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Commercial Real Estate

Google promises \$200M worth of community benefits under Downtown West plan for San Jose

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Google LLC plans to devote \$200 million to homeless services and job opportunities for local residents, among other items, to ensure its Downtown West project in San Jose, rendered, will benefit the community at large.

GOOGLE LLC



By Matthew Niksa - Commercial real estate reporter, Silicon Valley Business Journal Apr 6, 2021 Updated Apr 7, 2021 10:33am PDT

Google LLC plans to devote \$200 million to homeless services, job opportunities for local residents and other items as part of an effort to ensure its proposed San Jose project benefits the community at large.

The technology giant detailed its community benefits plan in a draft of its 30-year development agreement with the City of San Jose. The city posted the draft contract for the project, dubbed Downtown West, on its website Tuesday.

"I'm proud that together with the City of San José, community, and local organizations, we developed a project agreement with community benefits that focus on social equity and will help San José come back stronger from the pandemic's impacts," Alexa Arena, Google's San Jose development director, said in a prepared statement. "Downtown West is a great example of a new way to approach development, where community is placed front and center."

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As part of Downtown West, which will be located near Diridon Station, Google is planning to build offices, housing and retail space. If approved by the City Council and built out as designed, the project would bring millions of square feet of commercial space and thousands of housing units in what would be the largest development in downtown's history.



A portion of San Fernando Street, rendered, part of Google LLC's vision for its Downtown West mixed-use project.
GOOGLE LLC

Included in Google's package of community benefits for the project is an approximately \$154 million "Community Stabilization and Opportunity Pathways" fund. It's intended to support programs such as affordable housing preservation, homeless prevention and homeless services. The fund's full amount will be paid out as Google constructs the office portion of its mixed-use village, a company spokesperson said. And assuming the San Jose City Council gives final approval to Downtown West, Google will pay part of that amount up-front, the spokesperson said.

San Jose residents will be able to offer suggestions on how and where the fund's money is spent, creating a unique opportunity for the city, Nanci Klein, San Jose's economic development director, told the Silicon Valley Business Journal.

"Over the many months now in working with the community, the desire to have decision-making in the hands of the community has been repeated many times," Klein said. "We have done research, and we can't find a fund that does that."

The City Council will set the guidelines for the fund's priorities and nominate 13 people for a so-called "Community Advisory Committee," Klein and a Google spokesperson said. The committee will work with a fund manager appointed by the City Council to solicit grant proposals, screen applicants and allocate fund money. That money, as well as the other items in Google's community benefits package, are all intended to assist people who are of low income, Klein said.

Google's announcement also drew praise from community groups that have, in the past, been cautious or critical of the tech titan's downtown designs.

"Google didn't just say, 'Here's what we think is important,' and throw money at that," said Maria Noel Fernandez, director of organizing and civic engagement for Working Partnerships USA and a leader of the organization's Silicon Valley Rising program.

"They sat down with us, we brought in experts we both trusted, and we came up with a really innovative community fund focused on housing and good jobs, grounded in racial and economic justice, and governed by people with lived experience facing these challenges," she said in an email to the Business Journal.

Downtown West sets a new model for how tech development can keep families housed and lift the quality of blue-collar jobs, said Fernandez, the campaign director of Silicon Valley Rising, which represents a coalition of labor, faith and community-based organizations.

Mayor Sam Liccardo told the Business Journal that Google's community benefits package addresses affordable housing, community programs, and job and learning opportunities "in a more impactful way than we've ever seen from any other expansion of employment in this Valley." The package "is one piece of a larger picture that shows that Google is not coming to San Jose either as a savior or a supplicant, but as a community partner," he said.



An active Autumn Street, rendered, part of Google LLC's vision for its Downtown West mixed-use development.

GOOGLE LLC

It also serves as a model for how a tech company can work in harmony with a community, which flies in the face of other large employers trying over the years to squeeze "every kind of subsidy and tax break known to humanity" out of cities and states, Liccardo said. The benefits package and other investments Google is making in San Jose also puts the city on a path to be the one to lead the United States out of the Covid-19 pandemic in a successful and equitable fashion, he said.

Laura Winter, a member of the Diridon Station Area Advisory Group (SAAG) and co-founder of the Diridon Area Neighborhood Group (DANG), said Google's outline of its community benefits plan addresses the SAAG's concerns on project-related issues such as the amount of affordable housing and new job and learning opportunities. SAAG is comprised of 38 member organizations appointed by the City Council to provide input to the city on land use, development, transportation and construction plans affecting the Diridon Station Area, which encompasses the Downtown West project site.

A representative of the St. Leo's neighborhood, which is adjacent to the planned development, Winter also said she appreciates the time Google has spent listening to DANG's concerns and committing to an ongoing dialogue. The group is made up of three neighborhood associations whose areas [meet at the doorstep](#) to Downtown West.

Some of the other noteworthy community benefits and items stipulated in Google's draft development agreement with the City of San Jose include:

- 25% affordable housing in the Diridon Station area. This amount of affordable housing is comprised of land Google is dedicating to the city for affordable housing, representing 600 future units; the use of [commercial linkage fees](#); on-site affordable housing distributed among market-rate buildings; and the payment of affordable housing "in-lieu" fees.
- A 30% "local hire goal" for Downtown West's on-site building construction.
- A more-than-\$250 million investment by Google to satisfy the City of San Jose's project requirements that's in addition to its \$200 million community benefits package. More than two-thirds of that money will go toward making at least 20% of Downtown West's residences affordable. The rest will be used to construct nearly 5 acres of parks and trails dedicated to the city as well as local transportation improvements.



A new bridge over the Los Gatos Creek, rendered, part of Google LLC's Downtown West project.

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
Later this spring, the San Jose City Council will consider for approval Google's plans for Downtown West. The City Council should vote on it by May, Liccardo said last month.

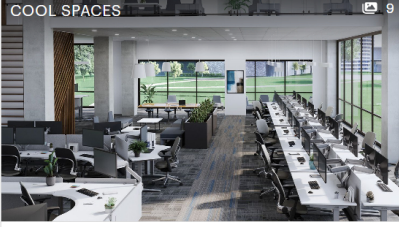
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