The Google Rent Hike

What Google’s San José mega-campus could cost renting families — and what Google can do about it

June 2019

KEY FINDINGS

• Google’s downtown San José expansion could cost renters $235 million in higher rent each year unless the company commits to significant housing production.

• Google and the City of San José can prevent these rent hikes (and the ensuing super-commutes, overcrowding and displacement) by subsidizing the development of 5,284 affordable homes and helping produce 12,450 market-rate units.

• Without sufficient housing built in conjunction with the Google project, San José families would pay five times more in higher rent ($127.4 million each year) than the City expects to collect in property tax revenue from the project ($24.8 million/year).

• By the time Google’s campus is built, rent burdens for Asian, African American and Latino families would rise significantly, making it even more difficult for communities of color to remain in San José.

• Google and the City of San José can set a new standard for tech development that avoids dramatic increases in rents, displacement, and homelessness, while creating quality jobs and new opportunities for local residents.
Introduction

Since Google first announced plans to build a new mega-campus in downtown San José surrounding the Diridon Station transit hub, residents have raised concerns that the project will drive up rents and increase homelessness, displacement, and gentrification.

With San José and Silicon Valley already experiencing a housing crisis and falling far behind on their goals of producing affordable homes, this new project is set to bring 20,000 highly paid Google employees and an estimated 8,000 low wage subcontracted service jobs to San José, creating even greater demand for far too few homes.

While Google and the City of San José have stated that housing will be a part of the Diridon Station Area’s redevelopment, the tech giant has yet to make any specific binding commitments to address the affordable housing needs it will generate.

Will Google’s development lead to more rent increases, overcrowding, and super-commutes? Or will Google take responsibility for its impacts and pursue a sustainable approach to produce the affordable housing necessary to prevent further displacement? What kind of housing response would Google need to pursue to achieve such goals?

To answer these questions Working Partnerships USA commissioned Beacon Economics to conduct a series of forecasts on how Google would shape the future of San José. In particular, the study examines the likely impact of the campus on the rental housing market and the housing response that will be necessary to avoid significant rent increases, displacement, super-commutes, and overcrowding.

Using this data, Working Partnerships and its partners in Silicon Valley Rising lay out recommendations for how Google and the City of San José can prevent rising rents and pursue inclusive tech development where working families have the freedom to stay and thrive in San José.

Founded in 2007, Beacon Economics is an independent research and consulting firm with extensive experience providing economic analyses for local governments and businesses. The research team included economist and executive director of research Robert Kleinhenz, Ph.D., and senior research associates, Brian Vanderplas and Justin Niakamal.
Google’s plans in San José

Over the past two years, Google has bought both public and private land to build a 6-8 million square foot office campus — enough space for 20,000 employees — as part of a mixed-use development in downtown San José.¹ Like most other large tech offices in the region, upon completion Google’s San José campus would likely rely on a large number of subcontracted workers to handle tasks such as landscaping, courier services, clerking, general labor, administrative services and customer service.

Based on estimates of Google’s current staffing in Mountain View, we estimate that the San José campus would be staffed by 8,000 contract food service workers, janitors, security officers, and shuttle drivers.²

This report estimates the impact of the added housing demands created by these additional 28,000 workers in San José on rental housing prices. It also projects the number and type of additional homes needed for Google to offset its impact on housing costs and help prevent unsustainable housing market dynamics like overcrowding, displacement, and super-commutes.

It is important to note that Google is also planning to construct millions of square feet of additional office space elsewhere in Santa Clara County, namely in Mountain View, Sunnyvale, and potentially future projects in North San José.³ This study does not assess the full scale of Google’s future impact on rents in San José and Santa Clara County, only the impact of the downtown San José campus, but it may provide a framework for evaluating the impact of these and other tech developments.

The impact of job growth in San José is not only an issue of Google’s plans (major developers like Jay Paul, Boston Properties, and Urban Community are also planning large office developments in San José), but Google has been given unique opportunities by the City in terms of access to public lands, amending land uses and access to new transit investments that should raise the community’s expectations for responsible development. The City and Google also have a chance to raise the bar and set a framework for these other projects to develop without displacement moving forward.
Silicon Valley’s unsustainable approach to housing

Google’s plans come as Silicon Valley is struggling with far too few homes for all the people who support the rapidly growing tech economy, sending rents and home prices sky-high:

Tech-driven job growth

Google’s announcement comes amidst years of strong job growth in Santa Clara County, driven largely by the tech sector. Beginning in 2010, the regional economy began its recovery from the Great Recession and has become one of the state’s leaders in jobs and economic productivity, buoyed by growth in technology manufacturing and services. Over this time, the county added roughly 230,000 jobs.

Housing production hasn’t kept pace with tech-driven demand

Each year since 2010, Santa Clara County has built an average of roughly 6,500 homes, about three-fourths of which were multifamily units. That’s far fewer than needed: while the number of payroll jobs grew 28.8% from 2010 to 2018, just 5.7% more homes were built.

Jobs & Housing Growth, 2010-2018:

Source: California Employment Development Department and California Department of Finance, analysis by Beacon Economics
Rents and home prices far outstrip wages

This combination of a tech boom and insufficient housing production has forced people to compete against each other for housing, driving up rents and home prices. In the third quarter of 2018, the median price of a single-family home hit $1.20 million and the median apartment rent reached $2,680 per month.\textsuperscript{7}

Meanwhile, the enormous economic output generated in Silicon Valley has not been shared evenly. Research conducted by the Everett Program at UC Santa Cruz shows that over the past two decades, residents of Silicon Valley have increased their per capita economic output by 74% — yet for nearly nine out of ten jobs, employers are paying lower real wages now than in 1997.\textsuperscript{8}

As a consequence, many working people cannot afford a $1.2 million home or $2,600 rent. The rent of the median housing unit has risen three times faster than median wages between 2010 and 2017.\textsuperscript{9} Indeed, the yearly rent for a typical apartment would consume 40% of the mean annual wage of $77,180.\textsuperscript{10}

PERCENT CHANGE IN MEDIAN ANNUAL WAGES & MONTHLY RENTS, 2010-2017:

\textbf{Wages:} \hspace{1cm} \textbf{Rents:}

\begin{tabular}{c|c|c|c|c|c|c|c|c}
\hline
\hline
\textbf{Wages} & $50,078 & $52,688 & $56,218 & $59,794 & $62,368 & $64,942 & $67,516 & $70,090 \\
\hline
\textbf{Rents} & $1,506 & $1,620 & $1,734 & $1,848 & $1,962 & $2,076 & $2,190 & $2,538 \\
\hline
\end{tabular}

\textit{Source:} Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) and REIS, Analysis by Beacon Economics
Consequences for families & our region

This unsustainable approach is having damaging repercussions:

- **High rent burdens:** In Santa Clara County, over 42% of working people — including three in four low-income tenants — are rent burdened (spending more than the 30% of income on rent that is widely considered affordable).\(^1\) That leaves many unable to cope with rising costs of rent.

- **Displacement:** According to the Urban Displacement Project, over 34% of neighborhoods in the County are already experiencing displacement (losing low income and minority households) and/or gentrification (replacing current population with households with higher income/education).\(^2\) Each of the neighborhoods surrounding Google’s project are struggling with displacement and gentrification, including, according to the National Community Reinvestment Coalition, one Census Tract which has experienced more displacement of Latinx families than anywhere else in the county (including St. Leo’s, Sunol/Midtown and Shasta Hanchett neighborhoods).\(^3\)

- **Super-commutes:** San José’s metro area has one of nation’s highest share of workers whose daily commute is more than 90 minutes each way. Roughly 24,840 people endure these super-commutes each day, a number that has increased by 231% since 2005.\(^4\)

- **Overcrowding:** Over 5.6% of rental units in Santa Clara County area are severely overcrowded, home to more than 1.5 people per room, impacting nearly 13,500 rental units.\(^5\) This appears to be a growing trend: between 2007 and 2017, the proportion of severely overcrowded units doubled from 2.8% to 5.6%.

Each of these challenges create a host of negative impacts for families and communities, from increasing greenhouse gases, risks of job loss, harms to physical and mental health, and impacts on children’s education and development.\(^6\) The arrival of the new Google downtown campus has the potential to contribute to these symptoms, or can improve them, depending on the course of action taken.
San José’s housing goals: Missing the mark for affordability

As the largest city in the Santa Clara County and home to almost half the County’s residents, San José is a major driver of the region’s housing market (especially since insufficient production by smaller cities continues to be a major challenge). The City of San José has exceeded its annual goals for constructing housing for higher income households since 2015, but has fallen behind in meeting its affordable housing production targets.\(^{17}\)

Per California’s Regional Housing Needs Assessment, the City of San José needs to build 35,080 units between 2015 and 2022, the bulk (59.4%) for families making less than the median income. As of 2018, the City has met 10.7% of its very low income goal, 4.3% of its low income goal; 25.6% of its moderate income goal and 83.1% of its high income goals.

PROGRESS TOWARDS MEETING SAN JOSÉ’S HOUSING NEEDS, 2015-2022

Additionally, in 2017 San José Mayor Liccardo created a goal of building 25,000 housing units by 2022, including a less ambitious goal of 10,000 affordable units. Unfortunately, even the City’s own plans project an over $540 million shortfall in the resources necessary to subsidize the construction of 10,000 affordable units by this time.\(^{18}\)

As this report demonstrates, the construction of Google’s San José campus will create additional housing needs above and beyond these...
goals, but the past challenges in building enough units at the necessary affordability levels just adds to the importance of addressing and funding these needs going forward.

**Forecasting Google’s likely impact on housing costs**

Based on long-term trends, Beacon Economics examined the potential impact of the Google campus on housing markets in San José and Santa Clara County. For the purpose of this forecast, Beacon assumed the campus would be constructed over a period of six years beginning in 2024, adding workers over time until it was fully operational in 2030.20

**Baseline model: no Google campus**

Beacon first developed a baseline model describing the housing market between 2024 and 2030 based on current housing production, demographic and labor market trends, without the new Google campus. Under this baseline scenario, the Santa Clara County workforce will increase by 8.5% from 2024-2030, or approximately 1.4% each year. Meanwhile, the county’s housing stock is projected to increase by 0.7% each year, reaching 726,400 units by 2030.

San José is projected to add housing units somewhat faster, at 0.9% per year. That would add about 38,000 additional housing units between 2018 and 2030, for a total of 372,960 units under this scenario.

**Google campus model**

Beacon then created a forecast adding the 20,000 employees and 8,000 subcontracted workers for the new Google campus, assuming no additional housing production beyond what was projected in the baseline forecast, in order to get a sense of the potential impact of Google’s office construction on the housing market. The Google mega-campus would mean a roughly 2% increase in the total Santa Clara County workforce by the end of 2030.

To assess the impact of the campus’s additional workers on rents and home prices, Beacon developed a detailed estimate of the likely Google workforce, their household incomes, commuting patterns, and housing needs using industry data.
Google employees profile

Many of the occupational categories typically hired at Google have six-figure annual salaries and high household incomes.26

Most of the occupations have a higher ratio of workers per housing unit than either the county (1.5) or statewide (1.35) averages. This suggests that even well-paid tech employees are responding to Silicon Valley’s high housing costs by splitting rent among more people.

A lower than average (85.5%) share of workers in each of the occupations both live and work in Santa Clara County, indicating that many workers are commuting in from outside the county.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median Household Income</th>
<th>Median Annual Wage</th>
<th>Jobs/Housing Ratio</th>
<th>Share Living &amp; Working in the County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architecture/Engineering</td>
<td>$357,000</td>
<td>$253,810</td>
<td>1.9</td>
<td>71.1%</td>
</tr>
<tr>
<td>Arts/Entertainment</td>
<td>$278,000</td>
<td>$183,920</td>
<td>2.1</td>
<td>57.0%</td>
</tr>
<tr>
<td>Business/Financial</td>
<td>$235,000</td>
<td>$105,410</td>
<td>2.6</td>
<td>77.4%</td>
</tr>
<tr>
<td>Cleaning/Grounds Keeping</td>
<td>$63,000</td>
<td>$23,300</td>
<td>2.4</td>
<td>76.3%</td>
</tr>
<tr>
<td>Computer/Mathematical</td>
<td>$237,700</td>
<td>$181,910</td>
<td>1.7</td>
<td>74.4%</td>
</tr>
<tr>
<td>Food Prep/Serving</td>
<td>$88,660</td>
<td>$28,440</td>
<td>1.0</td>
<td>77.1%</td>
</tr>
<tr>
<td>Install/Maint/Repair</td>
<td>$100,000</td>
<td>$30,000</td>
<td>2.4</td>
<td>61.6%</td>
</tr>
<tr>
<td>Legal</td>
<td>$493,000</td>
<td>$366,710</td>
<td>1.3</td>
<td>65.1%</td>
</tr>
<tr>
<td>Management</td>
<td>$333,000</td>
<td>$256,220</td>
<td>1.5</td>
<td>69.9%</td>
</tr>
<tr>
<td>Office/Administrative</td>
<td>$158,000</td>
<td>$93,110</td>
<td>2.7</td>
<td>72.5%</td>
</tr>
<tr>
<td>Protective Service</td>
<td>$169,810</td>
<td>$57,440</td>
<td>2.8</td>
<td>57.2%</td>
</tr>
<tr>
<td>Sales</td>
<td>$300,000</td>
<td>$225,080</td>
<td>1.8</td>
<td>72.0%</td>
</tr>
<tr>
<td>Science</td>
<td>$160,000</td>
<td>$100,280</td>
<td>1.6</td>
<td>71.6%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$78,000</td>
<td>$20,800</td>
<td>2.8</td>
<td>70.4%</td>
</tr>
</tbody>
</table>

Source: US Census Bureau, Quarterly Census of Employment and Wages, Beacon Economics
Google service workers profile

A second profile examined the core occupations that provide services tied to the Google campus. Using an estimate based on analysis of Google’s operations in Mountain View, Silicon Valley Rising estimates the San José Google campus could include 8,000 subcontracted service workers across food service workers, janitors, security officers and shuttle drivers.27

People working in these service occupations are paid far less than the direct Google employees.28 Annual wages are less than half the average of all occupations in the region ($73,900), as are median household incomes.

While data for Google is unavailable, past research by Working Partnerships USA has found significant racial and occupational segregation within the tech industry with black and Latinx workers making up 58% of blue-collar contract jobs, but just 10% of direct tech employees.29

Over half of service worker households are rent-burdened (spending more than 30% of their income on rent). By comparison, just 42% of workers across all occupations in the region are rent-burdened.30

With a higher ratio of jobs per housing unit in these occupations, service workers are also more likely to experience overcrowding and its negative impacts. As with the directly-hired Google employees, a lower share of service workers both live and work in Santa Clara County, compared to the county average.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median Household Income</th>
<th>Median Annual Wage</th>
<th>Jobs/Housing Ratio</th>
<th>Share Rent Burdened</th>
<th>Share Living &amp; Working in the County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Prep &amp; Serving</td>
<td>$66,400</td>
<td>$24,150</td>
<td>3.8</td>
<td>58.7%</td>
<td>77.1%</td>
</tr>
<tr>
<td>Janitors &amp; Cleaners</td>
<td>$61,500</td>
<td>$30,720</td>
<td>2.4</td>
<td>63.4%</td>
<td>76.3%</td>
</tr>
<tr>
<td>Passenger Vehicle Drivers</td>
<td>$72,620</td>
<td>$26,420</td>
<td>1.9</td>
<td>58.7%</td>
<td>70.4%</td>
</tr>
<tr>
<td>Security Officers66</td>
<td>$46,000</td>
<td>$28,810</td>
<td>2.8</td>
<td>85.4%</td>
<td>57.2%</td>
</tr>
</tbody>
</table>

Source: US Census Bureau, Quarterly Census of Employment and Wages, Beacon Economics
What happens if Google comes to San José without building new housing?

Through analyzing the differences between the baseline model and the scenario with the Google campus but no extra housing, Beacon estimated how the construction of Google’s new office space would impact the local housing market. While Google has said it plans to include some housing in its development, this method helps isolate the impact of the added workforce on housing costs versus the baseline scenario to begin to identify the scale of additional housing needs the project will create. This approach provides a benchmark against which to measure Google’s future proposals.

By the estimated completion of construction in 2030, the average renting household in Santa Clara County would pay an additional $765 in rent annually due to demand created by Google. Santa Clara County renters will be paying roughly $235 million more in rent each year than if Google were not to build its campus. That comes out to $11,750 in additional rent paid by tenants for every added Google employee annually.

AVERAGE ANNUAL RENT INCREASES DUE TO THE GOOGLE CAMPUS, 2024-2030

Source: Beacon Economics Analysis
In the City of San José, these impacts would be even more significant. By 2030, if Google were to not include any additional housing in its project, renters would pay an average of $816 a year in additional rent due to Google’s San José campus. Between the period of 2024-2030 the average renter would pay a total of $3,396 in additional rent due to Google’s San José expansion.

It’s important to note that today nearly three out of four rental units in San José are owned by corporations and investors based outside the city, so many of these added rent payments are not likely directly benefiting local residents or the local economy.

Rent hikes five times larger than tax revenue

The City of San José released estimates of the property tax from the Google campus project, projecting $24.8 million in additional annual tax revenues after full build out of the commercial property. That is only one fifth the magnitude of the estimated aggregate annual rent increases for San José renters ($127.4 million) if Google were to complete its campus with no additional housing compared to the baseline.

SAN JOSÉ RENT INCREASES AND TAX REVENUES FROM THE GOOGLE CAMPUS

Rent hikes: $127.4 million

Tax revenue: $24.8 million

Source: Beacon Economics Analysis, City of San José
Renters of color hit the hardest

Overall, renter households spend 28.3% and 30% of their income on rent in Santa Clara County and San José, respectively. White and Asian tenants pay slightly less of their income in rent, while Black and Latinx renters pay higher shares.  

Similarly, rent burdens and extreme rent burdens (when rent takes more than half of income) are highest among Black and Latinx households. Furthermore, rising rents have more impact on Black and Latinx households because they are more likely to be renters than homeowners, while White and Asian households are more likely to be homeowners.

**Source:** Beacon Economics Analysis
Based on analysis of trends from 2007 through 2017, Beacon Economics projected how rent burdens would change by the year 2030. After accounting for variation in income and rent trajectories by ethnicity, it is expected that rent as a share of income will increase overall from 30.0% in 2017 to 38.7% in 2030 for renters in San José. Latinx, Asian and other households (which includes African-American households) will see the highest share of income going to rent. Note that these estimates are under the baseline scenario with no Google campus, so would likely be higher if Google builds its new campus without adding sufficient housing.

To the extent that the Google campus and workforce are not met by an adequate housing response, rent hikes caused by Google could hit these households especially hard, given their already precarious financial situation. As demand from higher-income households drives up rents, lower-income households that are predominately people of color (especially Latinx and Other/Black) will likely face increased displacement.\(^\text{36}\)
What kind of housing response is needed from Google?

Beacon Economics then analyzed what additional housing Google would need to include in its plans to prevent these rent hikes, and at what levels of affordability. The researchers constructed two scenarios:

- **A Status Quo Scenario** includes the minimum housing production needed to offset rent increases. However, this scenario continues the current unsustainable approach to housing described earlier. It maintains ongoing trends in commuting patterns, rent burdens, overcrowding, and jobs-to-housing ratio.

- **A Sustainable Scenario** includes enough homes to offset rent hikes and prevent higher proportions of super-commutes, displacement, and overcrowding. This scenario brings the jobs-to-housing ratio in line with the statewide (instead of countywide) average, and commute patterns in line with the overall county, rather than the extremely high rates in the tech industry.

**Status Quo Google development scenario**

In this scenario 14,124 housing units, including 10,114 units in Santa Clara County, will be needed for a housing response that prevents increases in housing costs but maintains current jobs-to-housing ratios and commuting patterns across the Google employee and service worker occupations.

**STATUS QUO SCENARIO HOUSING NEEDS (IN SANTA CLARA COUNTY)**

<table>
<thead>
<tr>
<th>Affordable homes</th>
<th>Market rate units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2,045</strong></td>
<td><strong>8,069</strong></td>
</tr>
</tbody>
</table>

*Source: Beacon Economics Analysis*
Because many Google employees are highly compensated, most (8,069 units) of the housing needs in Santa Clara County fall in the High Income range, while 2,045 below-market-rate homes would be needed ranging from Moderate to Extremely Low Income. An additional 4,010 units would be needed outside the county for workers commuting in to work at the campus.

This scenario perpetuates Santa Clara County’s inequitable housing conditions that require far too many people — especially subcontracted service workers — to take harmful measures to keep a roof overhead, such as:

- **Working multiple jobs**, taking time that could be spent caring for family members or furthering education.
- **Crowding more and more people together** in the same apartment in order to make rent.
- **“Driving until you qualify”** — moving outside the county to cheaper places and commuting back to work, increasing traffic and pollution and uprooting families from their existing social and support networks.

### STATUS QUO SCENARIO HOUSING MIX

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Employees</th>
<th>Service Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low/Very Low Income</td>
<td>0</td>
<td>648</td>
<td>648</td>
</tr>
<tr>
<td>Low Income</td>
<td>37</td>
<td>1,221</td>
<td>1,258</td>
</tr>
<tr>
<td>Moderate Income</td>
<td>139</td>
<td>0</td>
<td>139</td>
</tr>
<tr>
<td>High Income</td>
<td>8,069</td>
<td>0</td>
<td>8,069</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8,245</strong></td>
<td><strong>1,869</strong></td>
<td><strong>10,114</strong></td>
</tr>
</tbody>
</table>

*Note: This is the housing mix needed within Santa Clara County. Beacon projects an additional 4,010 units will be needed for workers living outside the county and commuting into the campus.*

*Source: Beacon Economics Analysis*
Google should consider an approach to housing development that both prevents rent hikes and avoids furthering unsustainable trends in displacement, overcrowding, and super-commutes.

Sustainable Google development scenario

While the above scenario may prevent rent increases, it would replicate unhealthy trends in housing occupancy, commuting, and other dynamics — namely overcrowding, super-commutes, and displacement which negatively impact children, families, and neighborhoods.\(^\text{38}\)

The current trend of housing construction lagging far behind the tech-driven growth in population and jobs across Santa Clara County has had negative impacts in the county and San José. As such, Google should consider an approach to housing development that both prevents rent hikes and avoids furthering these unsustainable trends. In particular, this scenario would:

- Include enough homes to align new construction with the \textit{statewide ratio of 1.35 jobs per housing unit}, rather than the county’s status quo of 1.5 which reflects an underproduction of homes and high rates of overcrowding.\(^\text{39}\)

- Build sufficient housing to \textit{allow 85.5% of new workers to live in the county} (reflecting the overall countywide average) rather than replicate the current dynamic which assumes just 70.4% of workers in Google’s sector live and work in the county.

By design, this scenario is intended to achieve improvements in aligning housing production with job creation and increasing the share of workers who live and work in the county. By improving the latter, it implicitly reduces the number of long-distance and super-commutes. It also increases the likelihood that further overcrowding and displacement may be prevented.

**SUSTAINABLE SCENARIO HOUSING NEEDS (IN SANTA CLARA COUNTY)**

<table>
<thead>
<tr>
<th>Affordable homes</th>
<th>Market rate units</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,284</td>
<td>12,450</td>
</tr>
</tbody>
</table>

\textit{Source: Beacon Economics Analysis}
Each of these assumptions is not only an improvement but is also feasible, to the extent that they already prevail either within the state or in the county in other sectors, even if they are not found currently in Silicon Valley’s tech sector.

By achieving these targets surrounding the Google development, the county and city could move incrementally closer to improving housing conditions overall and Google could create a new benchmark for future tech developments.

Under this scenario, the requisite total number of units would increase to 20,740, of which 17,734 would be in the county. 12,450 of these units would fall in the High Income range, and 5,284 units would be needed to meet the needs of low-and moderate-income households. Google, in partnership with the of City of San José, should address these needs.

### SUSTAINABLE SCENARIO HOUSING MIX

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Employees</th>
<th>Service Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low/Very Low Income</td>
<td>0</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Low Income</td>
<td>81</td>
<td>3,066</td>
<td>3,147</td>
</tr>
<tr>
<td>Moderate Income</td>
<td>137</td>
<td>0</td>
<td>137</td>
</tr>
<tr>
<td>High Income</td>
<td>12,450</td>
<td>0</td>
<td>12,450</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,668</strong></td>
<td><strong>5,066</strong></td>
<td><strong>17,734</strong></td>
</tr>
</tbody>
</table>

*Note: This is the housing mix needed within Santa Clara County. Beacon projects an additional 3,006 units will be needed for workers living outside the county and commuting into the campus.*

*Source: Beacon Economics Analysis*
Strategies to achieve the Sustainable Google Development Scenario

What has Google said about affordable housing?

Google’s non-binding Memorandum of Understanding with the City of San José acknowledges that Google’s development and the broader redevelopment of Diridon Station Area “may contribute to rising housing costs, potential business and residential displacement.” The MOU spells out ways to address housing affordability including:

- Building new market rate and affordable housing in the Diridon Station Area with a goal of making 25% of housing in the area affordable.
- A community benefits plan within the City’s development agreement with Google that may include elements addressing “affordable housing, displacement prevention and mitigation.”
- Support for a commercial linkage fee.
- Development of a new infrastructure financing plan for Diridon and Downtown, which may include affordable housing.

However, questions remain about the scope of these efforts, how low income households may be impacted, and who will be responsible (between the Google, the City and other stakeholders) for financing and implementing these strategies.

Additionally, Google has purchased land with entitlements for 325 units of housing. While this project was initially exempt from paying affordable housing fees under a subsidy agreement for high rise apartment buildings downtown, Google voluntarily agreed to follow the City’s existing policy, the Inclusionary Housing Ordinance.

If Google follows the Inclusionary Housing Ordinance for any housing built on its site, then it must provide 15% of housing it builds as affordable onsite or pay an in-lieu fee equivalent to roughly $25,000 per unit.
Ways other cities ensure corporations like Google contribute towards their housing impacts

Other cities where Google has undertaken development projects or has offices like Mountain View, Sunnyvale, and San Francisco have commercial linkage fees for office developers to contribute $16-$28.57 per square foot to fund affordable housing. Other cities where Google has undertaken development projects or has offices like Mountain View, Sunnyvale, and San Francisco have commercial linkage fees for office developers to contribute $16-$28.57 per square foot to fund affordable housing.43

The City of Mountain View, where Google continues to build, has developed detailed requirements around how developers must invest in community benefits (based on a framework reflecting public priorities) in exchange for additional development capacity in areas experiencing redevelopment.

For example, in the North Bayshore area where Google is headquartered, Google in 2015 offered community benefits worth a reported $240 million to build 3.4 million square feet of office space.44 In fact, between infrastructure fees, a commercial linkage fee and community benefits, the company was prepared to pay the equivalent of $111.43 per square foot of development in impact fees and community benefits (adjusted to 2019 dollars).45 If San José were to request a similar arrangement with Google, that would equal nearly $900 million.

It’s notable that other cities where Google has offices (Mountain View and San Francisco) have designed additional business taxes to ensure corporations like Google contribute to addressing challenges like affordable housing.46 Cities like East Palo Alto have also passed non-residential parcel taxes to ensure office buildings and other non-residential land owners continue to address their ongoing impacts on housing and inequality by contributing resources to invest in programs to address housing affordability and economic opportunity.

San José’s development policies offer little protection for tenants and working families

San José currently does not have any policy to ensure commercial developers like Google contribute toward addressing their impact on housing affordability. San José is studying a commercial linkage fee, which Google has said it supports, that could be considered by the City Council sometime in 2020.47
San José does require an affordable housing contribution from residential developments under the Inclusionary Housing Ordinance, but it’s notable that the San José City Council is set to consider a policy in September 2019 exempting future downtown high rise apartment complexes from providing affordable housing, a policy that could impact housing in Google’s plan.\textsuperscript{48}

The City of San José also has low taxes for businesses compared to other jurisdictions. For instance, the City of San Francisco raised almost $900 million in FY 18/19 from its business license tax, while the City of San José raised less than a tenth of that ($69.4 million) in business taxes.\textsuperscript{49}

Meanwhile, the public is providing Google a number of valuable public goods which will significantly benefit the corporation and increase the value of its land including:

- Making over 20 acres of valuable public land which used to host public infrastructure (including parking and a Fire Department training facility) available for sale.\textsuperscript{50}
- Giving Google a seat at the table coordinating planning around the nearly $10 billion in transit investments set to converge at Diridon Station, adjacent to Google’s planned offices.\textsuperscript{51}
- More than doubling the development capacity in the Diridon Station Area by increasing allowable heights and planning to nearly double the commercial development capacity at Diridon.\textsuperscript{52}
- Allowing Google to rewrite land use policy for its property — amending zoning, general plan and specific plans, relaxing costly parking requirements, removing a series of public right of ways and potentially eliminating parts of the street grid.\textsuperscript{53}

In order to capture the value of these decision, the City and Google have agreed to negotiate a Community Benefits Plan as a part of the Development Agreement governing Google’s development.

Additionally, developments like the Google project are projected to create an influx of property and construction tax income for the City of San José and in turn could spur additional construction of residential and commercial property downtown, yielding further tax revenue. These additional revenues could help provide resources for addressing affordable housing issues if the City took action to redirect them towards affordability and addressing displacement, but by themselves would be insufficient to mitigate the problem.
What does the City have planned for housing within the Diridon Station Area?

The Diridon Station Area Plan (DSAP), completed in 2014, envisioned a lively, mixed use district bringing office, retail, residential and high quality public spaces together in a western extension of San José’s downtown, surrounding the largest transit hub west of the Mississippi River. While the original plan only called for adding 2,588 additional housing units, the plan also envisioned residential density up to 350 units per acre. With recent changes to increase maximum allowable heights after the City of San José approved greater development capacity, nearly doubling allowable heights and development capacity across the area, there is certainly more room for housing across the DSAP’s roughly 240 acres. The plan makes clear that additional housing and residents would be key to making the area an active space, capable of supporting high quality, destination retail.

The plan also recognized the importance of affordable housing for families and seniors, and in locating affordable housing near transit resources to increase transit ridership and reduce congestion and greenhouse gases. It encouraged the investment of affordable housing resources in the area for producing below market rate housing and preserving existing naturally occurring affordable housing. Additionally it called for policy responses “to address potential displacement of existing households as a result of rising rents or property values due to development of Diridon Station.” The plan called for additional strategies to address affordable housing including impact fees, tax increment financing, public benefits for rezoning, and use of proceeds of public land sales for affordable housing.

Building on the DSAP and looking for input on Google’s eventual plans, in 2018 the City of San José created the Station Area Advisory Group (SAAG) to offer recommendations from the public. As the group met in 2018, “housing and displacement were the dominant topics of SAAG discussions and of public comments” according to a 2018 report summarizing the SAAG’s findings. The SAAG also set the bold goal of “no direct/indirect displacement from San José, and no increase in homelessness” as a result of the Google project and Diridon Station development through a number of strategies: producing more affordable housing (including requiring 25% of units built by developers to be affordable), resources for preserving naturally affordable housing in neighborhoods at risk of displacement, investments in Community Land Trusts and shared equity approaches, and support for legal assistance for tenants facing eviction.

San José’s business license tax raises less than one-tenth of what San Francisco collects in business taxes.
Google and the City of San José can set a new standard for tech development that prevents dramatic increases in rent, displacement, and homelessness, while creating quality jobs and new opportunities for local residents.

A model for sustainable tech development without displacement

With the right strategies, Google and the City of San José can set a new standard for tech development that prevents dramatic increases in rent, displacement, and homelessness, while creating quality jobs and new opportunities for local residents. This project presents a chance to shape a future San José defined not by displacement but by the freedom for working families to remain in their neighborhoods and make a decent living.

The following recommendations are based on Beacon Economics’ analysis and Silicon Valley Rising’s consultation with hundreds of San José residents in the neighborhoods surrounding Google’s project and other areas at risk of displacement. Silicon Valley Rising is a coalition of community, labor, faith and nonprofit organizations advocating for an inclusive tech economy, co-founded by Working Partnerships USA and the South Bay Labor Council in 2015. These ideas align with many of the recommendations of the DSAP, the Station Area Advisory Group and within the Diridon Station Civic Engagement Report released by the City of San José in 2018.54

Silicon Valley Rising consulted with over 1,500 San José residents to develop five community principles for the Google project.
Google and the City’s efforts to prevent displacement from the new campus should lead with building more affordable housing: constructing or subsidizing at least the 5,284 affordable homes needed to meet the housing demand created by the Google project. These homes should be spread both within the Diridon Station Area and across San José near transit lines connected to Diridon. This should include:

- 1,000 Extremely Low Income housing units, including permanent supportive housing to alleviate impacts on homelessness.
- Roughly 1,000 Very Low Income, 3,150 Low Income, and 150 Moderate Income units for working families and seniors (in line with the demand identified in the Beacon analysis), giving a preference for residents living in neighborhoods at risk of displacement.
- Among these investments, work with community and local government partners to develop a large-scale model for shared equity homeownership to ensure permanent affordability and allow community members to share in the wealth created by rising home prices.

Additionally, in order to accommodate new housing demand, Google should plan to build additional housing and advocate to increase the overall development capacity of the Diridon Station Area and Downtown San José in order to also add at least 12,450 market-rate homes.

It will also be important to help preserve affordable housing and support tenant protections by:

- Creating a new partnership to provide the 7,000+ households facing eviction annually in San José with a right to legal services.
- Preserving and rehabilitating naturally occurring affordable homes in areas at risk of displacement and gentrification.

While these may sound like big goals, they are entirely possible to accomplish through a mix of funding and policy strategies. Additionally, these goals are complimentary. If Google and the City only worked together to build market rate units, low wage working families and existing tenants would continue to struggle to afford rents and face displacement pressures. If Google only built the affordable units under these goals, its new high income workers would still be seeking housing and pushing up prices. Without additional tenant protections, like a right to legal counsel for tenants facing eviction, existing tenants could face additional illegal evictions from landlords trying to take advantage of increased demand.
Specific measures to develop without displacement

A successful plan will require specific contributions from Google and additional policy-making by the City including a combination of the following:

Development Agreement between Google and the City of San José

In order to proceed with its project, Google will need to reach a Development Agreement with the City of San José defining the specifics of its project. The agreement should include a number of direct payments or contributions from Google to address its impacts. Google and the City should include the following measures in order to develop without displacement:

• **Pass a Commercial Linkage Fee:** If San José passed a Linkage Fee and included a higher fee tier for large single-use tech office or research and development sites like Google’s of $15-$25/square foot of development, Google could subsidize the construction of 960-1,600 affordable homes. Passing such a policy could provide the City with a long-term vehicle for addressing job growth’s impact on housing affordability.

• **Focusing on preventing displacement in Google’s Community Benefits Plan:** Until Google submits its plans to the City of San José it will be difficult to estimate the size of the Community Benefits Plan. Google should focus the majority of resources within the Plan on subsidizing the construction of a large number of affordable housing units and funding a trust fund to help finance legal services for low-income tenants facing eviction. Such a plan could help protect thousands of residents from displacement. For any education and training resources provided within the Plan, Google should aim to partner with existing community programs, and focus resources on neighborhoods most at risk of displacement.

• **Include affordable housing in Google’s development plan:** One direct way Google can create affordable housing is by including a substantial number of units directly within its plan and following the Inclusionary Housing Ordinance (IHO). If Google were to build 7,000 homes within its plans, Google would either make at least 1,050 of
those homes affordable or provide enough resources to subsidize the construction of 1,400 affordable homes. In September 2019, the San José City Council may consider exempting certain Downtown High Rise residential projects from the IHO. Google should oppose the City passing such exemptions, and agree voluntarily to not seek any such exemptions within its own projects. Google should go even further and aim to make at least 25% of the housing it builds affordable in proportion to the Extremely Low, Very Low, and Low Income housing needs it will create, building 1,750 units.

- **Dedicate revenues from construction taxes and profits from public lands sale:** Under the existing Building & Structure Construction Tax and Commercial, Residential, Mobile Home Park Construction Tax, Google will pay the City of San José tens of millions of dollars in taxes for its development. For instance, if the commercial portion of the Google development had an assessed value of $5 billion dollars it would generate $100 million in construction tax. Additionally, so far San José’s sale of public lands to Google has generated roughly $16.7 million in profits. Google has an option to purchase an additional 10.8 acres from the City of San José for a price of more than $110 million. If the City agreed to dedicate these taxes and profits towards the production of affordable homes, it could subsidize an additional 860 affordable units.
Elements of the Diridon Station Area Plan

Google’s project will be located in the Diridon Station Area of downtown San José. As such, it will need to comply with the City’s Diridon Station Area Plan (DSAP), which the City Council already plans to modify to accommodate the Google project. These measures would cover Google, but also will allow the City to provide a framework to prevent displacement from other development in the area:

- **Include Affordable Housing in the District Financing Plan:** San José is considering a range of policies, including an Enhanced Infrastructure Financing District (a form of tax increment financing) to help fund additional infrastructure and services across Diridon and Downtown, according to its MOU with Google. Such a policy could leverage Google’s impact on property taxes without requiring additional contributions from the company. Other options for financing, like an Improvement or Benefits District policy, would require ongoing contributions from Google or other businesses. Creating more affordable housing and helping house the homeless are critical pieces of social infrastructure and services needed in development and deserve to be a part of this finance plan. Thanks to legislation proposed by Senator Jim Beall, SB 5, the City may be able to leverage these resources with state funds to build more affordable housing. The City should aim to raise enough resources to subsidize at least an additional 1,000 affordable homes, both in the area and around transit hubs elsewhere in the San José.

- **Pass an Incentive Zoning Policy:** Incentive Zoning allows developers to build higher than allowed under current policies in exchange for community benefits. In Seattle, developers pay between $18.57 and $24.43 per square foot of floor area, for commercial and residential projects respectively, built above maximum heights, using the funds to build low and moderate income housing. Such a policy could ensure the City captures community benefits from its decision to give developers as much as 9 million square feet in additional development capacity, similar to how the City is requiring Google to make contributions under its Community Benefits Plan. Such a policy could generate millions of additional dollars for affordable housing from future Diridon Area developments.
• **Add housing capacity to Diridon Station Area:** Currently the Diridon Station Area Plan (DSAP) calls for 2,588 new housing units. Given Google’s plans to nearly double the commercial development within the DSAP, the City should allow at least 12,450 housing units overall in the DSAP.

• **Create an Implementation Plan for Diridon’s 25% Affordable Requirement:** The City should create a phased approach requiring increments of affordable housing before allowing permitting of additional market rate housing to incentivize additional construction of affordable housing. In addition to the above policies, the City should ensure any residential developer within the DSAP, including Google, seeking land use changes or rezoning, including increased heights or parking reductions, builds its affordable housing contribution under the Inclusionary Housing Ordinance on-site and meets a higher 20% requirement for inclusionary housing. The City should define income limits for this policy that reflect the City’s housing needs overall, focusing on Extremely Low, Very Low, and Low Income units. If the City were to increase allowable housing per above, that would provide space for about 3,100 affordable homes.
Additional anti-displacement policies Google and the City of San José should support

Beyond the Development Agreement and policy at Diridon Station, Google should advocate for and partner with the community to take additional steps to address displacement as the City considers a large swath of commercial development projects including:

- **Partner to create a model for affordable Shared Equity ownership housing:** The Station Area Advisory Group proposed that the City should use a portion of the resources raised by the Google project to develop a shared equity approach to affordable ownership housing, such as a Limited Equity Co-op or a Community Land Trust. Such projects provide an innovative way to help build wealth among low income families and greater ownership and decision-making authority for communities over new housing. Google and the City should partner with community organizations, philanthropy, and potentially other local governments, like the County of Santa Clara or local school districts, to develop a large-scale approach to such a project.

- **Pass policy to give San José tenants facing eviction a right to legal counsel:** Between May 2017-May 2018, over 7,000 eviction notices were delivered to San José tenants. Many low income tenants are unable to afford legal advice when they receive an eviction notice and currently the City only provides $500,000 a year in funding to provide legal support for tenants. Other cities have studied the costs and benefits of providing tenants with a lawyer and have found every dollar invested generates $12 in benefit. Cities like New York and San Francisco recently have developed programs to provide all tenants facing eviction with a right to legal counsel. San José should study and develop such a policy. The City could consider funding such a program through Google making a contribution in its Community Benefits Plan and the City additionally dedicating revenue from a progressive, non-residential parcel tax (which Google would also pay) or a real estate transfer tax being considered for the 2020 ballot.
• **Preserve and rehabilitate more affordable housing:** Currently, San José has approximately 60,000 multi-family homes that are currently under some form of affordability, either naturally occurring affordable homes (older homes that often also fall under rent control) or because they are deed-restricted.65 These apartments are at risk of losing their affordability due to expiring deed restrictions or decisions to demolish the buildings and redevelop the property. That leaves more and more families fighting for fewer and fewer affordable homes. Working with non-profit housing developers and organized groups of tenants, the City could support the preservation of affordability through subsidizing the rehabilitation and acquisition of properties in exchange for securing long-term affordability. The City should look to fund preservation through future potential ballot measures raising revenue.

---

**Provide good, family supporting jobs at Google for San José’s working families**

Another important way to support family stability is to promote good jobs. Most of the estimated 8,000 people cooking, cleaning, protecting and driving at Google’s San José campus would (at current median wages for these occupations) be paid too little to afford rising costs of living. Google should ensure these workers can have a voice on the job, and the freedom to come together to negotiate better working conditions.67 Additionally, Google should invest in training and education programs to help students and workers from neighborhoods at risk of displacement prepare for high wage jobs, including at Google. Google and the City should also consider developing a first source hiring policy to ensure local residents from disadvantaged or under-represented communities have a first shot at new jobs on Google’s campus.
Conclusion

Ultimately Google and San José’s elected officials need to value the voice of the community and develop the solutions necessary to lift up San José’s diverse neighborhoods, not pull them apart. With developments planned across San José, displacement will only get worse unless we can develop a new model, starting with Google.

If the City gets this right, San José can set a new standard for tech development that spreads opportunity, no matter what one looks like or what’s in ones’ wallet. It’s time to end the trail of tech-driven gentrification, evictions, and destabilizing inequality, so all San José families have the freedom to remain and thrive as Google grows.
ENDNOTES


2 Based on estimates provided by Silicon Valley Rising calculating the number of subcontracted food service workers, janitors, security officers, and shuttle drivers per square foot of office space at Google’s Mountain View, CA headquarters, applied to an estimated 8 million square foot San José campus. The future campus will likely also include other occupations of subcontracted service workers.


4 California Employment Development Department, analysis by Beacon Economics

5 Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW), analysis by Beacon Economics

6 California Employment Development Department and California Department of Finance, analysis by Beacon Economics

7 REIS data, analysis by Beacon Economics


9 In this analysis Beacon Economics looked at median wages of workers over 25 years old.

10 This report relies on job and wage data from a number of sources, each of which has its pros and cons. Occupational Employment Survey data presents fairly accurate payroll wages by occupation, but provides no information about the worker’s household. On the other hand, the American Community Survey provides self-reported worker income data that includes both payroll workers and self-employed workers, along with data on the characteristics of a worker’s household. A third source, the Bureau of Labor Statistics Quarterly Census of Employment and Wages, provides average wage information by industry but not by occupation.

11 American Community Survey, U.S. Census Bureau, analysis by Beacon Economics


14 U.S. Census Bureau, American Community Survey analyzed by ApartmentList, March 2019 https://www.apartmentlist.com/rentonomics/traffic-trains-or-teleconference-the-changing-american-commute/

15 U.S. Census Bureau, American Community Survey

Beacon Economics developed two forecasts to examine the impact of the Google campus on the county's for-sale and rental markets. In each case, the time horizon is from 2024 to 2030, a period believed to include construction of the campus and the year it becomes fully operational. The forecasts are predicated on long-run trends in economic and demographic fundamentals and, as such, do not include cyclical fluctuations such as recessions and expansions. Each high-level forecast describes the general direction of the housing stock, rents and home prices that would be expected over the forecast period, first in the absence of the Google project, and second, with the Google project but with no direct housing supply response.

While the actual construction timeline may well differ, this analysis still provides an estimate of what impacts could look like at the end of the buildout of the project. For analysis purposes we assume this will occur in 2030, but the exact date does not significantly change the scope of impact at buildout, presuming the campus includes 20,000 employees and an estimated 8,000 service workers.

Santa Clara County had about 668,000 housing units in 2018 according to the California Department of Finance. According to the Baseline scenario, the housing stock will grow to 726,400 units by 2030, increasing at an annual average rate of 0.7%. Between 2024 through 2030 population is projected to grow 6% or roughly 1% year. Over the period 2024 through 2030, Beacon projects jobs to grow by 8.5%, or approximately 1.4% per year. In San José, housing units are projected to grow somewhat faster, at 0.9% year, adding about 38,000 additional housing units between 2018 and 2030 under this scenario.

Beacon Economic Analysis.

Beacon Economics looked at workforce data that corresponds to Google’s primary activity, internet search and publishing (NAICS 519120), and occupational data on Google’s largest blocks of subcontracted service workers-food service, security officers, shuttle drivers and janitorial workers drawing on regional data across Santa Clara, San Mateo and Alameda counties considering the regional nature of the labor market. The scenario consider incomes, numbers and types of housing units, jobs per housing unit and commuting patterns for these occupations. For some occupations, data on worker characteristics in NAICS 519130 were limited or missing, and thus were replaced with corresponding county-level data for the same occupations.

The detailed data in this section and the rest of the report draw primarily from the Public Use Micro Sample or PUMS microdata of the American Community Survey, which allows greater flexibility in developing cross-
tabulations. Estimates generated with PUMS microdata will be slightly different from the pretabulated estimates for the same characteristics published in American FactFinder. These differences are due to the fact that the PUMS files include only about two-thirds of the cases that were used to produce estimates on American FactFinder, as well as additional PUMS edits. More information on the PUMS sample design is available in the Accuracy of the PUMS document. https://www.census.gov/programs-surveys/acs/technical-documentation/pums/documentation.html

Silicon Valley Rising estimated that 8,000 contract workers may be hired at the Google campus, divided as follows: food service (39%), janitors (13%), security guards (39%) and shuttle drivers (8%).


Note that there is some overlap between the occupations that are Google employees and service workers. Some managerial employees involved in service work may be directly employed by Google as opposed to employed by a vendor or contractor. The share of Google employees used in these scenarios is based off a snapshot of the industry.

US Census Bureau, American Community Survey, Analysis by Beacon Economics

Beacon projects 726,400 housing units in the county as of 2030. Assuming a vacancy rate of 4% based on the average vacancy rate from 2010 to 2018 and assuming the renter share in 2030 is roughly equal to the 44% share in 2017, there would be about 307,000 units in the rental housing stock.

Beacon projects 372,960 housing units in the city as of 2030. Assuming a vacancy rate of 4% based on the average vacancy rate from 2010 to 2018 and assuming the renter share in 2030 is roughly equal to the 44% share in 2017, there would be about 156,100 units in the rental housing stock in 2030.


This report uses “Latinx” to refer to the racial group labeled Hispanic/Latino in American Community Survey data.

The tables and analysis that follow omit the Black/African Americans because there are large margins of errors associated with the statistics for this population due to its small sample size.

Beacon Economics used California Housing and Community Development 2017 data on housing affordability in Santa Clara County.


This statewide ratio is based on the 10-year trend from 2007-2016.

City of San José, “Memorandum of Understanding between the City of San José and Google LLC”


Estimate based on the data provided in Google's 2015 proposal for North Bayshore and assuming fees for FY 16/17. Google proposed to build 2,524,948 new feet of development over a 3,389,839 total feet of commercial construction. This included $200 million in community benefits plus an additional estimated $40 million contribution for affordable housing, which we assume would be paid for in part by Google's estimated $64,588,170 housing impact fee. Additionally, the company would pay impact fees of $22.47, $6.35 and $1.18 per a square foot respectively for transportation, water and sewer impact fees. Adding the community benefits, Housing Impact Fee, and infrastructure fees would have added up to $340,336,610 overall, which is about $100.40 per a square foot of total development in 2016 dollars. Adjusting for the Bay Area Consumer Price Index in 2019 dollars would be equal to $111.43 per square foot of total development, and transposing over 8 million square feet of the San José project equals nearly $900 million.


City of San José, “Memorandum of Understanding between the City of San José and Google LLC”, December 4th, 2018 https://sanJosé.legistar.com/View.ashx?F&ID=6788853&GUID=4860E7F2-F32C-49A7-8911-1248C18ECF30


Ibid;

https://sanJoséspotlight.com/google-in-san-José-two-more-public-agencies-signed-ndas/; https://static1.squarespace.com/static/5c38bcfccc8effdd5ba4ec1d/t/5cacd71e6e9a7f35261955f7/1554831146321/DISC+Presentation+-+CM2+032519.pdf

The Diridon Station Area Plan called for 5 million square feet of office originally, and with Google's planned 8 million square feet and TMG's entitled 1 millions square foot project, a revised plan may include 9 million square feet. Similarly, the City's Downtown Airspace Policy will more than double allowable heights across most of the Diridon Station Area. https://www.sanjoseca.gov/DocumentCenter/View/70786; https://sanJosé.legistar.com/View.ashx?F&ID=7090564&GUID=A151B85B-A46E-4660-80EE-41B669BADD8B
Office properties in San José pay a Building & Structure Construction Tax of 1.5% of the construction’s final valuation and a Commercial, Residential, Mobile Home Park Construction Tax .5% of the construction’s final valuation. So an office building assessed at $5 billion in value would pay $100 million in construction tax. Additional housing could add to the total tax paid, as residential units pay a roughly 4% construction tax on assessed value.

According to the Next Systems Project, “A limited equity housing cooperative is a residential development owned and managed by a democratically governed, nonprofit cooperative corporation, such as a tenants’ union. This tenants’ union (or similar organization) is composed of members of the LEHC, which usually owns the property through a blanket mortgage covering all of the units. As indicated in the name, an LEHC limits the amount of equity a member can earn upon resale of their unit (and membership share) in order to preserve the cooperative’s affordability for future generations. LEHCs have proven their ability to support long-term residential stability for nearly a half-century in the United States. At its core, the LEHC model creates ownership opportunities for people working their way up the socioeconomic ladder, offering individuals and families affordability and long-term stability. The LEHC model also rewards residents for their commitment and effort to own and steward a vital community resource.” Available at https://thenextsystem.org/learn/stories/limited-equity-housing-cooperative; According to the Next System Project, “CLTs are nonprofit organizations that acquire and steward land in a “trust” for the permanent benefit of low-income communities. A CLT holds ownership of land in perpetuity, while residential and commercial tenants own the homes, stores, and other structures established atop the land via a ground lease with the CLT organization. By separating ownership of the land and the residential or commercial developments on the land in this manner, a CLT can ensure that public and private investments used to maintain the affordability of the housing and other establishments remain within a community for generations. Core to this strategy are the limits placed on the amount of equity a CLT lessee is able to pocket at the time of resale or property transfer as well as the tripartite governance system which provides CLT lessees, community members, and CLT managers with equal representation and decision-making power in the CLT.” Available at https://thenextsystem.org/learn/stories/community-land-trust
See a map of evictions notices in City of San José from May 2017-May 2018 available at https://public.tableau.com/profile/center.for.social.research#/vizhome/EvictionNoticesintheCityofSanJosé/Evictionnoticedashboard?publish=yes


This number include roughly 45,000 naturally occurring affordable homes under the Apartment Rental Ordinance, roughly 13,000 deed-restricted affordable housing units, and 4,500 senior affordable housing units. https://economicrt.org/publication/san-José-aro-study/, https://www.sanJoséca.gov/DocumentCenter/View/18668


Working Partnerships USA is a community organization that drives the movement for a just economy by bringing together public policy innovation and the power of grassroots organizing. We build the capacity of working people, low-income neighborhoods and communities of color to lead and govern. Based in Silicon Valley, we tackle the root causes of inequality and poverty by leading collaborative campaigns for good jobs, healthy communities, equitable and sustainable growth and a democracy that works for all.

2102 Almaden Road, Suite 112
San José, CA 95125

(408) 809-2120

wpusa.org