



Photo : Sergio Ruiz, SPUR

DRAFT Diridon Station Area Small Business Analysis

March 2, 2021

Agenda

1. Welcome and Introductions
2. Context
3. Updates
 - Citywide Anti-Displacement Strategy and Economic Recovery
 - VTA's BART Phase II Project
4. Data analysis, impact areas, opportunities, and potential strategies
5. Discussion

Introductions

- **Lori Severino:** Diridon Program Manager, City of San José, Office of Economic Development,
- **Vic Farlie:** Senior Economic Analyst, City of San José, Office of Economic Development
- **Gretchen Baisa:** Community Outreach Supervisor, VTA's BART Silicon Valley Program
- **Diana Benitez:** Raimi & Associates, Diridon Engagement Consultant
- **Mimi Hernandez:** Prosperity Lab, Diridon Engagement Community Partner

Diridon Station Area - Major Projects



DOWNTOWN SAN JOSE



DIRIDON STATION LOCATION WITHIN SAN JOSE

Legend

- Existing Heavy Rail Tracks
- Downtown Transportation Plan Boundary
- Diridon Station Location
- Diridon Station Area Plan Boundary (2014)
- Google Project Site
- Other Private Development Projects
 - ▲ Julian/Stockton Housing + Retail
 - 292 Stockton Ave Hotel + Residential
 - Akathf Offices
 - 777 Park Ave Affordable Housing
 - 777 W San Carlos Mixed Use
 - Dupont Village + McEvoy GPA Residential
 - 750 W San Carlos Residential
 - Lorraine Mixed Use + Montgomery 7 Residential
 - Filice + Park Delmas Residential + Retail
 - Delmas Apartments

Parallel Process



Google's Downtown West Project

- Development application (Oct '19, updated Oct '20)
- Draft Environmental Impact Report (Oct. '19)
- Development Agreement, incl. a Community Benefits Plan (March '21)



Amended Diridon Station Area Plan

- Draft released October '19



Diridon Affordable Housing Implementation Plan

- Draft released November '19



Public Hearings:
Spring 2021

Final decision maker:
City Council



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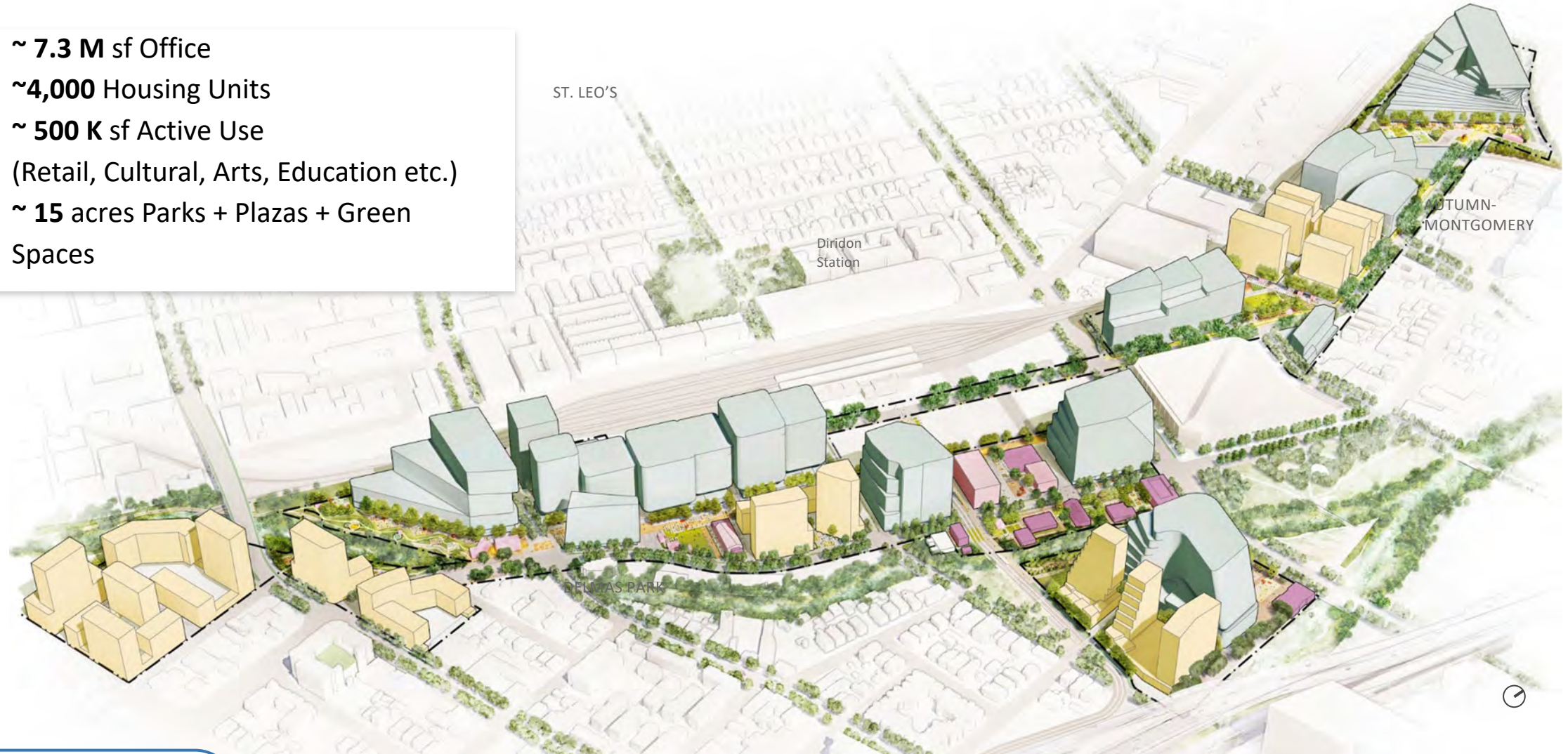


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Google's Downtown West Project

GARDEN
ALAMEDA

- ~ 7.3 M sf Office
- ~4,000 Housing Units
- ~ 500 K sf Active Use
(Retail, Cultural, Arts, Education etc.)
- ~ 15 acres Parks + Plazas + Green
Spaces



GOOGLE
ILLUSTRATION

**Illustrative massing reflects the combination of density allowed in project's zoning and applicable Downtown West design standards and guidelines*

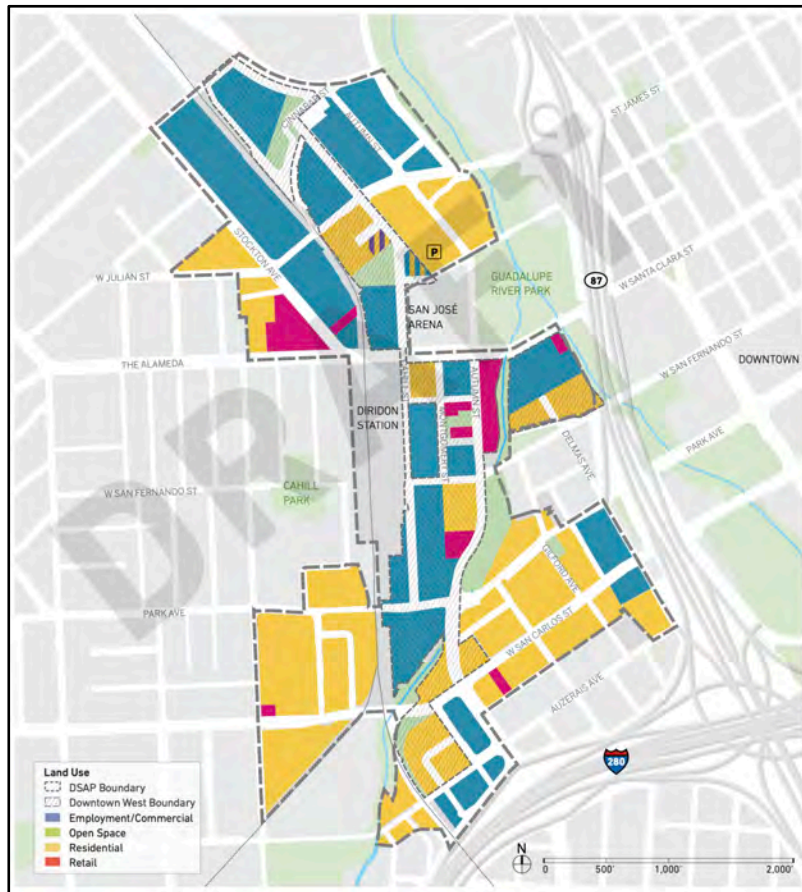


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Draft Amended DSAP

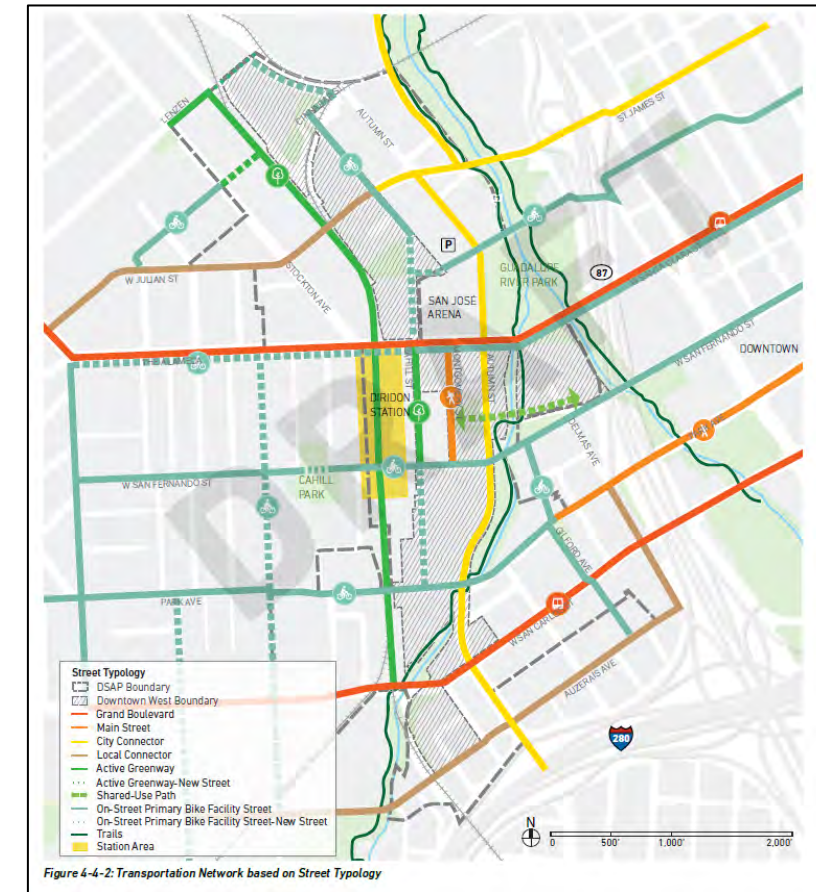
Land Use Diagram



Parks and Plazas



Transportation Network



Proposing to increase development capacity by about 7,000 housing units and 6.4 million square feet of commercial space (beyond Downtown West)

Context for Small Business in the DSA

Desired Outcomes from 2018 Diridon Engagement Process:

- New development protects, supports, and involves local, small businesses and non-profits
- Partner with small, local businesses in both construction and operation phases (procurement, catering, events, etc.)

Memorandum of Understanding (MOU) between the City and Google:

- Shared Goal: Provide opportunities for existing and new small, local businesses to benefit from and/or integrate into the new development
- “In developing the Community Benefits Plan, consideration will be given to ... small business opportunity”

Council direction (December 2018):

- Explore [citywide] strategies and financing tools to mitigate small business displacement
- The outcome was to develop new approaches in the Alum Rock area

Approach to Small Business

1. Complete a high-level analysis of the small business context in the Diridon Station Area and surrounding corridors
2. Consider insights from anti-displacement, VTA, and economic recovery work
3. Conduct ongoing community and stakeholder engagement
4. Develop policy recommendations for the Diridon Area
 - Consider priorities, impact, and scalability

Before we go on...

... how are you feeling about what's going on in the Diridon area?

What do you want to know more about?

Citywide Anti-Displacement Strategy Update

Initial Focus on Building Resiliency in Alum Rock:

- Established links with retail banks, community development financial institutions (CDFIs), and credit unions
- City actively collaborating with local business groups and associations
- Providing free access to legal advice through Start Small Think Big & Santa Clara University
- Reshaped approach to reflect impact of COVID in the neighborhood
- Next steps: conducting a business survey, designing a virtual incubator, and planning for a new neighborhood small business center



Lessons Learned from Alum Rock (pre-COVID)

Businesses want:

- Services delivered by a trusted party
- Language and cultural competency
- Access to services close to business location
- Early notification of planned development
- Programs to enhance the physical appearance of site-specific commercial property
- Ability to relocate within the neighborhood



How Covid is Reshaping the City's Approach

Led by State and County regulations, the Office of Economic Development's focus is to:

- Provide timely information with effective channels of communication to all business in the City
- Target support for small business (i.e., Al Fresco, access to capital & technical assistance)
- Collaborate with business groups and associations in neighborhoods most impacted by COVID-19
- Support unemployed residents to return to work and secure employment

VTA's BART Silicon Valley Program

Phase I Extension

- 10-mile extension
- 2-stations
- BART service started in 2020

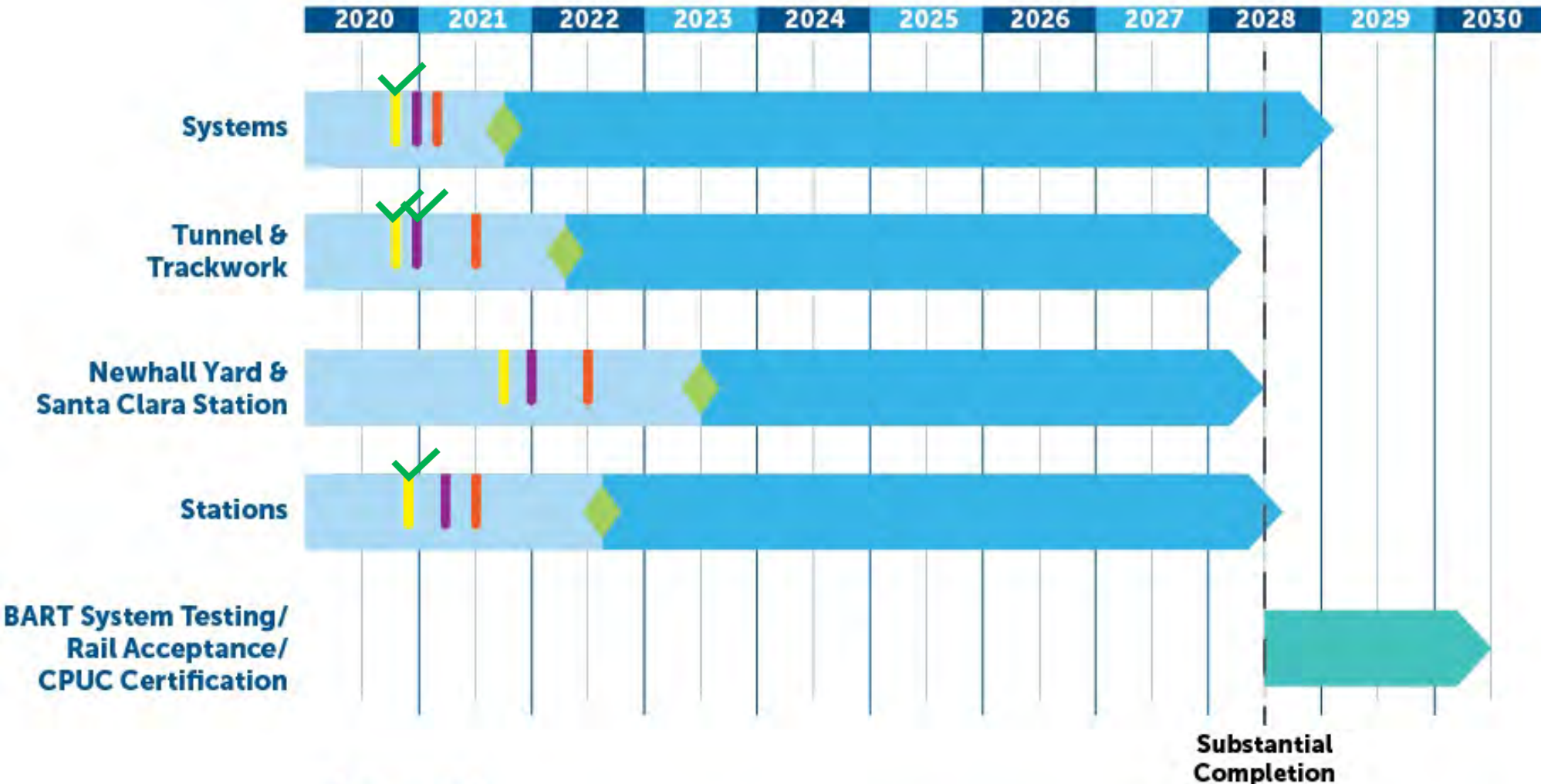
Phase II Extension

- 6-mile extension (5-mile subway)
- 4-stations
- 2 Mid-Tunnel Ventilation/Emergency Egress Facilities
- Newhall Maintenance Facility

Ringling the Bay with fast, frequent transit



Framework to Completion



Legend



Construction Education & Outreach Plan (CEOP)



Five Elements

- **General Outreach** – Raise visibility along the alignment and beyond
- **Stakeholder Engagement** – Build relationships with those most touched by the project
- **Business Resources** – Support during construction
- **Placemaking/Activation** – Enhance access and awareness during construction
- **On the Radar** – Coordinate with other projects in area on messaging and communications

Two Parts

- **Part A – Planning**
- **Part B – Construction**

Business Resources Program Process

Summer
2018

- Final SEIS/SEIR certified by FTA and VTA Board. Includes mitigation measures to protect small businesses during construction

Fall 2018

- Request for Business Interruption Fund Study from VTA Board Members

Fall 2019

- Started Small Business Resource Study
- Convened Small Business Task Force

Winter
2021

- Incorporate mitigation measures for businesses into procurement documents
- Anticipated Release of Small Business Resource Study

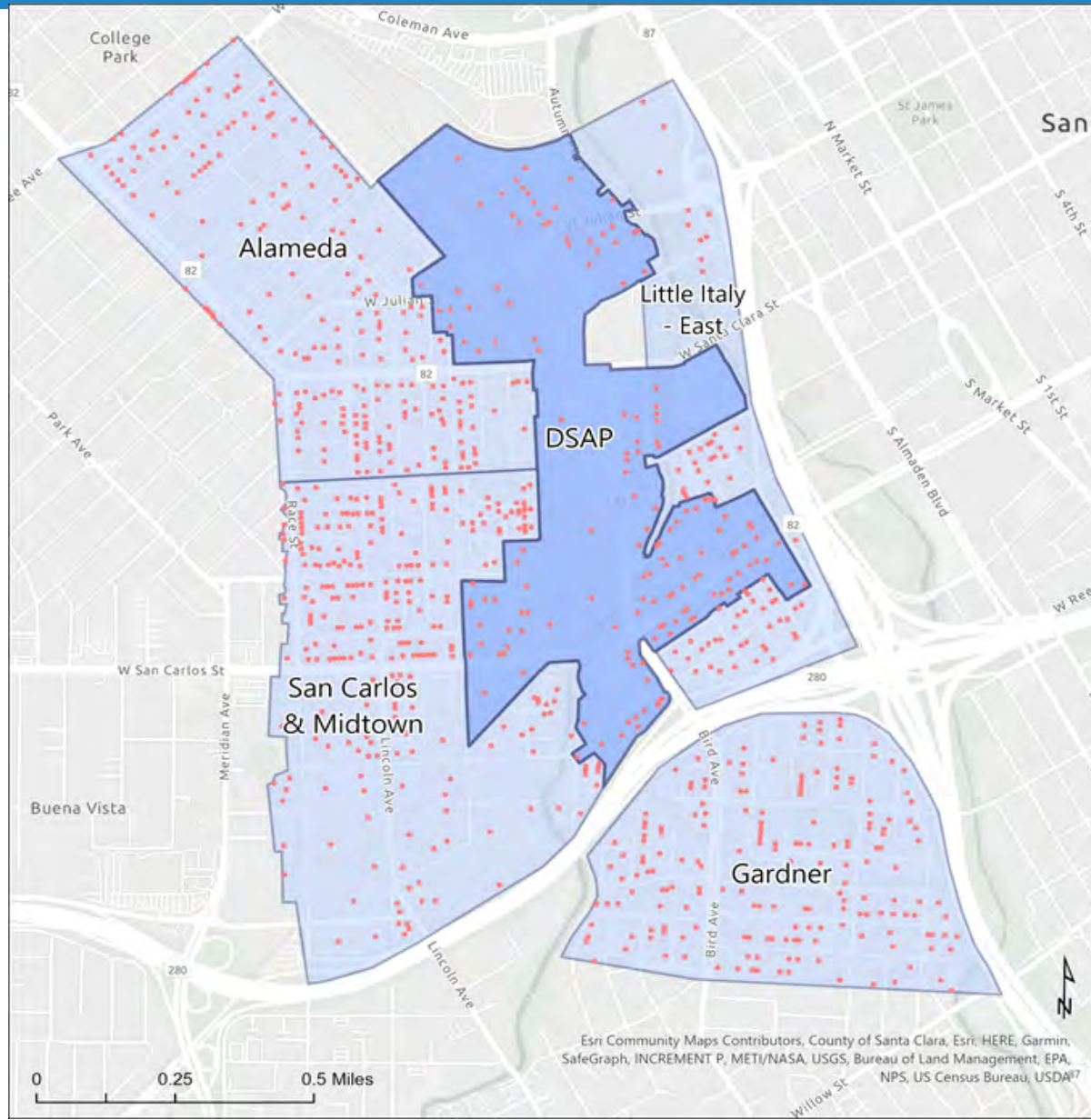
Late 2021

- Anticipated Release of Business Resource Program

Any questions/comments?

- Alum Rock insights
- Citywide approach to economic recovery
- VTA approach to BART Phase II project

Businesses in Broader Study Area



- Active business



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Small Business Context within DSA (October 15, 2020)

Characteristic	Google Owned Project Site	Diridon Station Area Plan (Not Including Google Project Site)
Number of active businesses	30	259
% sole proprietor	29%	49%
% with 2-10 employees	57%	44%
% with over 10 employees	14%	7%
Total number of employees	309	1,853
Average age of business	17 years	12 years
Top sectors	Other Services, Retail	Other Services, Retail

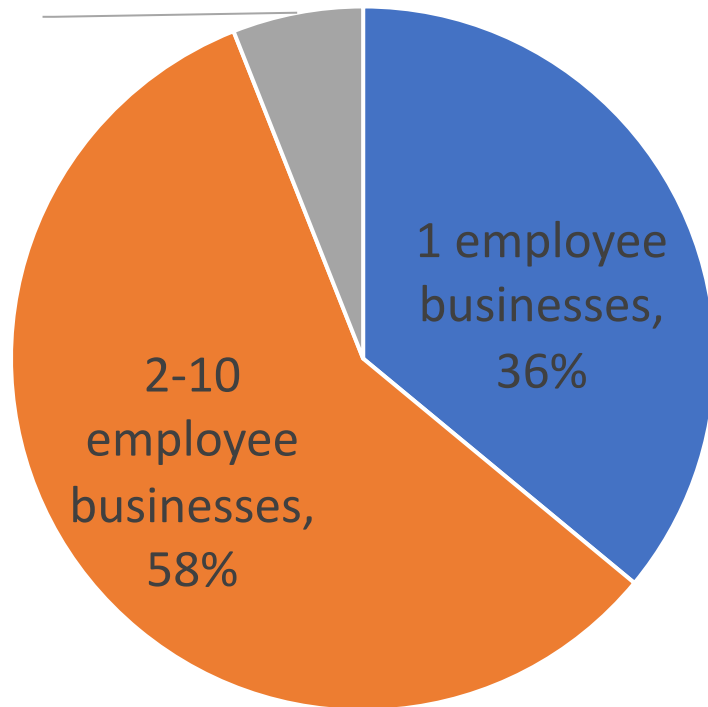


Small Business Context of Surrounding Areas

	The Alameda	San Carlos/ Midtown	Gardner/ south of I-280	Little Italy/ west of SR 87
Number of active businesses	627	495	225	115
% sole proprietor	63%	70%	89%	75%
% with 2-10 employees	32%	25%	10%	21%
% with over 10 employees	5%	5%	1%	4%
Total number of employees	1,886	2,170	234	234
Average age of business	13 years	11 years	9 years	11 years
Top sectors	Professional, Scientific and Technical Services, Real Estate, Other Services	Real Estate, Other Services, Retail	Professional, Scientific and Technical Services & Other Services	Real Estate, Other Services, Entertainment, Restaurant & Food Services

Combined Study Area

10+ employee
businesses , 6%



- There are over 1,750 businesses in the broader study area - employing over 7,500 people
- 10+ employee businesses employ 4,900 people, 65% of the total employment in the area
- 26% of businesses identify as retail, restaurant, or personal service sectors

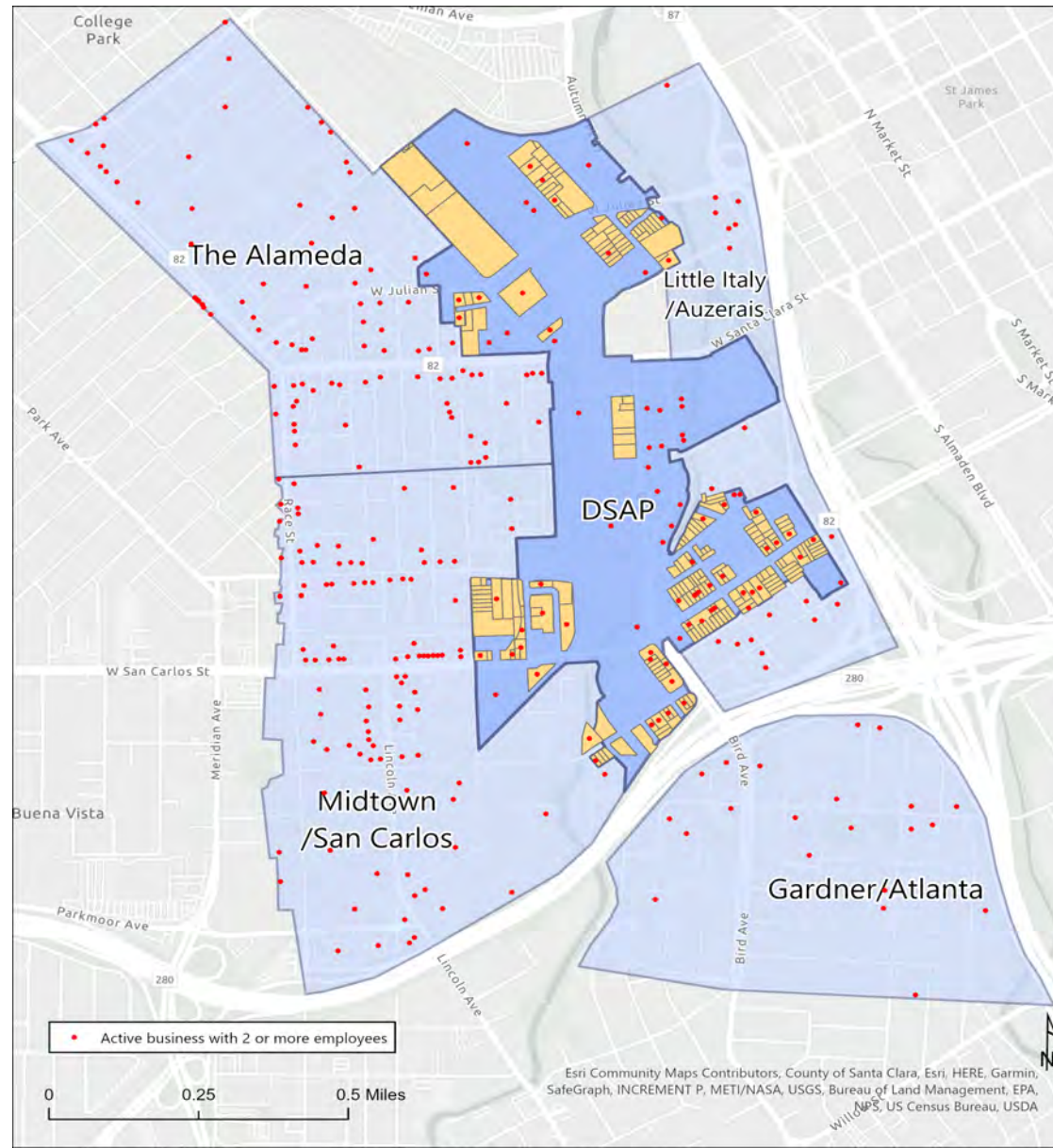
Types of Potential Effects

Considering potential effects on small businesses and potential policy responses related to these four areas:

- Demolition of existing small business buildings from redevelopment or public infrastructure (direct)
- Potential disruption to existing small businesses from construction occurring nearby (indirect)
- Potential involuntary displacement due to increased rents (indirect)
- Economic opportunities for entrepreneurs and local/small businesses created by public and private investments

Potential for Direct Displacement

Overlaying active businesses on the map of potential development sites in the Draft Amended DSAP indicates potential for direct displacement (depends on many factors)



- Active business with 2 or more employees



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Small Business Opportunities

- Private development has potential to:
 - hire local businesses and workers during construction phases
 - increase traffic and visibility in and around the Diridon Station Area
 - create new consumer markets and expand customer bases
 - create new retail spaces (such as Downtown West and other projects)
 - source local businesses as suppliers
 - promote “buying local”



Potential Small Business Strategies

- Coordinate with transit partners on construction programs
- Provide clear, timely information to businesses, including early notification of plans and development projects (language)
- Support existing businesses with improved access to technical support and loan capital
- Offer programs that enhance the physical appearance of commercial properties
- Encourage entrepreneurship to create new, local businesses and enhance owner networking
- Partner on “buy local” campaigns
- Facilitate connections between local businesses and future developers/tenants

Feedback from SAAG & Small Business Stakeholders

- What, if anything, is surprising about this data?
- What other information would be helpful?
- How do the observations from the Alum Rock experience align with your understanding of business needs in the Diridon/Downtown context?
- How has your thinking changed since the shift in economic conditions resulting from the COVID-19 emergency?
- What do you need in the longer term to weather the ups and downs?
- How can private developers and the City help businesses take advantage of long-term opportunities?



Thanks!!

Diridon engagement process: www.diridonsj.org

Economic recovery resources: www.sjeconomy.com/COVID19guidance

Email: covid19sjbusiness@sanjoseca.gov

Small Business permitting assistance: Juan.Borrelli@sanjoseca.gov

Vic: victor.farlie@sanjoseca.gov

Lori: lori.severino@sanjoseca.gov

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