

Post-pandemic: a spring awakening?

The effects of the COVID pandemic have been severe for most businesses, yet in downtown San Jose, hope springs eternal. Fresh signs of optimism are sprouting throughout the city center, just as winter turns to spring.

One of the encouraging signals comes from Boston Properties and CPP Investments, who announced Feb. 16 that construction has resumed on the first phase of their Platform 16 development in Downtown West after nearly two years of limbo.

On March 4, 2020, Mayor **Sam Liccardo** led a joyful groundbreaking ceremony for the 1.1 million square-foot speculative office project at 440 W. Julian St. Less than two weeks later, the pandemic shutdowns began and construction was halted.

“Once a symbol of the pandemic uncertainty, Platform 16 is again a symbol: this time of momentum, the strength of Silicon Valley office demand and the pandemic receding,” said **Scott Knies**, executive director of the San Jose Downtown Association.

The first phase of the three-building Platform 16 includes a 390,000 square-foot creative office building and the below-grade parking garage that will serve the entire 5.6-acre site. The developers plan for building occupancy in 2024.

“San Jose specifically continues to see demand for high-quality, creative workspaces outpace supply,” said **Bob Pester**, executive vice president of Boston Properties’ San Francisco region.

Westbank and local partners Urban Community also announced in February it is ready to raze Parkside Hall and initiate construction on Park Habitat, a 20-story, 1.2 million square foot office building that includes nearly 61,000 square feet of museum space for its next-door neighbor, The Tech.

Park Habitat’s other next-door neighbor, the 200 Park Avenue office building by Jay Paul Company, is



Boston Properties is moving forward at 440 W. Julian St. with Platform 16 one building at a time.

installing its glass curtain wall and progressing toward project completion next year. Meanwhile, Adobe continues construction on its north tower project and looks to make a connection over San Fernando Street to link its four building headquarters complex.

On the residential front, the Miro towers across from City Hall and the 188 W. St. James Towers represent more than 1,000 new units. In just a few months, Miro’s east tower is about 40 percent leased and the west tower at the corner of Fourth and Santa Clara streets will open this month, said **Ted McMahon** of Bayview Development Group. Condos at 188 W. St. James just started selling in February.

Office workers, residents, conventioners and business travelers are all music to the ears of downtown’s small businesses.

“We have built our entertainment district,” said **Mike Messenger**, owner of several properties in San Pedro Square. “Now we need people back in the offices and patronizing our businesses.”

Nothing suggests optimism more than a wedding, and Messenger’s Blanco Urban Venue has sold out Saturday matrimonial parties through the summer, he said. Blanco expects to host 90 or more events in 2022, twice the number of 2021.

San Pedro Social wants to be just that – social – so Messenger delayed its planned 2021 grand opening until March 3, when more people could enjoy its bowling, games, food and drink.

Santa Clara County Health Department officers plan to lift the indoor mask mandate March 2nd, which will literally and figuratively provide breaths of fresh air. Still, COVID-related issues linger.

“We have struggled,” said business owner **Rodney Baca**. “But that hasn’t stopped us from growing.”

The Shop by Chef Baca on East Santa Clara Street is currently closed except for private events, but remains the base of his operations, which now includes the eatery space at the Dr. Martin Luther King, Jr. Library at Fourth and San Fernando streets, one of downtown’s busiest pedestrian intersections.

Baca has been doing plenty of staff appreciation catering events at San Jose State University as students have returned to classes full time after three semesters of online or hybrid schooling. He also has The Shop by Chef Baca locations at SAP Center and Levi’s Stadium and put up with the protocols necessary for fans to enter the arenas, which has reduced attendance, especially for Sharks games.

“For us, following the guidelines of the pandemic is the new way,” Baca said. “They are great locations for exposure, but you have to understand the dynamic of those kinds of businesses. It might be 70 hours one week and seven hours the next. That’s tough monetarily.”

Managing such inconsistent schedules is even more difficult when coupled with other “devastating” issues such as limited manpower and the low-experience level of service industry workers, he added.

A host of downtown businesses still operate limited hours or are hesitant to re-open. Some have closed for good. After two years of contemplation, the **Borkenhagen** family, **Steve** and sons **Max** and **Michael**, opted to move onto something else after opening Eulipia in 1977 and Café Stritch in 2012 at 374 South First St. In the one-door-closes-and-another-opens world of downtown, they leased the space to a co-worker, who is opening a new music and food concept called Mama Kin in the same venerable SoFA location.

San Pedro Square restaurants hope for a long-term resolution to Al Fresco dining on San Pedro Street in the next few months and a return of more workers, albeit on hybrid schedules, to downtown offices.

“There are lots of exciting things happening and coming to downtown,” Chef Baca said. “Our best approach is to embrace the future and work with each other, promote all the great events and we will all start to flourish.”

10 PBID renewal details for a better downtown

Property owners are in the midst of renewing Property-Based Improvement District (PBID) services for another 10 years starting January 2023. Ten things we learned (or were reminded) at SJDA’s Feb. 10 “Everything PBID” public meeting. View the presentations and Q&A session at sjdowntown.com/PBID-renewal.

1. Consulting firm PUMA has worked with San Jose Downtown Association on the PBID renewal since April 2020 with the start of the Stabilization Plan that SJDA has followed the past two years. PUMA founder **Brad Segal** noted the new proposals for PBID services are based on best practices in other big U.S. cities and fill a need for San Jose’s changing – and growing – downtown. Segal cited four guiding principles for PBID Renewal effort: 1) Clean and safe services by Groundwerx are fundamental in keeping the PBID strong; 2) The PBID needs to think boldly and be an innovator to keep up with development and best practices; 3) PBID needs to be adaptable, responsive and flexible as downtown changes; and 4) the PBID needs to broaden its services beyond clean and safe.

2. Adding 13 new Groundwerx staff – going from 28 to 41 – to the clean and safe program to bring all parts of the district up to one premium level of enhanced services.

3. Mitigating the impacts of downtown’s unhoused population is a member priority, based on extensive outreach with residents, business

and property owners. The PBID, if renewed, will introduce a new homeless impact program. Five people will ultimately comprise the Social Impact Team, responsible for outreach and making “a better handoff” to the public and non-profit agencies in charge of placing unsheltered individuals in homes and providing them mental health services and substance abuse treatment. “We want our foot deeper in the mix,” said **Chloe Shipp**, SJDA Director of Public Spaces Operations. “Our property owners and businesses want us to step in, connect individuals to service providers, build trust, specialize and be more accountable in the handoff.”

4. In California, establishing a PBID requires property owners approve a petition and a ballot. The petition drive concludes mid-March and is part of state law. Petitions must be signed by at least 50 percent of the total assessments and then approved by the City Council. Once petitions are approved, the City Clerk mails out the assessment ballot which asks, yes or no, whether property owners want the PBID. This process is part of the State Constitution. In June, a City Council public hearing is conducted and all the ballots are opened and tabulated. Renewal is approved with 50 percent plus one vote. “It’s complicated but worth it,” said **Chris Fries**, PBID board president.

5. The City of San Jose pays into the PBID what it would have spent without Groundwerx services. The City baseline contribution is expected

Existing vs. Proposed Assessment Rates (lot + building square footage)				
	Existing: Basic	Existing: Premium	New District: Premium	% change Basic/Prem
Commercial	0.0801	0.1342	0.1339	67.2/0.0
Non-Commercial	0.0541	0.1081	0.1083	100.2/0.0

Non-commercial property owners pay less because they do not directly benefit from some PBID services, such as business support.

to be \$500,000 per year. The City of San Jose is also downtown’s largest property owner and pays its assessments accordingly. City properties include the Convention Center, Park SJ lots and garages and cultural facilities like the Center for Performing Arts, Museum of Art, SAP Center, California Theatre and the Civic.

6. “PBIDs provide supplemental services and do not replace city services,” Shipp said. For example, before Groundwerx, the City paid for 40 hours of pressure-washing per month. Groundwerx provides 668 hours of pressure washing per month.

7. In 14 years, debris collected off the sidewalks by Groundwerx totals 2,871,140 pounds, about 20 percent more than the garbage collected from public litter cans, which is 1,823,296 pounds as of Feb. 10.

8. An average 1,120-square-foot one-bedroom condo would pay

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Renewal *Continued from Front Page*

\$168 for a year of PBID assessments. The 153,090-square-foot office building at 111 W. St John St. would pay \$23,995 and the 16,536-square-foot retail/office building at 35 E. Santa Clara would pay \$3,030.

9. The PBID provides services within its boundaries where property owners are paying assessments to fund those services but Groundwerx does not maintain either the parks (responsibility of the City) or the freeways, where the State of California has a spotty record paying benefit assessments for the property it owns inside the district.

10. Speaking of boundaries, the PBID is modestly expanding the district to Seventh Street on the east side of downtown, including San Fernando Street to Cahill on the west side, covering the North San Pedro district on the north side and extending to Reed Street and Second Street in SoFA.

SJDA News



Events and promotions: **Lauren Nuttall** has moved from part-time to full-time Events and Promotions Coordinator for San Jose Downtown Association.

She will support SJDA's events including the Downtown San Jose Farmers' Market and Starlight Cinemas; work with SJDA's marketing team on downtown promotions that support businesses including Dine Downtown Restaurant Week; and assist with social media related to SJDA events.

Nuttall's background sets her up for success at SJDA. "This is my tenth year living in downtown San Jose and I have grown a great connection to this community," she said. "I discovered my interest in marketing and events from the jobs I held throughout the pandemic supporting businesses in San Pedro Square."

She grew up in Morgan Hill and moved to San Jose to pursue a degree in environmental studies, also taking classes at West Valley in landscape architecture. Her interests include cooking, yoga, enjoying music festivals and spending time outdoors hiking and rock-climbing.

Business News

Yoga and boxing: Yobox Fitness combines yoga and boxing classes, allowing participants to stretch, punch and have fun working out together.

"We offer good energy, popular music and no pressure working out in our place," said Coach **Gee Wang** who shares assignments with **Coach T** at the SoFA-based gym at 452 S. First St. owned by **Amanda Lynn**.



Stretch and sweat at Yobox.

"Everyone enjoys spending time here," Gee said. "We think of Yobox as a community trying to become a better version of ourselves, and love being a part of the larger SoFA community."

Five classes a day — from before work to after work — range from three to 16 people, allowing plenty of room to move about safely. Yoga mats and boxing gloves are cleaned after every class and the fitness center complies with mask wear, Gee said.

"We teach the fundamentals," Gee added. "But you don't have to be perfect. People can enjoy and get into the music, go freestyle, punch the bag and have a nice workout." Check yoboxfitness.com.

MOMENT's newest attraction: Plant Slut Shop is Moment's newest storefront, offering plants, planters, retro home decor and other fun objects to decorate your home or office.

"Plant Slut was born out of a passionate epiphany in 2020," said owner **Natalie Nijmeh**. "What started as a small pop-up at local markets has turned

into a storefront. Our products are thoughtfully curated to cultivate the most joy among our customers, emphasizing small and sustainable creation among beautiful and healthy houseplants. Our motto is 'connection through plants' because that's exactly what we do."

Find the new outlet on social media @plantslutshop or at the MOMENT shops at 60 N. San Pedro St.

Hair cuts -- What a Concept: After six years on Stevens Creek Boulevard, owner **Kann C** is moving his Concept Barbershop to 74 S. First St. Kann is somewhat of a YouTube star, with 75,000 social media enthusiasts enjoying his how-to videos. You can skip the videos and make an appointment through ConceptBarbershop.com for haircuts, hot towel shave, beard trim or full service.

BBQ delight: Gyu-Kaku Japanese BBQ has opened along the Modera Paseo in San Pedro Square. Located in 18 states and a number of Canadian provinces, this is Gyu-Kaku's fifth Northern California entry. Known for BBQ meals for 2 to 6 people, Gyu-Kaku's "Must-Try List" includes Prime Kalbi Short Ribs, Harami Skirt Steak, Beef Sukiyaki Bibimbab, Gyu-Sushi and S'mores.

Spicy Tuna Volcano, Fried Calamari, Chicken Garlic Noodles and Fried Cheese Wontons top the list of best-sellers in the small-plate category. **Marc Devera** is general manager and **Tirza Anditta** is area manager. Check out the nine-page-long online menu at gyu-kaku.com.

Downtown News

Favors of fee waivers: Acquity Realty's Carlysle project received \$4.39 million in Downtown Residential High-Rise reductions, the City Council decided unanimously on Feb. 14.

Acquity receives a 50 percent reduction in the Building and Structure Construction Tax and the Commercial-Residential-Mobile Home-Park Building Tax, which amounts to \$715,427, plus a \$3.65 million reduction in the Affordable Housing Impact Fee (AHIF).

The 21-story, 290 market rate rental units and 123,479-square-foot office space is planned for 51 Notre Dame St. The discount is based on \$18.70 per square foot.

In an effort to promote development downtown, the City has agreed to incentive programs several times since 2007. Ten projects have become eligible for tax breaks, but only half have actually begun and completed construction, totaling 1,054 units. The latest tax reduction requires 80 percent of the units to have their final inspections by June 30, 2025.

Acquity must still pay \$8.5 million in construction taxes, parkland in-lieu fees, commercial linkage fees and school district development fees.

Once the project opens up, it should account for more than \$2 million in city property taxes, city utility user taxes, business tax, sales and transaction tax, county property taxes and school district property taxes.

The AHIF incentive for downtown high-rise projects includes The Graduate (270 units), Miro (630 units) — both completed; 199 Bassett (the former Starcity co-living project, now in litigation); the former Greyhound Bus depot property on Almaden Avenue and Post Street; Gateway Towers in SoFA; Fourth Street Metro Station in SoFA; Post and San Pedro Streets; and 27 West at the former Woolworth's site; which are all eligible; and North San Pedro Tower 3 and Park View Towers across from St. James Park, which still retain development agreements.

Other downtown developments received similar incentives under older versions of the program, including 188 W. St. James (formerly Silvery Towers) (643 units); Garden Gate at 600 S. First St; The James (formerly Marshall Squares, 190 units); Modera San Pedro (201 units); 180 Balbach St. (Flats on Balbach, 101 units); and Sparq (105 units) in SoFA. All but Garden Gate have been completed.

Khanna deals for Sainte Claire: Khanna Enterprises has acquired the Westin San Jose. The seller is Aju Hotels and Resorts, which is based in South Korea. Aju purchased the Westin San Jose in June 2017 and has reportedly sold the property for \$45 million.

Built in 1926, the 171-room hotel has undergone a number of renovations and name changes in the past 10 years when it has been known as Hyatt Sainte Claire and Hotel Sainte Claire.

Less than 100 yards away from the Westin Sainte Claire,

Groundwerx Employee of the Month — Angelina Lopez



Angelina Lopez

Team-builder honored: Five years after beginning her job as a pan-and-broomer, **Angelina Lopez** still feels very proud to work for Groundwerx.

"Groundwerx was a really good opportunity for me back then, considering I was homeless," she recollected during a recent interview about being honored as January Employee of the Month. In 2017, she was introduced to Groundwerx sidewalk-cleaning duties through homeless-volunteer-unit Downtown Streets Team. After three months she had met most of the Groundwerx staff when one of the supervisors, **Chris Kendrix**, encouraged her to apply for full-time work.

"It was a privilege then and I still consider it a privilege today to work for Groundwerx," she said.

She has stuck to a code never to take anything for granted. During her first three years at Groundwerx, Lopez remained homeless, splitting time among three different shelters and her van for a roof over her head, and dividing child care for her son, **Adrian**, with the boy's father. She was able to save enough money to get into an apartment in East San Jose just last year. Because of the pandemic, the boy was not allowed to go to kindergarten but at last is welcome to attend first grade in a school classroom.

Lopez vows to provide him with a childhood full of memories that she never got to have herself. Together, she and Adrian explore San Jose and all of its parks and find adventures in Santa Cruz and San Francisco. They like to go to the movies and she loves to surprise Adrian now and then with ice cream.

Groundwerx is a big part of Lopez' future and achieving her goals.

"I've had some road bumps along the way," she said. "Nothing will prevent me from providing for my son."

She feels the same way about helping her Groundwerx associates as she demonstrated in January. Lopez — a pan-and-broom specialist — helped train several new Groundwerx hires by showing them how to take on cleaning duties. Not only does she emphasize a job well done, but she insists that her trainees use proper radio terminology and keep moving at a fast pace when it comes to removing graffiti, cleaning public litter cans and giving directions to downtown visitors.

On her work breaks, she retreats to her favorite spots — Starbucks on San Pedro Street and Spoonfish on Paseo de San Antonio.

sjdowntown.com/groundwerx

DOWNTOWN DIMENSION



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Khanna also owns the Four Points by Sheraton, which is another historic hotel previously known as The Montgomery. Before COVID, the owner submitted plans to build a 21-story, 186,000-square-foot cantilevered hotel with 280 rooms over the renovated 1911 structure.

Things are looking up: Photographer **Justyn Time** of JP Impressions on South First Street has spent the last year or two looking up. One of his favorite subjects is clouds, and he has captured many breath-taking formations in the sky over downtown. Now he wants to pay it forward, and offers free postcards to business owners who want to use them to promote downtown San Jose. Stop by his studio at 367 S. First St. during business hours Monday to Friday 11 a.m. to 6 p.m.



Hope is in the air.

From the Archives

10 years ago - March 2012 — **Thang Do** and AEDIS Architecture purchased the 1925-landmark King of Prussia building at 371 S. First St. in SoFA. Thang remodeled the top floor for his firm and bottom floor into SoFA Market.

15 years ago - March 2007 — New Mayor **Chuck Reed** and first-term District 3 City Councilmember **Sam**

Liccardo responded favorably to SJDA's "First 500 Days" report contents. Big Deals in the report included BART reaching downtown San Jose; expanding the Convention Center; and bringing a medical facility downtown. Small Wonders included improving downtown's night-life culture and streamlining permits for businesses.

20 years ago - March 2002 — The SharkByte auction raised more than \$250,000 when 100 fiberglass sharks were turned into art and sold in a three-hour event for charity. The top seller was Megabyte, adorned with the teal San Jose Sharks jersey, which sold for \$20,000. The auction was postponed from fall 2001 after the events of 9/11. Other popular sharks included "Loan Shark," the **Barry Bonds**-inspired "Bondage," and Mirror Ball Shark.

25 years ago – March 1997 — Mayor **Susan Hammer** suggested the San Jose Parking Advisory Committee should be replaced by a nine-member Downtown Parking Authority, which includes a member designated by SJDA. The volunteer stakeholder group retains its advisory status to the City Council and Department of Transportation staff to this day.

30 years ago – March 1992 — In reaction to an overture by the San Francisco Giants to move to San Jose, Mayor **Susan Hammer** said: "No single investment will do more to pull us up by the foot straps than building a stadium and bringing the Giants to play Major League Baseball in our city."