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Subject: Info Memo on the DA

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Memo: Downtown West Development Agreement

April 5, 2021

Purpose

- Provide the public with an overview of the staff recommended Development Agreement for the Downtown West project, including the process informing its preparation and other background context.
- Support the Station Area Advisory Group (SAAG) in their review and discussion of the Development Agreement.

Executive Summary

The City has been working with Google since 2017 to develop a project for the Diridon Station Area. The release of staff's recommended Development Agreement (DA) for the Downtown West project is a key milestone in this journey, following adoption of an MOU in 2018, application submittal in 2019, and release of the DEIR in 2020. The DA addresses the top priorities expressed by the City Council in 2018 and reinforced through extensive community engagement from 2018 through the present. These priorities include affordable housing, anti-displacement, and jobs/education. The DA also addresses other topics that are important to the community, including parks and open space, transportation, and environmental sustainability.

By meeting and exceeding the Citywide requirements for affordable housing (15%), the Downtown West project supports the goal for 25% affordable housing in the Diridon Station Area. The Community Benefits package detailed in the Development Agreement also includes a new Community Benefit Fund for community stabilization and economic opportunity programs. This Fund, which has significant community governance will generate up to \$150 million over 30 years, as Google builds out its office space. At full build-out, the total amount of all Community Benefit contributions is expected to be \$200M.

The DA also includes the Parkland Agreement, which spells out how the project will meet park and recreational requirements – as well as provide well-maintained, activated, and publicly accessible private spaces. Other topics include District Utility Systems and coordination with the Diridon Integrated Station Concept Plan.

This memo provides background information, an overview of the Development Agreement, and next steps.

The City will hold a meeting of the Diridon Station Area Advisory Group (SAAG) on April 14th, and a Community Meeting on April 17th, to review and discuss the Development Agreement. Staff will provide all feedback received to the Planning Commission and City Council, for their consideration. The website www.diridonsj.org includes the upcoming engagement opportunities, project updates, background information, and the ability to sign up for email updates and submit comments.

Contents

Purpose	1
Executive Summary.....	1
Initial Project Work (preceding the Development Agreement).....	3
Phase 1 (Concept Development and Land Sale):	3
MOU:.....	3
Land Sale:	3
Phase II (Project Design and Review):.....	3
City's Review Process:.....	4
AB 900:	4
Related City Efforts and Timing:	4
Timing:	5
Ongoing Community Engagement:.....	5
2018:	5
2019-2020:	5
2020-2021Phase 3:.....	5
Casting a broad net:	5
Development Agreement Background	6
Purpose:	6
MOU Foundation:	6
Community Benefit Definition:	6
Community Benefit Priorities:	7
Distinction between Community Benefits and Public Benefits:	7
Process:	7
Development Agreement Overview	7
Affordable Housing (Requirements + Community Benefits)	8
Community Stabilization and Opportunity Pathways (Community Benefits)	9
Community Stabilization:.....	10
Opportunity Pathways:	10
Early Payment	11
Economic Opportunity.....	11
Parks and Open Space (Requirements/Project Features)	11
Transportation (Requirements/Project Features):	12

Environmental Sustainability, District Utilities, and Ecology (Project Features)	13
Historic Preservation (Project Features)	13
Community Benefits Value:	14
Oversight and Performance	15
Next Steps	15
Resources	15

Initial Project Work (preceding the Development Agreement)

Phase 1 (Concept Development and Land Sale): In 2017, there was a need for an anchor use to replace the previously planned sports facility. Google expressed interest in developing office space near Diridon Station in Downtown San Jose, consistent with the vision set forth in the City’s Diridon Station Area Plan (DSAP). In adopting the DSAP, the City recognized that realizing the vision of the DSAP would require a leading developer to assemble parcels. In June 2017, the City entered into an exclusive negotiating agreement (ENA) with Google for properties formerly owned by the Successor Agency to the Redevelopment Agency (totaling ~6 acres), the City-owned Fire Training property (~4 acres), and property next to SAP Center known as Lots A/B/C (~10 acres).

MOU: On December 4, 2018, City Council approved a [Memorandum of Understanding \(MOU\) with Google¹](#) to guide collaboration on a mixed-use development project moving forward. The MOU outlined guiding principles and shared goals for a mixed-use, transit-oriented development to be proposed by Google. The MOU also affirmed the intent to negotiate a Development Agreement and the process for negotiating a Community Benefits Plan as part of the Development Agreement. The MOU was based on extensive community input and provided a foundation for the City’s review of Google’s application.

Land Sale: Also at the December 4, 2018 meeting, City Council approved Purchase and Sales Agreements with Google for the former Redevelopment sites and the Fire Training property, as well as an Option/Negotiation Rights Agreement for Lots A/B/C. The December 2018 Council action completed staff’s work efforts from “Phase I: Concept Development and Land Sale” and launched “Phase II: Project Design and Review”.

Phase II (Project Design and Review): On October 10, 2019, Google submitted its application for a mixed-use development project (Downtown West Mixed-Use Plan) to the City. The project site is

¹<https://static1.squarespace.com/static/5c38bcfdcc8fedd5ba4ecc1d/t/5c9114de652dea9c2028888a/1553011936239/Final+MOU.pdf>

approximately 80 acres, largely within the [Diridon Station Area Plan \(DSAP\)](#)² boundary of 250 acres. The project proposes approximately:

- Up to 7.3 million gross square feet (GSF) of office space
- 4,000 units of new housing (Draft EIR clears up to 5,900 units);
- Up to 500,000 GSF of active uses (retail, cultural, arts, etc.);
- 100,000 GSF of event space, hotel use (up to 300 rooms), and limited-term corporate accommodations (up to 800 rooms);
- 15 acres of parks and open space; and
- Infrastructure and utilities.

City's Review Process: The Google application includes a General Plan amendment (including amending the DSAP), a Planned Development Rezoning, a Planned Development Permit, and other related permits and approvals.³ The City is reviewing the project in three parallel processes: development review, environmental review, and development agreement negotiation. Development review involves staff from multiple departments reviewing the proposal for consistency with City policies, objectives, and regulations. Environmental review involves preparation of an Environmental Impact Report (EIR) to analyze and disclose the potential impacts of the project, consistent with the California Environmental Quality Act (CEQA). This memo discusses the Development Agreement in detail.

AB 900: On December 31, 2019, the State of California approved Google's application to participate in the AB 900 program (Jobs and Economic Improvement Through Environmental Leadership Act). The program encourages large development projects that create jobs and meet a high standard of public benefits by streamlining the judicial review process under CEQA (see [Info Memo dated August 19, 2019](#)⁴).

Related City Efforts and Timing: Concurrent with reviewing Google's proposal, staff initiated a process to amend the DSAP and prepare a Diridon Affordable Housing Implementation Plan (AHIP). The focus of these planning efforts is on non-Google sites, although staff has ensured coordination with the Downtown West project as appropriate. Staff also continues to support coordination of the Downtown West project with the Diridon Integrated Station Concept Plan (a partnership between the City, Caltrain, VTA, High-Speed Rail and the Metropolitan Transportation Commission), the Downtown Transportation Plan, and other separate but related projects.

²<https://www.sanjoseca.gov/your-government/departments/planning-building-code-enforcement/planning-division/citywide-planning/area-plans/diridon-station-area-plan>

³ Refer to project website for all application documents and additional information about the review process: www.sanjoseca.gov/googleproject

⁴<https://static1.squarespace.com/static/5c38bcfdcc8fedd5ba4ecc1d/t/5d5c5e61e1d5150001a6fdf2/1566334563522/DSA+Update+-+Info+Memo+-+081919.pdf>

Timing: The Downtown West project, along with the Amended DSAP and AHIP will go to Planning Commission and City Council for consideration later this spring (2021).

Ongoing Community Engagement: Central to all this work, staff is considering previous and ongoing community input.

2018: The first major milestone in the public process was the [Diridon Station Area Civic Engagement Report⁵](#) (October 2018), which outlined a set of Desired Outcomes for the Diridon Station Area and Google project across six topic areas. It documented the discussions of the Station Area Advisory Group (SAAG) and input from the general public. The SAAG was established in early 2018 to advise the City on issues affecting the Diridon Station Area, including the Google development project. The MOU with Google was based on the input gathered through the 2018 process.

2019-2020: Staff completed additional public outreach and community engagement before and after Google submitted its development application. The main objectives of this outreach were to increase understanding of the planning and development review processes and secure feedback on initial and draft concepts under consideration. This occurred over several rounds of Diridon Station Area outreach and engagement. In 2019, Google led outreach to inform their application. In Spring 2020, the City conducted an online survey on draft concepts for the DSAP Amendment and trade-offs related to Community Benefits.

2020-2021 Phase 3: In Fall 2020, staff held or participated in over 20 meetings about the Downtown West project and the related efforts, including six hosted by the City's community partners. This Phase was focused on collecting feedback on the draft plans made available in October 2020, including Draft Design Standards and Guidelines and updated application documents. In 2021, the City has continued with focused outreach and engagement to prepare for the public hearing process.

Casting a broad net:

A consistent goal of the engagement process has been to hear from the full range of San Jose community. The City completed grant agreements with seven community-based organizations to help reach and involve under-represented populations in the engagement process. These "community partners" are African American Community Services Agency, Catalyze SV, Friends of Caltrain, Latino Business Foundation, San Jose Jazz, SOMOS Mayfair, and Trinity Episcopal Cathedral.

The advent of the COVID-19 pandemic in March 2020 has curtailed in-person outreach. Staff has adjusted to continue outreach and engagement using online methods – enhancing www.diridonsj.org, creating videos, implementing an online survey, and hosting virtual meetings.

⁵ <https://www.diridonsj.org/s/FINAL-DiridonStationAreaCivEngagementReport10312018.pdf>

Since the beginning of the coordinated Diridon Station Area engagement process in February 2018, the City has hosted 18 SAAG meetings, 14 SAAG small group discussions, 19 community meetings and partner events, 3 online surveys (2,260 responses), 9 pop-ups at community events, 5 virtual office hours, and 75,000 web page views and 36,000+ visitors on diridonsj.org.

Collectively, the initial and ongoing community input over the last three years has helped shape the overall vision, shared goals, and top priorities for the project and its community benefits package. The SAAG has been instrumental in representing a variety of needs and interests – including the many San Jose residents struggling with the high cost of living who need more affordable housing options, protections from displacement, and educational, job training, and employment opportunities. The SAAG has also been a key venue for convening neighborhood leaders, who have put in many hours to understand the proposals and advocate for consideration of local impacts and benefits. Many of the SAAG organizations have convened their own events over the past 3+ years to hear from their community members and have reflected their needs, aspirations, and ideas during the SAAG meetings.

Community input, including the work of the SAAG, has been instrumental in shaping the Development Agreement. Doing this work well takes time and effort. The City is grateful for the thoughtful civic contributions of these individuals and organizations.

Development Agreement Background

Purpose: A Development Agreement is a tool that provides a consistent regulatory framework (also known as “vesting”) for a large development projects that will be built out over many years. Development Agreements are negotiated as part of the entitlement process and are typically approved along with other City actions enabling the project. In exchange for this certainty, Developers often provide additional Community Benefits.

MOU Foundation: As described in the Background section, the MOU with Google provides a foundation for negotiating the Development Agreement. It anticipates that the Development Agreement will include vested project approvals and a Community Benefits Plan, including a framework for community benefit delivery.

Community Benefit Definition: In determining the value of the Community Benefits package, the MOU intent is for Google to share back a portion of the additional property value created through the City’s actions (such as rezoning and increased height limits), while taking into account the financial feasibility of the project. According to the MOU, the total value of the Community Benefits package should not include any costs associated with (1) City requirements, (2) environmental mitigations, or (3) discretionary Project Features proposed by Google.

Community Benefit Priorities: In identifying the Community Benefits, Council directed staff to prioritize three categories:

- affordable housing,
- displacement prevention and community stabilization, and
- education, job training, and employment opportunities (including support for small businesses.)

Subsequent community input has reinforced that these are the most pressing needs that should be addressed in developing a Community Benefit program in the DA. Staff recognizes the inter-relationship between affordable housing, community stabilization, opportunity pathways and small business/employment opportunity, and sees them as part of an Equitable Development framework that can lead to better outcomes for San Jose residents, especially marginalized communities that too often bear disproportionate impacts.

In addition to these three top priorities, community members also expressed interest in parks/open space, transportation (including transit, trails, bicycle, and pedestrian networks), environmental sustainability (including ecology and climate action), land use/design, and cultural and historic preservation. These topics are reflected in the shared goals for the project.

Distinction between Community Benefits and Public Benefits: Community Benefits are defined in the DA as contributions that go above and beyond standard City or State requirements AND that are aligned with the Council priorities described in the MOU. The DA also provides for other benefits. The broader term “Public Benefits”, includes Community Benefits, as well as (1) City requirements and environmental mitigations and additional project features that support other goals articulated by the community (such as additional open space, trails, sustainability features, etc.)

Process: Arriving at a staff-recommended Development Agreement has required extensive analysis and ongoing community engagement. The release of the Draft Downtown West Design Standards and Guidelines and the Draft Environmental Impact Report in October 2020 marked major milestones. Since this time, the focus has been on finalizing the Affordable Housing Plan, preparing the Parkland Agreement, and negotiating the other aspects of the Development Agreement, including the community benefits fund. The staff-recommended Development Agreement is now available at www.sanjoseca.gov/GoogleProject, for public review.

Development Agreement Overview

The Development Agreement for the Downtown West project will be legally binding and enforceable over a 30-year term. It delivers on public benefits in four main ways:

- Establishes the vested project approvals that lock in how the project will fulfill City requirements including requirements related to affordable housing, parkland, transportation.

- Includes a \$200 million Community Benefits package that addresses the top priorities and supports ongoing community involvement.
- Secures commitments on project features, such as local hire, publicly accessible parkland, and environmental features such as district utilities.
- Provides incentives for the timely delivery of public benefits through performance measures.

As described further in the following sections, the Development Agreement:

1. Provides land and funds to meet the 25% **affordable housing** goal for the Diridon Station Area,
2. Provides funds and a community governance structure to address displacement and expand economic opportunities for underserved residents through a new **Community Stabilization and Opportunity Pathways** fund,
3. Enhances the public realm through a mix of publicly accessible **parks and open spaces**,
4. Improves the **transportation** system,
5. Advances **environmental sustainability, climate action, and resiliency** through a District Utilities approach and other infrastructure investments,
6. Provides for **historic preservation** to enhance the identity of the neighborhood.

Affordable Housing (Requirements + Community Benefits)

The City Council and Community have consistently affirmed affordable housing production and preservation, as well as anti-displacement strategies as the top issues to address when planning for the Google project and future of the Diridon Station Area. 25% of new housing will be affordable at a mix of affordability levels, ranging from permanently supportive housing to moderate income.

The Downtown West application includes General Plan amendments and zoning changes that significantly increase zoning for residential uses throughout the site and the Development Agreement contemplates 4,000 new housing units as part of the project. Note that the EIR proposes a maximum of 5,900 units to be built on the project site.

The project is subject to several City requirements related to affordable housing:

- The **residential portion of the project** must comply with City's Inclusionary Housing Ordinance (IHO). As documented in the Development Agreement, the project will comply with the IHO by:
 - Dedicating three sites to the City (to be used for the construction of about 600 units affordable at 30-60% AMI),
 - Paying IHO fees for residential development once the credit from the land sites is exhausted,
 - Providing 5% of the units built on-site as affordable to moderate income households (about 170 total) – to be integrated with market-rate housing.
- The **commercial office portion of the project** will pay the required Commercial Linkage Fee for office construction, generating about \$87.6 million for affordable housing.

The Development Agreement specifies that the City will make a good faith effort to use these funds within the Diridon Station Area.

In addition to these required fees, Google will provide the following Community Benefits to increase the supply of new affordable housing (valued at about \$15 million dollars):

- provide an additional 30 moderate-income units, or 0.88% of on-site units integrated with market-rate units, and
- dedicate an additional 0.8-acre site to the City.⁶

Overall, the project supports the goal for 25% affordability for new housing in the Diridon Station Area. The target is to provide 1,000 affordable units in the Diridon Station Area, based on 25% of the 4,000 units proposed by the Downtown West project. The breakdown of these units and their intended location is shown below:



The total investment in new Affordable Housing production through the combination of project features, City requirements, and Community Benefits would be about \$185 million.

For additional information about the Affordable Housing plan, please refer to Development Agreement Exhibits C (Community Benefits) and D (Affordable Housing Program)

Community Stabilization and Opportunity Pathways (Community Benefits)

The Community Stabilization and Opportunity Pathways Fund is a resource to *minimize displacement from rising costs* (Community Stabilization) and to *maximize opportunities for youth and adults to participate in job opportunities* through training education and support (Opportunity Pathways). The Fund recognizes that these challenges are systemic and interrelated. It will provide grants that have a measurable impact on community stability and economic opportunity for communities that have historically been affected by structural racism, including East San Jose and Greater Downtown. In

⁶ The City is considering changing the land use designations and zoning of the Autumn Street site (located outside of the Downtown West project site but within the Diridon Station Area) to allow for residential uses and approximately 200 affordable housing units, subject to subsequent clearances and discretionary approvals.

determining the allocation funds, the process should address the root causes of displacement and economic mobility and advance racial equity.

Community Stabilization: In addition to producing new affordable housing, the Council and community articulate the following priorities related to housing:

- preventing displacement and homelessness through the preservation of existing affordable housing,
- increasing services and shelter for people experiencing homelessness,
- pursuing new models of community ownership, and increasing protections for low-income renters.

Opportunity Pathways: Hand in hand with stabilizing housing costs, the City Council, SAAG, and public have generally agreed on the importance of helping San Jose residents of all skill and educational levels and diverse backgrounds to prepare for and secure good-paying jobs. Priorities include:

- programs and services related to adult and youth occupational skills training,
- college/post-secondary scholarships,
- career exploration for middle and high school youth,
- early childhood education, and
- small business and entrepreneurship support.

Consistent with this feedback, the staff-recommended Community Benefits package includes a new “Community Stabilization and Opportunity Pathways Fund”. The project will contribute to the Fund as office space is built out, on a per square foot basis. For every million SF of office that is completed, the project will contribute \$21.2M to the Fund (up to \$154M if the commercial office capacity of 7.3 million SF is fully built out).

The Fund structure also emphasizes the importance of a decision-making process that:

- balances technical expertise and lived experience,
- amplifies local voices and empowers residents of impacted communities,
- focuses on equity, and
- provides a data-driven and transparent decision process.

The recommended structure features a third-party Fund Manager and a Community Advisory Committee, with City oversight and support. The Committee includes representation from local residents (representing the lived experience of impacted communities), direct service providers and other technical experts.

Following final approval of the Development Agreement, the City will need to adopt an ordinance to create the Committee and administer the Fund Manager selection process. The Fund Manager will then work with the Committee to set up the Strategic Plan which will guide the committee’s work.

For additional information about the Community Stabilization and Opportunity Pathways, please refer to Exhibit H of the Development Agreement

Early Payment (Community Benefit)

In addition to the Fund, as part of the Community Benefits package, Google will make an early payment of \$7.5 million to the City for job readiness and anti-displacement programs, in support of *existing City strategies*. Staff will make specific recommendations for the use of this early payment and Council will allocate the funds as part of the approval package.

The intent is to invest early in these two critical areas, ahead of office building completion (when the Fund will be set up and will begin to receive contributions from the project).

For additional information about the Early Payment, please refer Exhibit C of the Development Agreement

Additional Project Commitments to Jobs & Opportunity (Community Benefit)

In addition to improving opportunity pathways through education and job training through citywide programs, there is interest in the ways Google can directly advance economic opportunity through using progressive hiring practices, prioritizing the hiring of local residents, providing opportunities to local businesses, and offering programs that connect their employees to local youth. Accordingly, Google has committed to the following as discretionary project features in the Development Agreement:

- Prevailing wage for all on-site construction workers (AB 900 compliance)
- 30% local hire goal for on-site construction positions,
- Ongoing collaboration with work2future, and good faith efforts to hire local residents,
- Support for disadvantaged businesses through:
 - Providing 10% business inclusion target for disadvantaged businesses, for commercial office building construction,
 - Working with vendors to secure ongoing service contracts for office buildings,
- Promotion of Google employee volunteer/mentorship programs,
- Career development workshops targeted for underserved communities,
- Ongoing monitoring and reporting.

For additional information about Economic Opportunity, please refer to Exhibit G of the Development Agreement.

Parks and Open Space (Requirements/Project Features)

The community-driven goals for the public realm include a variety of publicly accessible amenities, including parks, open space, plazas, and trails; improving the connectivity of the open space and trail networks; activating public spaces through temporary and permanent programming; keeping new and existing spaces well-maintained, safe, and accessible; and ensuring spaces are welcoming to all.

Through a mix of discretionary project features and City requirements, at full build-out the project will provide a total of 15 acres of open space, including 4.8 acres of improved public parks and trails (dedicated to, and maintained by the City,) and approximately 10.2 acres of privately owned open spaces that (where the ongoing maintenance and programming are not the City's responsibility). These additional open spaces will be open to the public over 85% of the time and offer community rentals, and similar hours to City parks.

The approach to open space emphasizes access and proximity across the Downtown West project, rather than concentrating all the open space in one area. This approach to public open space fits the urban context, provides safe and pleasant connectivity for bikes and pedestrians, and complements the other large open spaces in the vicinity.

For additional information about Parks and Open Space, please refer to the main body of the DA, and the Parkland Agreement (Exhibit E of the DA).

Transportation (Requirements/Project Features):

The shared goals in the MOU and community feedback both call for the project and City to:

- Create attractive, vibrant, and safe experiences for pedestrians and bicyclists,
- Provide multi-modal connections to Diridon Station, Downtown, adjacent neighborhoods, and the open space network (Guadalupe River, Los Gatos Creek),
- Greatly exceed citywide targets for reduced car travel,
- Proactively manage car parking to adapt to changes in travel patterns, minimize land dedicated to parking, and encourage shared parking across the district,
- Provide convenient access to the Arena,
- Ensure public transit is affordable, functional, well-served, and accessible – and provides a seamless experience for all users,
- Allow for adaptability (accommodate future mobility options),
- Facilitate safe, efficient movement during construction work.

Consistent with these objectives, the project proposes multi-modal transportation improvements throughout the project such as changes to the street network, sidewalks, bikeway facilities, electric vehicle charging stations, and dynamic lanes – flexible space that can be used for multiple purposes over time. These project features are reflected in the infrastructure plans and Downtown West Design Standards and Guidelines.

As part of the development review process, the City required preparation of a Local Transportation Analysis (LTA) to evaluate the project against City policies and identify any necessary improvements to the transportation system. As required by the LTA, the project will provide about \$30 million in improvements, including: complete street improvements along Barack Obama Boulevard, support for transit projects recommended in the Diridon Station Area Plan, multimodal improvements to Auzerais Avenue, and \$10 million for local needs identified in future Focused LTAs.

Also consistent with City policies, the project will provide shared, publicly available parking in conjunction with commercial development (4,000 spaces at full build-out). Residential parking will be rented or sold separately to lower housing costs for those who choose to live without a car.

As part of the environmental requirements, the project will prepare a Transportation Demand Management (TDM) plan to manage traffic and emissions, limiting solo occupancy vehicle trips to a maximum of 35%, with penalties up to \$5M/year for non-compliance.

The DA also provides for coordination with ongoing Station and rail plans between DISC, the City and the project including:

- Reinforcing shared MOU goals and ongoing collaboration,

- Establishing a Transit Project Buffer Zone in anticipation of land expected to be needed to construct rail improvements, and
- Including provisions on temporary construction easements, long-term park use, and community benefit implications.

For additional information about Transportation, please refer to the main body of the Development Agreement, and the Conditions of Approval.

Environmental Sustainability, District Utilities, and Ecology (Project Features)

Community input also focused on advancing the City's sustainability goals as outlined in the City's "Climate Smart San Jose" Plan. These include reducing greenhouse gas emissions; adhering to LEED Gold or Platinum standards for green building; serving as a model for eco-district planning, design, and implementation; exploring a district systems approach; and restoring and enhance the wildlife habitat, water quality, and flood protection of the creek corridors.

Consistent with the MOU, the City and Google have studied a district-wide program of shared utilities, such as electricity, data, water, storm water, waste and sewer that allows for necessary City easements. As a discretionary project feature, the project proposes a sustainable district systems approach to the provision of certain utilities, including energy generation, wastewater treatment, recycled water use and solid waste treatment onsite..

The project documents subject to City Council approval will incorporate City goals related to District Utilities to ensure: proper design review, permitting, and oversight of the onsite wastewater treatment and electrical infrastructure; continuity of District Utilities services; properly maintained and operated infrastructure; and rate equity. The District Utilities approach is part of the project's compliance with AB 900 and generally supports Climate Smart San Jose and the City's Envision San Jose 2040 General Plan's Measurable Environmental Sustainability, Environmental Resources, and Infrastructure goals.

In addition to District Utilities and meeting existing City Green Building Codes, discretionary project features related to sustainability also include:

- improvements to the riparian corridor,
- all electric development,
- 2,200+ new trees and 100% native plant palette,
- net zero emissions for construction and operation over 30 years (AB 900 requirement),
- replacement of San Fernando Bridge to reduce flood risk.

Historic Preservation (Project Features)

The MOU and desired outcomes from 2018 include the goal to preserve and integrate historic and cultural assets into the project design to reinforce the identity of the area. The project proposes, as discretionary features, to retain, relocate on-site, or partially salvage six of the nine historic resources under CEQA. The resources to be retained and repurposed include: the San Jose Water Company Building (374 W. Santa Clara St), Kearney Patternworks and Foundry building (40 S. Montgomery), and

Hellwig Ironworks building (150 S. Montgomery). A grouping of three Victorian bungalows on Julian Street (559, 563, and 567 W. Julian St) and the Stephen's Meat Products sign would be relocated on-site. Portions of the facade of the Sunlite Bakery Building (145 S. Montgomery) would be salvaged and incorporated into the project.

As required by the EIR, the other three historic resources would be available for others to purchase and relocate. In addition to the CEQA historic resources described above, the project will also: relocate on-site the buildings at 35 S. Autumn Street and 91 S. Autumn Street (Poor House Bistro) and support the relocation costs of other on-site structures of merit (including eligible) to off-site locations, if property owners elect to receive them, up to the equivalent cost of demolition.

Community Benefits Value:

In determining the value of the Community Benefits package, the MOU intent is for Google to share back a portion of the additional property value created through the City's actions (such as rezoning and increased height limits), while taking into account the financial feasibility of the project. Consistent with the MOU framework, the following costs are not considered Community Benefits: costs required to mitigate impacts under CEQA; costs associated with project design, project elements, or other improvements proposed by Google as part of its development; and costs incurred to meet City standard requirements, conditions of approval, fees, or taxes.

The following table illustrates the value of the Community Benefits package by category. The City's consultants, HR&A, have benchmarked the Community Benefits provided by the Downtown West project and determined that the package provided by the DA is comparable or better than those in other California DAs. The benefits in the Downtown West DA are particularly focused on equitable development, consistent with Council direction and community input.

Some of the community benefits will be delivered early on, while others are tied to the development of office and will be delivered over time. "Final Approval" means following City Council approval of the project documents and resolution of any legal challenge to those approvals

	Community Benefit Value (at 7.3M SF)	\$/per GSF of Office	Timing
Community Stabilization and Opportunity Fund	\$154.8 Million	\$ 21.20	As office gets built
Early Payment for Job Readiness and Anti-Displacement	\$7.5 Million	\$ 1.03	120 days after Final Approval
30 Additional Moderate-Income Units	\$7.0 Million	\$ 0.96	With market-rate residential development

Land Transfer to the City (0.8 acres for consideration of affordable housing) ¹	\$8.4 Million	\$ 1.15	6 months after Final Approval
Currently Unallocated Community Benefit Commitment	\$22.3 Million	\$ 3.06	As office gets built
TOTAL	\$200 Million	\$ 27.40	

Oversight and Performance

The Development Agreement is legally binding and enforceable and requires an annual review of the performance and compliance by the Planning Director and a report to the Planning Commission. The City cannot force Google to build, but the Development Agreement includes requirements for performance to maintain DA rights, including Termination at 10 or 20 years, unless 2 or 4 million sq ft of office is completed OR payment of Community Benefits on 2 million sq ft of office. In addition, Google is limited to transferring office development rights/land to no more than 40% of constructed office square footage to ensure growth of jobs and tax base.

Next Steps

The City released the staff-recommended Development Agreement to the public on April 5th, 2021. The City will hold a meeting of the Diridon Station Area Advisory Group (SAAG) on April 14th, 2021 and a Community Meeting on April 17th, 2021 to review and discuss the Development Agreement, in addition to online tools for collecting public feedback outside of these virtual meetings. Staff will provide all feedback received to the Planning Commission and the City Council, for their consideration. Staff will also consider the feedback when finalizing the Development Agreement, other project documents, and staff memos that will be presented to Planning Commission. Visit www.diridonsj.org for current information.

Resources

Project pages

[All application documents and information on the City's review processes for the Downtown West project](#)⁷
[Google's project webpage](#),⁸ including their Social Infrastructure Plan document and video

Shortcuts to project documents

Staff-recommended Development Agreement:  [Draft Environmental Impact Report \(DEIR\) for the Downtown West project](#)⁹

Community Engagement materials (2018-2020)

⁷ www.sanjoseca.gov/GoogleProject

⁸ <https://realestate.withgoogle.com/sanjose/>

⁹ <https://www.bit.ly/GoogleProjectEIR>

[Diridon Station Area Civic Engagement Report \(2018\)](#)¹⁰, including list of Desired Outcomes for the six topic areas
[Fall 2020 community engagement info, including a summary of feedback received](#)¹¹
[Information about Google's updated submittal for the Downtown West project, including background presentations by the City \(process\) and Google \(Design Standards and Guidelines\)](#)¹²
[Video](#)¹³ (timestamp: 7:30 to 53:30): presentation from the Downtown West Community Meeting on Oct. 19, 2020
[Downtown West Community Meeting \(October 19\) materials](#)¹⁴
Presentation for City Council Study Session (November 16, 2020)
[Summary of the City's 2018 community engagement process](#)¹⁵

Related plans

[Citywide Residential Anti-Displacement Strategy](#)¹⁶
[Draft Amended Diridon Station Area Plan](#)¹⁷
[Draft Diridon Affordable Housing Implementation Plan](#)¹⁸

General

[Background information](#)¹⁹
[FAQs, Info Memos, and other resources](#)²⁰
[Station Area Advisory Group \(SAAG\) webpage](#)²¹ with past meeting materials

¹⁰<https://www.diridonsj.org/s/FINAL-DiridonStationAreaCivEngagementReport10312018.pdf>

¹¹<https://www.diridonsj.org/fall2020>

¹²<https://www.diridonsj.org/fall2020-google>

¹³<https://www.youtube.com/watch?v=ddmcFntNG7A&feature=youtu.be>

¹⁴<https://www.diridonsj.org/general-events/community-meeting-downtown-west-fall2020>

¹⁵<https://www.diridonsj.org/archive>

¹⁶<https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-policy-plans-and-reports/citywide-anti-displacement-strategy#:~:text=By%20focusing%20attention%20on%20Production,greatest%20asset%20%2D%20its%20existing%20residents>

¹⁷https://static1.squarespace.com/static/5c38bcfdcc8fedd5ba4ecc1d/t/5f9783e6506bd2232c50f52e/1603765259907/20201026_DSAP_Report_web.pdf

¹⁸<https://static1.squarespace.com/static/5c38bcfdcc8fedd5ba4ecc1d/t/5fa9c16b09511e6a4e5a07b4/1604960644280/Draft+Diridon+Affordable+Housing+Implementation+Plan.pdf>

¹⁹<http://www.diridonsj.org/diridon-station-area-plan-google-project>

²⁰<https://www.diridonsj.org/resources>

²¹<http://www.diridonsj.org/saag>