



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Torres

SUBJECT: Signia Hotel

DATE: March 29, 2023

Approved

Date: March 29, 2023

RECOMMENDATION:

1. Direct staff to bring back recommendations on strategies, as allowable under city and state law, to protect the City's financial and economic development interests in retaining or improving upon Signia by Hilton's current hotel use. This should include but not be limited to:
 - a. An analysis of what potential discretionary approvals for permits, land use, or other policy would require approval by the City if the Signia by Hilton were to change uses.
 - b. Analysis on whether the hotel is most beneficial to Downtown's prosperity as-is, changing to an extended stay model, or converting to residential.
 - c. An understanding of any obligations that exist to the City based on potential development agreements.
 - d. Analysis on how we can increase the number of hotel rooms available to the convention center for group bookings. Input should be provided by Team San Jose and other relevant downtown stakeholders.

2. Direct staff to present an initial analysis of the potential impacts of converting the property from the current hotel use including:
 - a. The long-term impacts of the loss of Transient Occupancy Tax revenue from a hotel use;
 - b. Impacts to the San Jose Convention Center's competitiveness of losing 264 hotel units and potential impact on revenues and meeting and convention center bookings and the broader impact on downtown businesses, with input from Team San Jose.

c. Potential job losses if the tower is converted to non-hotel uses, an extended stay, or residential use with input from UNITE HERE Local 19, which represents the workers, to help provide this assessment

3. Direct staff to return the above items to City Council for consideration by the end of May.

BACKGROUND:

The Signia by Hilton San Jose, formally the Fairmont, has been a pillar of San Jose's convention and tourism business for decades. The potential sale and conversion of the Southern Tower to non-hotel use could have ramifications on our Convention Center, our downtown businesses, and hotel workers. We must understand the potential impact of this sale and our role in mitigating harm to our downtown. How will this affect our shared collective vision of a downtown core where people can live, work and play? As we work together to create a revitalized, thriving, and economically healthy downtown, we must understand our role in this drastic potential change of use.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.