Dollars and sense
What is Gary Dillabough’s Urban Community?

Inside his office at WeWork on East Santa Clara Street, venture capitalist-turned-developer Gary Dillabough stands at a white board that maps out how to build and revitalize a city. The center of that city is downtown San Jose. His diagram illustrates:

- "Hardware" including office, residential, retail, recreation and education.
- "Exceptional User Experiences" that incorporate safety, great street scape, social justice, art, collaboration, communication, ownership and community.
- "Software / operating systems" such as transportation and basics of resiliency – energy, water, food, health and wellness.
- "Ultimate User Experience (UX)" takes a deeper dive into the specific technologies required to create this environment, including buildings, access modes and social user experiences.

Dillabough points at “Community” in the middle of it all. “This is a great community,” says the frontrunner for a small group of investors known as Urban Community. “But it seems like until now, San Jose gets it pretty right — maybe 25 percent of the time — and then lags on the final 15 percent. We’re in this to get it to 100 percent.”

“The dollars we’ve invested are all long-term dollars,” Dillabough continues. “We’re not going to be here three to five years and then leave town.”

In the past 18 months, along with partners Jeff Arrillaga and Brad Buss, Urban Community has forged deep into the downtown San Jose real estate market, investing more than $215 million in landmark buildings, surface parking lots and developments still in planning.

Why downtown?

“The area is turning a corner,” Dillabough says. “If you go down Market Street, it looks and feels pretty good. But go down Santa Clara right now, it’s the Achilles heel of downtown. It just has to be fixed – starting at First Street.”

Dillabough’s ground zero for downtown revitalization are the Bank of Italy building and the Bank of the West (former Walgreen’s) building at 12 S. First St. and 2 W. Santa Clara St. Both buildings fold perfectly into Dillabough’s forte to enhance the UX in older structures.

“Buildings can be so much more than concrete and glass,” he says. “We want to create environments that make people more productive and integrates better into their lives. Our approach is placemaking – where we live, work and have a few glasses of wine.”

Dillabough and his team want to enhance the Bank of Italy’s historic character while modernizing the structure into an energy-efficient and tech electrochromic glass that tints like sunglasses.

By insulating the exterior, Dillabough believes the windows can be opened and closed day and night, reducing energy use by more than 50 percent.

"That should eradicate all the AC’s hanging out the windows,” he says, adding that preservationists support getting rid of the air conditioning units, too.

Other immediate Urban Community rehab projects are the Fountain Alley buildings at 30 E. Santa Clara, the Moir Building at 227 N. First St. (with Swenson) and 152 N. Third St.

“The 152 North Third building has the one-of-a-kind Freshly Baked deli,” Dillabough said. “We want to highlight the energy of Freshly Baked owner Glen Lenhart throughout the building. It will be awesome when we are done with it.”

Dillabough’s enthusiasm spills over into the larger development sites

Downtown

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College football mania headed to San Jose

A week of special events in downtown San Jose will culminate Jan. 7 with the title game of the College Football Playoff at Levi’s Stadium.

“In my 28 years working sports and entertainment in this city, this is our best chance to showcase San Jose on a national stage,” said Patricia Ernstson, Bay Area Host Committee executive director, at SJDA’s public meeting Sept. 14.

More than 100,000 Bay Area residents and visitors from across the nation are expected to attend multiple fan events in downtown San Jose.

Starting Jan. 4 – Playoff Fan Central at the San Jose Convention Center – includes youth clinics, pep rallies, football legends, marching band performances and hands-on football skills experiences.

Starting Jan. 4 – AT&T Playoff Playlist Live at Discovery Meadow – Free music festival featuring top-name entertainment. Past performers have included Usher, The Chainsmokers, Claire Dunn John Mellencamp, Walk the Moon, Sting and Lenny Kravitz.

Jan. 5 – Media Day at SAP Center – Free event to watch and listen to players and coaches from both teams be interviewed. The title game involves the winners of the Cotton Bowl and Orange Bowl games Dec. 29.

Jan. 6 – Taste of the Championship – The Tech Museum hosts the region’s best restaurants and celebrates Teachers of the Year from all 50 states.

In the week leading up to the game, the center will transition from “Downtown for the Holidays” into the Championship Campus, with Plaza de Cesar Chavez serving as “The Quad” and home of ESPN’s 24-hour coverage of the championship weekend. As it was for Super Bowl 50, retail turf will cover San Pedro Street for games and activities. Christmas in the Park will close Dec. 28 to allow the park to be re-sod for ESPN and other football events. Downtown Ice will remain open and be part of the Campus events calendar.

The Bay Area Host Committee is collecting special event materials and game decorations to add to the festive theme.

“More than a football game,” Ernstson said. “We’ll get to enjoy the passion, pageantry and tradition of college football.”

Operationally, the City Council heard a report Sept. 18 about preparations for the Championship Weekend, including public safety, airport, downtown super-graphic signs and logistics for the outdoor events.


Business News

2018 Silicon Valley Structures Award: MOMENT at San Pedro Square won the Silicon Valley Business Journal’s 2018 Structures Award for best small retail project. The four-shop retail gallery totaling 1,500 square feet was converted from parking spaces in the Market-San Pedro Square Garage and helps activate the east side of San Pedro Street.

The stores are occupied by e-commerce owners involved with San Jose Made. Taking their first shot at traditional brick-and-mortar enterprises, the stores roster every quarter. Five of the first six businesses have been female-owned.

This project is a public-private partnership between the City of San Jose and the Downtown Association, made possible by a grant from the Knight Foundation. Project contributors included Eaton Hall Architecture, HCI Structural Engineering, General for initial architectural concept, and TICO Construction.

The Knight Foundation was also a major contributor to the 600-square-foot parklet fronting the space.

Retail information is available at moment.js.com.

Xactly the right home: Xactly has moved its head-quarters from Riverpark Towers into the 20,000-square-foot building at 555 S. Market Street in SoFA.

This will be Xactly’s fourth downtown location, previously working out of 3 S. Market and 225 S. Santa Clara St. The move is in keeping with their company’s vision to change the world of incentive compensation by putting its 150 employees closer to downtown’s energy and excitement.

Cohesity, which is reinventing data infrastructure so that it serves the business rather than manages complexity, has taken up the vacated space and now occupies five floors at 300 Park Ave. See xactly.com and cohesity.com.

Urban Community

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He will continue to spend most of his hours at Work and on downtown projects, and admits that some of the development may be used to provide homes and businesses for the other side of his house, Navitas Capital.

“Venture capital and real estate development complement each other and are working together more often,” he says. “It’s the perfect storm where tech and buildings dance together more effectively.”

Urban Community is all in.

“Downtown San Jose can be one of the best in the United States — hands down,” Dillabough says.

Downtown News

First vacant building cited: Not surprisingly, the Basler-Haynes and Beach buildings at 35 and 49 E. Santa Clara St. were the first buildings placed on the City’s new neglected-building registry due to a 30-day violation.

The owner, Dr. James K. Eu of Iris Properties, will be fined more than $600 per quarter for inspections of the long vacant and blighted property.

A registry program of vacant properties downtown began July 1. Properties are fined if they are occupied, under construction with active permits or actively listed as for sale, rent or lease. Those found sitting idle for 30 days are subject to one quarterly inspection and assessed $220.

Dr. Eu buildings get fined.

In 2004, the San Jose Redevelopment Agency worked with Eu to restore the buildings. The agency provided $1.35 million and federal Housing and Urban Development Section 108 funds added another $1.55 million. The owners contributed $1.6 million to preserve and restore the historic features and upgrades the mechanical, electrical and plumbing systems. Eu took out a $1.4 million RDA loan and continues to pay Successor Agency to the Redevelopment Agency (SARA) a monthly $7,670 repayment for a period set to come to term in 2052, according to SARA documents.

It appeared the buildings were open for business 10 years ago, but no ground-floor tenant has yet occupied the space. The building has five rentable spaces in a total 10,000 square feet. However, code enforcers have found the buildings boarded up again and with graffiti.

SJU science building on tap: An eight-story, 161,200-square-foot Interdisciplinary Science Building should break ground on the San Jose State campus in 2019 and be ready for use in 2021, California State University Board of Trustees concluded at its meeting Sept. 14.

SJU President Mary A. Papazian thanked the board for “supporting our efforts to bring our students a new cutting-edge academic research and teaching building befitting SJU’s location in the heart of Silicon Valley.”

The new structure will be located in the southwest quadrant of the campus, and will serve undergraduate and graduate students in biology, chemistry, computer science, geology, mathematics and statistics, meteorology and climate science, physics and astronomy.

The last science building on campus was built in 1967.

Fit for two Kings: Cathleen and Randall King received the Cornstone of the Arts Award from the San Jose State Arts Commission and Office of Cultural Affairs. The Kings, founder of San Jose Stage Company, have a 35-year downtown history. The award covered the Stage’s numerous artistic achievements, as well as the Kings’ commitment to securing and managing their own facility in the SoFA District.

The Cornstones Creative Impact Award went to “Sophie Holding the World Together” mural by E1 Mac and the Propeller Group on the wall of the Children’s Discovery Museum.

The event honoring the winners will be Oct. 12 at Hammer Theatre Center.

SJDA News

Student turns teacher: SJDA Street Life Manager Jason Su is serving as a lecturer for a graduate-level Community Planning Studio at San Jose State University this fall semester. Su teaches the six-unit course, which meets once a week for six hours, focusing the planning studio on the Diridon-Delmas Park area on the west side of downtown.

“We have 18 students who will analyze the existing planning of the area so that the area can better serve residents and businesses in the future,” Su said. The course is part of the master’s level curriculum in the Department of Urban and Regional Planning.

Su was asked to teach the course as a result of an honor this fall semester. Su teaches the six-unit course, which meets once a week for six hours, focusing the planning studio on the Diridon-Delmas Park area on the west side of downtown.

“The city has a zero tolerance for graffiti,” Su said. The course is part of the master’s level curriculum in the Department of Urban and Regional Planning.

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From the Archives

10 years ago – October 2008 – Adobe Systems paid $5.8 million to purchase the land beneath its main tower at 345 Park Ave. The price paid was set by the Redevelopment Agency, which valued the land at $5.1 million in 1998 and raised the price 4 percent per year. Adobe purchased a $1-per-year lease to build its headquarters on the land.

The incentive was set to expire in October 2008, so the company exercised its option to purchase the land outright.

15 years ago – October 2003 – The City Council amended the Historic District design guidelines, restricting buildings to four stories or 60 feet in the area bounded by Santa Clara, First, San Fernando and Fourth streets. The result moved the Mitchell Block (now owned by VTA and set aside for BART staging) outside the Historic District zone.

20 years ago – October 1998 – The Tech Museum of Innovation held its grand opening, filling its space with interactive exhibits “showing off the wonders of Silicon Valley.” The 132,000-square-foot project cost $96 million, with $41 million coming from the Redevelopment Agency and the rest from 400 companies offering funding and in-kind services.

25 years ago – October 1993 – SJDA celebrated fiscal year 1992-93 successes at its annual meeting, including the formation of committees to promote core neighborhoods such as San Pedro Square, Transit Mall (Historic District) and SoFA.

At the Convention Center

Oct. 6-7 – Rock ‘N Roll Half Marathon and Expo (20,100) runrocknroll.com/san-jose

Oct. 20-21 – Home Show (4,500) homeshowsanjose.com

Oct. 25-29 – TwitchCon (20,400) twitchcon.com

October Events

Oct. 5 – South First Friday – Street Mkt, SJDA, southfirstfriday.com

Oct. 5, 12, 19 and 26 – Downtown Farmers’ Market, San Pedro Square, sjdowntown.com

Oct. 6-7 – Rock ‘N Roll Half Marathon, Plaza de Cesar Chavez, runrocknroll.com/San-jose

Oct. 13 – Pumpkins in the Park, Guadalupe River Park, grpp.org

Oct. 20 – Dia San Jose, Plaza de Cesar Chavez, diasanjose.com

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