

## **Driving Regional Economic Equity through San Francisco's Downtown Recovery**

The Covid-19 pandemic has had a significant and lasting impact on the local, regional and national economy. In the Bay Area, Covid-19 has had particularly devastating repercussions on small businesses and low-income workers. Restaurants, hospitality and entertainment, personal services, and retail venues shuttered, many permanently. Employees were laid off at scale with little safety net to sustain themselves. Overwhelmingly, the brunt of the economic impact was born by our most vulnerable communities: low-income women, BIPOC, immigrants, and people with disabilities.

The Covid-19 pandemic has also profoundly impacted San Francisco's downtown office core. San Francisco's downtown supports a complete ecosystem of finance, professional services, technology and complimentary businesses employing more than 700,000 people, almost half of whom commuted into the city core from the rest of the region. While many downtown office businesses continue to thrive, after more than a year of fully remote work for most knowledge economy businesses, many are permanently adopting fully remote or hybrid work schedules for their employees. With 15-20% of downtown office space up for lease or sublease, San Francisco has the highest vacancy rate of any major US city. Even as other San Francisco and Bay Area neighborhoods begin to show near normal levels of economic activity, the sales tax in the downtown core remains down by 50% or more.

At the root of San Francisco – and urban cores nationwide – downtown's challenges is a fundamental restructuring of office work: estimates project that, going forward, between 25-75% of knowledge sector work will take place remotely. Companies find themselves in a new economic context in which employees may choose whether and the amount to which they report to an office location, which, in turn carries significant implications for both the office real estate market and for the downtown-serving small businesses that catered to more than one million daily commuters and other visitors to San Francisco's downtown pre-pandemic.

However, from this crisis lies a transformational opportunity to address both the new economic context ushered in by the pandemic and the pervasive social and economic trends that have excluded diverse communities from meaningful economic participation. The **Driving Regional Economic Equity through San Francisco's Downtown Recovery** proposal aims to spur and harness the recovery of downtown San Francisco while unlocking economic opportunities for communities that have been kept at the sidelines throughout the Bay Area.

With a combination of projects that support new and diverse industries, entrepreneurs, and job opportunities in downtown -while improving its connection to the rest of the region- the proposal spurs the return of a broad array of residents, employees, and visitors to downtown and minimizes the disruption to the small ancillary businesses that depend on this foot traffic while bolstering its long-term resilience to future economic shocks. Further, it fills vacancies with businesses and activities that offer high quality jobs to a diverse labor pool and offers new opportunities to those that lost their jobs or that rejected dangerous, subsistence employment. Through the investments represented in this proposal, Build Back Better funding can serve to preserve downtown San Francisco as the economic cornerstone for the region in a way that

profoundly increases the opportunity it represents to disadvantaged communities throughout the Bay Area.

Without question, San Francisco is the economic hub for the Bay Area. With a \$200B annual GDP, San Francisco accounts for more than one quarter of the nine-county Bay Area economy. San Francisco's downtown contributes approximately three quarters of the City's total output. San Francisco's downtown businesses span every major industry cluster in the region, including technology, finance, life science, real estate, and professional services. As the "Gateway to the West" San Francisco's downtown serves as a global anchor for national and international companies. It is supported by a robust regional network of educational institutions that prepare the talent pool upon which downtown businesses depend and a comprehensive regional transportation network ensures that the entirety of the Bay Area's labor force can access the downtown job center. The projects supported by the Build Back Better Funding will leverage this mature growth cluster to benefit the businesses, entrepreneurs, and workers the coalition is seeking to serve and whose success will, in turn, support its ongoing competitiveness.

The **Driving Regional Economic Equity through San Francisco's Downtown Recovery** proposal establishes a cohesive strategy for realizing the full economic potential inherent in the Bay Area's diversity. The projects supported by Build Back Better funding will leverage downtown vacancies to provide space to new ground floor uses and a more diverse set of early-stage businesses and entrepreneurs. The projects will, in turn, develop employment pipelines to connect the regional labor force to downtown jobs and industries, driving a more equitable economic recovery. In addition to enhancing existing downtown assets, this proposal develops a new regional asset by tying together the broad set of organizations throughout the Bay Area that support entrepreneurs, artists, makers, and others directly to downtown opportunities. By investing in improvements that further integrate the region's transportation network, this proposal augments one of the Bay Area's most valuable regional assets supporting downtown and the workers who depend on the economic opportunities it generates.

As the lead for the Build Back Better Proposal, the **San Francisco Office of Economic and Workforce Development (OEWD)** has convened a regional coalition that can deliver on the vision of a fully articulated strategy that supports San Francisco's downtown as the keystone to economic growth for the Bay Area. OEWD advances policy and administers programs that grow sustainable jobs, supports businesses of all sizes, and creates great places to live and work that deliver a strong and equitable recovery so that all San Franciscans can achieve economic self-sufficiency. OEWD recognizes that without strong connections to the talent, entrepreneurs, and innovators throughout the region, downtown San Francisco cannot be successful.

The **Silicon Valley Leadership Group Foundation (SVLG)** is one of the Bay Area's preeminent organizations supporting early stage technology companies and can leverage its network, expertise, and existing programming to support the diversification of the region's pool of entrepreneurial talent that is key to the ongoing dynamism of the downtown economic engine. Likewise, the **San Francisco Chamber of Commerce Foundation** will build off its current programs supporting SF businesses to thrive to facilitate downtown employers in partnering more closely with educational institutions to develop programs that offer meaningful careers for disadvantaged communities.

The **four Community Benefits Districts (CBDs)** that collectively represent the downtown district, implement initiatives that improve the physical environment and maximize the economic success within the district, many of which improve the district's appeal and connection to the larger region. They are ideally positioned to help deliver a more active ground floor in the short-term through pop-ups and interim activations that test and incubate ideas, prove viability to property owners, and build out a mix of ground floor uses that support a vibrant and engaging downtown.

**The San Francisco Bay Area Rapid Transit District (BART)** serves as the backbone of Bay Area's regional transportation system, connecting five counties of over 6.4 million people and comprising almost two-thirds of the Transbay transportation capacity. Prior to COVID-19, BART carried more than 400,00 daily trips, over 70% of those as work trips. With San Francisco's constrained roadway capacity and limited parking, the system capacity that BART provides has been vital to San Francisco's position as an internationally significant center of innovation and economic growth. The **Metropolitan Transportation Commission (MTC)** serves under federal law as the Metropolitan Planning Organization for the 9-County San Francisco Bay Area. It is responsible for coordinated land use and transportation planning, with a charter to support the region's entire network including roadways and 23 transit operators to restore a thriving, equitable region by delivering fast, frequent, and reliable access to major job centers.

The 6 projects proposed in the **Driving Regional Economic Equity through San Francisco's Downtown Recovery** initiative leverage the strategic position of each of the regional coalition members to maximize economic impact.

**1. Nurturing Diverse Entrepreneurs** will use the insights gleaned from Phase 1 about the structural barriers that entrepreneurs from non-traditional backgrounds face to build a program that effectively increases access to opportunities within the downtown. **SVLG** will develop strategies that support BIPOC, women, and other under-represented founders to launch and grow. Programming will create a diverse network of startups and a portfolio of services that includes mentoring opportunities between established companies and startup leaders, education for startups around technology, financial, legal and marketing topics, and establishing a convening function to allow groups of smaller startups and growing businesses to share space.

**2. Scaling Small and Medium Office Tenants** will build out **OEWD's** portfolio to develop financial resources and technical assistance tailored to "high potential" businesses identified in Phase 1 as creating good job opportunities for people without advanced degrees. This project supports the retention and expansion of existing downtown businesses and creates tools for existing businesses to pursue growth opportunities that benefit the region, with a focus on creating strong employment opportunities and accessible pathways to professional careers for the Bay Area's labor force.

**3. Professional Pathways** will partner with large downtown office employers to create transitional job opportunities for jobseekers without advanced degrees. With Build Back Better funding, the **San Francisco Chamber Foundation** will partner with regional workforce

development and community college partners to develop a pipeline of candidates looking to gain entry into the professional world but that may struggle to get traction with employers looking for pedigreed educational credentials and prior work experience. The San Francisco Chamber Foundation will match candidates to Bay Area employers and offer “apprenticeship” opportunities to train and master the job requirements necessary in order to transition into a regular full time position.

**4. Ground Floor Activations** will develop a program in which building owners and large tenants make ground floor space within San Francisco’s office core available to artists, makers, and small businesses, with a focus on those led by BIPOC, LGBTQ, women and people with disabilities. This project uses high-energy experimentation to create a more engaging, 24-hour downtown district, compelling to downtown workers as well as to residents and visitors. The project opens access to downtown ground floor spaces to communities that cannot afford to lease spaces outright, offering small businesses a risk-free way to access and test the downtown market – a key tactic for realizing equity.

**5. The SF Bay Area Regional Employer and Institutions Transit Pass pilot** will launch the first phase of a universal transit pass spanning the 9 county Bay Area’s 23 public transit operators and allowing seamless access by riders across public transportation modalities. As the region embarks on recovery, incentives like the Regional Transit Pass aim to maximize the return of office workers to the benefit of small businesses that depend on a commuter customer base as well as enabling these same businesses to access the regional labor force - reducing the labor shortages that have challenged small businesses to re-open. The all-agency pass would be sold in bulk to employers, institutions, etc. who would distribute them as a free benefit to their employees. Build Back Better funding would enable a broader reach so that this benefit is available to retail and small business partners in order to more equitably connect people of all income levels across the Bay Area to the downtown job center.

**6. Regional Way Finding and Transit Station Improvements** will support the implementation of navigation tools to help riders of public transportation make connections between systems in downtown San Francisco and along BART corridors. Nearly 20% of BART trips involve a transfer to or from another transit service, including local and inter-regional operators. Build Back Better funding would allow improvements in way finding in and around the Fruitvale and Fremont BART stations in Alameda County – two of the highest ridership BART stations serving primarily transit-dependent communities – as well as the downtown Salesforce Transit Center Transbay bus depot and Amtrack station, in order to facilitate better access to downtown for riders with the fewest other options. BART would also improve lighting, modernize and attend elevators, and make other improvements at key commuter stations in San Francisco and Oakland. These improvements create jobs while making transit more safe and welcoming for riders, particularly for people with mobility challenges, bicyclists, travellers with luggage, and riders with small children or strollers.

These projects all support the priorities and objectives of the Comprehensive Economic Development Strategy for the San Francisco Bay Area to retain a strong economic base while expanding opportunities to low income communities and supporting growth and mobility in employment through job market and regional transportation improvements.

The coalition will evaluate success of the projects by tracking indicators that offer insight into the impact of the projects. Key metrics include: the number and demographics of entrepreneurs and businesses that are supported by projects; the number of jobs created by each of the projects and where possible the wages, skill and degree requirements, and job placements from partnering institutions. Over time, we will track growth in sales and size of company as well as changes to downtown uses and vacancies. The coalition will additionally track changes in transit ridership patterns, demographics, and incomes and the differences between pass holders and regular fare customers, as well as the on-site headcount of businesses that opt into the Universal Pass pilot vs. similar businesses that do not. Additionally it will track elevator availability and daily exits at downtown stations and changes to the amount of usage to transit hubs benefitting from station and way finding improvements before and after project completion.

Except for the Transit Station Improvements, which have secured \$8M of Federal Transit Administration formula funds, no Federal dollars are committed to the proposed projects. Build Back Better Funding will leverage \$17M of local funding commitments to the two regional transportation projects and compliment \$18.5M in local and state investment aimed at spurring downtown recovery by activating downtown spaces with arts and entertainment and deploying ambassadors to ensure a safe and welcoming experience for returning employees and other visitors. By focusing the Build Back Better funding on activities that reinvigorate downtown and draw businesses and employees back to the downtown core, the **Driving Regional Economic Equity through San Francisco's Downtown Recovery** proposal builds upon and scales these efforts.

The success of this proposal depends on developing meaningful and productive networks across the region in order to connect intended beneficiaries with new opportunities. Due to chronic practices of exclusion, there is both a deep distrust and a tangible lack of capacity and resources within many of the communities prioritized within this proposal. As described more fully in the equity plan, coalition members will leverage relationships with community-rooted organizations to develop productive linkages to low-income communities and layer in the resources necessary to support their access.

As with most government efforts, the procurement process can slow down the speed of implementation. The urgent need to launch recovery efforts quickly as well as the timeline between the award of Phase 1 funding and applications for Phase 2 funding emphasize the need to undertake activities immediately. OEWD will begin the procurement process prior to the award of Phase 1 funding to have vendors selected that can be activated immediately upon funding awards.

Through the analyses, partner convening, and establishing outreach networks in Phase 1, the coalition members will have project plans and teams in place to implement their respective programs upon the award of Phase 2 grants. Way finding and station improvements are expected to be complete within 18 months of Phase 2 awards. Other projects expect the tools and programs to be in place, outreach conducted and participants to be selected so that programming is underway within 3-6 months of Phase 2 awards and will operate continuously and on a rolling basis, for the full 24-month timeline.

Build Back Better – Bay Area Congressional Districts

1. CA-02 (Marin County)
2. CA-05 (Napa County, Solano County, Sonoma County)
3. CA-11 (Contra Costa County)
4. CA-12 (San Francisco County)
5. CA-14 (Alameda County)
6. CA-14 (San Mateo County)
7. CA-17 (Santa Clara County)

