

“State of the Downtown” speech by Scott Knies

October 9, 2020

San Jose Downtown Association Annual Meeting

Title: Reinvention and Revitalization

Good morning everyone. I’m live from the world headquarters of the San Jose Downtown Association near the intersection of First and Santa Clara Streets. Normally there would be hundreds of us in the church auditorium across from City Hall. We would have just finished boisterously networking with friends and colleagues and now would be sitting side-by-side, engaged in city-building together. Of course, nothing is normal anymore – including this first-ever virtual SJDA Annual Meeting. Yet here we are on the second Friday in October again fiercely participating in our community. We may be on screens and videos, and dearly miss our in-person interaction this morning – that does not diminish our dedication, commitment and vision for making downtown San Jose more vital and livable for all.

This year began with incredible promise and optimism . . . and today, seven months into Covid, we face a persistent pandemic, economic crisis, and an uncertain tomorrow some are calling the “Permanent Temporary.”

Downtown San Jose, like urban centers worldwide, has been devastated by the pandemic because we're dependent on people gathering together. A city's liveliness is found in its citizens. How can we sustain our civic energy without workers, students, residents and visitors in our streets, cafes and theaters? It can be no surprise half our storefront businesses are shuttered when offices are remote working, the Shark Tank and performance venues dark, San Jose State University distance learning, hotels at single digit occupancy, the convention center mothballed and special events, concerts and festivals shutdown. The pandemic has halted us from being with each other -- at the office, the classroom, the barstool. Downtowns are built for socializing. And until people are able to get together again, safely, our communities will continue to struggle.

Despite these daunting times, businesses have shown the grit and creativity that defines how our city will recover – by essentially reinventing themselves. Figure out how to serve customers with take-out, outdoor tables and grocer services? Check. Innovate new business models and specialty products. Check. Discover different customers and ways to reach them. Check. Seize the moment to prototype new and unusual opportunities. Check.

The spirit of these businesses, many of them now hanging on by their fingertips at a fraction of their capacity, epitomizes how the community will survive, revitalize and rebuild. Against all odds – including being in one of the nation’s most restrictive counties – our businesses are showing the way out of crisis. In the coming months, we’re planning for a surge in entrepreneurship channeled into downtown storefronts. In our role as a place-making organization, SJDA is committed to directly supporting business, both existing and prospective tenants, and working with landlords on leasing and activations. We also know our leadership in this task includes encouraging our public sector partners to act swiftly and adopt the same can-do spirit as the small business ecosystem they’re always claiming they want to help.

Like most of our members, the San Jose Downtown Association reacted swiftly to the shelter-in-place orders back in March. We canceled Music in the Park and Downtown Ice; enacted workforce reductions and braced for the uncertainty. It was evident our community needed us to be present, strong and responsive.

At first it was triaging ever-changing pandemic protocols and keeping downtown clean and safe. The Groundwerx staff was deemed essential workers and never took a day off, cleaning street furniture, sidewalks and

disinfecting touch points throughout downtown. After the civil unrest at the end of May, our organization collaborated with citizens and local artists in the clean-up and healing of our downtown with social justice murals and fundraising that provided grants to small businesses damaged during the protests. In July, after the city approved its al fresco program to allow outdoor dining in public spaces, the Association vaulted into implementation mode, helping close San Pedro Street, Post Street, add parklets in SoFA, expand capacity on the Paseo and encourage patio cafes throughout the downtown on sidewalks and in parking lots.

Building consensus and facilitating the conversion of public space for commercial use has not been easy, but it has been a difference maker for some businesses on the verge of going under. Now it's become the proof of concept to rethink our downtown streets, emphasizing their use for people over vehicles where it makes sense in our compact commercial districts. As we convert streets during the Covid emergency, let us go further with our urbanism tactics and begin planning permanent closures where we add pop-up parks, winterization amenities, stage activations and beautiful landscaping. We deservedly promote San Jose's great weather; now is the time to leverage our climate and make downtown a fabulous year-round indoor/outdoor experience.

As the months clicked by in this uncharted purgatory, we saw our savvy members reinvent their business models and knew we had to do the same. Over the summer, thanks to a grant from the Knight Foundation, SJDA created a two-year strategic plan to guide our organization and downtown recovery to the other side of the pandemic. Our Stabilization Plan, released on August 14, is our roadmap for revitalization. While acknowledging the anxiety of constant change these past seven months has left us exhausted and reeling from profound socio-economic and emotional impacts, we do see a light at the end of the tunnel for downtown, and it is still shining bright.

As an organization that primarily represents business and property owners, we must remain focused and expect to be held accountable to our goals. The Stabilization Plan defines three priorities, rooted in deep feedback from members and the greater downtown community. The three goals are small business support, social equity, and the overwhelming top objective: maintaining a clean and safe downtown.

Two tactics will drive the success of this top priority. The beloved Groundwerx program is funded through the Property Based Improvement District, or PBID, which is an assessment on real property. The PBID is set to expire in 2022 and needs to be renewed. Over the next year our

organization will engage extensively with property owners and stakeholders to determine services, boundaries and costs for the district. Here is our collective chance to re-evaluate levels of cleanliness, lighting, horticulture and security – and reimagine together what public space management looks like for the next decade.

The second tactic involves how we address homelessness. The overriding concern around keeping downtown clean and safe is connected to the growing impacts from our homeless population, especially disruptive street behaviors. In San Jose, the prevalence of homeless is more noticeable than ever because of the pandemic, the unresponsiveness of police to low-level crime, and citywide pause on encampment abatement – and we hear it almost daily from our members and the community at large.

While SJDA supports efforts to provide permanent supportive housing (and all types of housing downtown!), we also know from extensive experience through our Groundwerx program there are many unhoused individuals that refuse services, some because they suffer from mental illness, addiction or other behavioral problems. Over the years we have seen the service-resistant homeless population grow, despite the dramatically increased resources to the local homeless industrial complex funded by the county, city, foundations and private donors.

Our Stabilization Plan calls for coordinated, consistent and proactive mental health outreach in the downtown. Just like our successful workforce development program where homeless individuals train with Groundwerx and then are hired to good living wage jobs, we have to get more involved with street outreach services. We think the county's Mobile Crisis Response Team is a step in the right direction, but we don't want to wait until someone is in crisis – accosting passersby, screaming uncontrollably, destroying property, openly doing drugs on the sidewalk. Waiting until someone is in crisis too often ends in tragedy and I don't want to see more of our homeless population perish on the streets, like what happened in the doorway next to our office last year.

We are encouraged that Governor Newsom recently signed a bill expanding Assisted Outpatient Treatment. It looks like the County of Santa Clara has added the services required for AOT and we may finally see this tool used in our downtown. We have long been an advocate for a conservatorship option for those in danger of harming themselves or others and want to work with the county Behavioral Health staff to apply this treatment to the most vulnerable on our streets, which we firmly believe will help both the individual and the community.

Small business support is the second priority in our Stabilization Plan.

The storefront economy has borne the brunt of this pandemic and its economic disruption, as evidenced by the number of businesses already lost. This portfolio is the DNA of San Jose Downtown Association – we were founded when light rail and Transit Mall construction caused many businesses to close in the 1980s. Assisting small business in a meaningful way is easy to say, hard to do. Every politician calls these street-level proprietors the heart and soul of the city – but few know how to really help them. This is high touch work. Each business is unique and has different needs to be communicated with, assisted and promoted. Working to get a new business open and helping an existing one stay afloat are skills SJDA possesses and offers. Business support is the most rewarding part of our jobs. There’s nothing more inspirational than working alongside these entrepreneurs, many of them BIPOC, millennial and Gen Z owners, representing the future of downtown, opening their dream business with a line around the block – something we recently celebrated cutting the ribbon for the Nirvana Soul café in SoFA.

The third priority in the Stabilization Plan involves diversity, equity and inclusion. Our goal is for a more just, affordable and accessible downtown. There are many aspects contained in such a goal and as a business organization we must be aligned with our core mission and take a

stand. For starters, diversity must be reflected in downtown's business mix – from mom & pop entrepreneurs and arts groups to dive bars and world renowned tech companies. As Google unveiled details about their downtown project this week, equity and affordability are top of mind. SJDA is a champion of expanding downtown to the west, and pushed for more than a decade to double building heights in the area to add more density. San Jose is a city that must grow up, not out. And in-fill development in established urban centers often comes with gentrification. We see a wonderful opportunity with Downtown West to create a model of equitable in-fill development that does not displace the mom & pop businesses, but sustains them. This is how the city of the future will best function and succeed. How fortunate we are to have a civic partner like Google that also understands this and has proposed a culturally rooted neighborhood that integrates offices, open space, affordable housing, cultural uses, retail and small business accelerators – not a walled off spaceship.

I have listened and learned a lot about equity since I stood before you at the last Annual Meeting. As a business organization, SJDA is interested in actions that bring in different thoughts and behaviors. Where we value everyone's experiences, promote social justice and engage in the process of addressing built-in bias. Our Board leadership is bursting with ideas like

establishing local preference and procurement policies, measuring equity in development proposals, working to increase diverse building ownership, creating programs that inspire consumer inclusivity, and generally getting more people involved in designing the downtown experience.

When SJDA formed more than three decades ago, we saw the challenges retailers faced and built-in structural equity measures including an extra vote in our bylaws. What are the tools needed to give voice to our community today? It still makes sense that small business needs more help. For example, when we looked at how difficult it was for micro businesses to break into the downtown, we created the award-winning retail incubator in the city parking garage on San Pedro Square, providing primarily women-owned entrepreneurs four subsidized storefronts to test their concepts in a brick and mortar location. We view San Jose's diversity as a key strength, and an asset that serves to broaden downtown's economic base.

We also see greater opportunities for connection. For instance, in our recent surveys the demographic cross tabs show we are not fully reaching certain communities with SJDA programming. Our data shows we have room for improvement for how we engage greater San Jose. To devote more resources to this critical effort, we advertised for a Community Engagement position this week. Our upcoming efforts on PBID renewal will be an

excellent chance for us to deliver on these goals for a more diverse and accessible downtown.

That light at the end of the tunnel is not just from the coronavirus retreating, but us returning to our lives changed; recalibrated to create a downtown better than the one we imagined at the start of 2020. It will be different. No question the nature of work will be changed. Certainly hybrid work-from-home options will be in place from now on and offices will forever be more flexible. There's still so much unknown – the upheavals in the hospitality, entertainment and arts sectors will likely have staying power. The pandemic has accelerated trends in society that were due for a reckoning. Hopefully the blessings from this time – the unclogged traffic, cleaner air and progress on social justice – will continue long after the virus has faded and our economy recovers.

What remains most heartening about the State of Downtown, are the people, many of whom are with us this morning, committed to community, the environment, equity and opportunity. You are the thought leaders for downtown's future. Though the crises of this tumultuous year are far from over, your enterprise, action and service has shown we will overcome this disruption and create an even stronger downtown together.

Thank you for your attention and enjoy the rest of the meeting.