. In light of the loss of some of those historic funding mechanisms, the investigation of a new Greater Hillcrest CBD centered on these six questions:

1. *How to fund the programs that will make the Greater Hillcrest CBD district brand become more positive in San Diego County.*

2. *How to create greater demand for Greater Hillcrest CBD buildings resulting in greater rental rates and commerce to businesses and tenants.*
3. *How to ensure that issues in the public rights of way, including people demonstrating questionable behavior, will be managed more consistent with standards in other communities.*
4. *How to drive more tenants to Greater Hillcrest CBD office buildings and more customers and visitors to build retail and restaurant commerce.*
5. *How to ensure that the public rights of way will become more orderly and attractive.*
6. *How to attract new mixed-use developments and new market rate housing that will be built within walking distance of the public mass transit lines.*

How can a new CBD benefit property owners in Greater Hillcrest?

In summary, a Greater Hillcrest CBD is a *Special Benefits Assessment District* whereby property owners vote, through a mail ballot procedure, to supplement their property tax bills to pay for and control the assessments they generate through the CBD. *The CBD will not replace current City services, but it can fund solutions to supplement City services in the areas including:*

- *Ssafety and homeless/vacancy problems*
- *Ssidewalk cleanliness*
- *Increase the trimming and replacement of damaging trees and landscaping*
- *Install/improve decorative amenities such as street furniture/fixtures/equipment/lighting*
- *Promote and enhance the brand/image of Greater Hillcrest*
- *Create a strong social media presence, and facilitate public relations for Greater Hillcrest businesses*
- *Provide parking directional services and other mobility related activities*

MOST IMPORTANTLY, THESE PROPERTY ASSESSMENT FUNDS WILL NOT REPLACE EXISTING CITY SERVICES IN GREATER HILLCREST CBD AND WOULD BE CONTROLLED BY A NON-PROFIT CORPORATION OF PROPERTY AND BUSINESS OWNERS, AFTER THE DISTRICT IS VOTED IN BY PROPERTY OWNERS.

Cap:

The District budget and assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association/District Management Corporation and will vary between 0% and 5% annually. Changes in land uses, the development of vacant parcels, the conversion of tax exempt to profitable land uses, the demolition of buildings, building improvements that increase or decrease square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential and/or commercial condominiums.

Bonds:

The District will not issue any bonds related to any program.

Term

Under the local enabling ordinance, San Diego Municipal Code Section 65.0201, the District may be established in perpetuity, based upon the will of the property owners. Acting through the District Management Corporation, District property owners will determine the duration of the District, the local enabling ordinance permits an annual disestablishment of the District upon petition and vote of the property owners. The

threshold needed to trigger the balloting for the formation of the district is the same as the process for disestablishment of the district.

Time and Manner for Collecting Assessments:

The Greater Hillcrest CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Alameda Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of San Diego. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes. Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

During the first year, the proposed CBD assessments will not appear on the property tax bill but will rather be billed directly by the City of San Diego. This billing will occur sometime in the fall and assessments should be due to commence operations at the beginning of 2022. Thereafter, each year beginning in December 2022, the annual CBD assessments will appear on the annual property tax bills and will be paid with the overall tax bill.

Government Assessments:

The Greater Hillcrest CBD Management Plan assumes that the City of San Diego, the State (DMV) the Successor Agency to the Redevelopment Agency of the City of San Diego, any County owned property will pay assessments for the public property they own in the District. Article XIII D, Section 4 of the California Constitution provides that public agencies such as the City and Successor Agency are not exempt from the assessments.

Parcels owned by the City of San Diego and other public agencies identified in the management plan will receive benefits commensurate with assessments they pay. These publicly owned parcels are presumed to benefit equally to the privately-owned parcels with respect to the special benefit services outlined in this Management District Plan.

Disestablishment

Under Article V, Greater Hillcrest CBD participants will have an annual period in which to submit petitions to the City Council to disestablish the CBD. If the property owners vote by weighted majority to disestablish the District assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon a parcel’s percentage contribution to the previous fiscal year’s assessments.

Exemptions or Reductions in Rates:

Under this Management District Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefits from the establishment of a property assessment district is exempt from payment of the assessment. This Plan acknowledges the special benefit that CBD assessments may have on various land uses within the boundaries of the District. Therefore, buildings that are used predominantly for office and industrial use, will pay a reduced assessment for building square footage, relative to other building assessments in Zone 1 since they are presumed to derive lesser benefit relative to retail, restaurant or commercial land uses.

Benefit Zones:

There are three planned benefit zones in the Greater Hillcrest CBD. (please see attached map). The Zones are based upon the anticipated benefits that each parcel will received through their placement in a specific zone. The Benefit Zones will be assessed as follows:

Zone 1: Linear frontage, lot size, building square footage, residential condos;

Zone 2: Linear frontage, lot size, building square footage, residential condos;

Zone 3: Linear frontage, building square footage;

Affordable housing developments and mandated affordable housing units:

Reductions in building square footage assessments may be granted to those buildings designated as “Benefit Zone 1 or 2” parcels based upon the following conditions:

- ✓ Buildings that are owned and managed by affordable housing developers in which the all of the units are rented as affordable units under the formulas determined by the City of San Diego;
- ✓ public benefit non-profit corporation owned, operated and managed parcels consistent with the articles of incorporation of that public benefit corporation, will pay a for the linear frontage and lot size assessments however will not be assessed for their buildings square footage. Third party leases or renters of the public benefit corporation owned buildings shall be subject to their proportional building assessments listed in this plan.

Portions of residential developments that have mandated affordable housing components may have the building square footage allocated to that affordable housing deducted from the gross amount of building square footage for that parcel. The balance of market rate housing, and other building square footage in a specific development shall be fully assessed along with the linear frontage and lot size. Clarification of the portion of the building dedicated to affordable units shall be verified by the parcel owner

at their own initiative since our data does not break down the affordable vs. market rate building square footage of these units. This calculation of determination of market rate vs. mandated affordable building square footage shall be the responsibility of the private property owner to communicate that to the CBD staff to receive the discount based upon affordable housing building square footage.

Residential Condominiums:

Residential condominium parcels shall include current and future residential condominiums. Consistent with Benefit Zone 1 and 2 parcels, these parcels shall be assessed with Benefit Zone 1 building square footage costs for the first year. However, residential condominium parcels shall be assessed for their actual building square footage only and will not include assessments for linear frontage and lot size.

Sample Assessment District scenario:

First Year (2022) Parcel Assessment Calculation

The annual assessment method to calculate all parcels for Benefit Zone 1 will be:

$$\begin{aligned} & \text{Total Linear Frontage X Amount} \\ & \quad + \\ & \text{Total Building Square footage X Amount} \\ & \\ & \text{Total Lot size square cost x Amount} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parcels for Benefit Zone 2 will be:

$$\begin{aligned} & \text{Total Building Square footage X Amount} \\ & \\ & \text{Total Lot size square cost x Amount} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \\ & \text{Total Building Square footage X Amount per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parcels in Benefit Zone 3 will be:

$$\text{Total Building Square footage X Amount}$$

Total Lot size square cost x Amount
=
TOTAL PARCEL ASSESSMENT

***The annual assessment method to
calculate the residential condominiums***

Total Single Unit Building Square footage X Amount per square foot
=