



SPUR

San Francisco | San Jose | Oakland

November 29, 2018

Mayor and City Council

Re: Item 18-1595 on December 4 Council Agenda

Honorable Mayor, Vice Mayor and City Council:

SPUR believes strongly in a forward-looking vision for the Diridon Station area and supports the proposed partnership between the City of San Jose and Google as a catalytic step in bringing that vision to life.

The benefits of the proposed land sales will not only provide critically important funds to the City of San Jose but extend to 14 identified governmental agencies such as the County of Santa Clara, Santa Clara Unified School District, East Side Union High School District, San Jose Unified School District and others who will provide services that benefit the greater community.

The proposed Memorandum of Understanding (MOU) articulates a thoughtful process for meeting many of the policy recommendations SPUR has made and encompasses the ideas and principles put forward by the community over the past year. The MOU and sale of previously owned Redevelopment property and current City-owned properties—at fair market value—will begin the process of defining an integrated transit-oriented mixed-use development in our city center.

Since establishing the San Jose office, SPUR has published key policy reports that have urged San Jose to: develop a more dense, walkable, transit-connected, dynamic urban community ([Getting to Great Places](#), 2013); build a downtown reflective of the largest city in the Bay Area and create a world-class transit hub at Diridon Station ([The Future of Downtown San Jose](#), 2014); and, bolster the city's fiscal condition to deliver high-quality public services to its residents ([Back in the Black](#), 2016).

Having a development partner like Google who, without subsidy from the city, has committed to making direct investment in sustainable and resilient infrastructure, transit- and downtown-supporting jobs, thousands of housing units, remade complete streets, and inviting public spaces is too important to not put our full weight behind.

That said, SPUR strongly urges the Council to be diligent in holding Google as well as all future development within the Diridon Station area to the most ambitious principles of smart growth and great urban design. This is not only an opportunity to grow San Jose's job base, but also to build a city. While Silicon Valley is world-renowned for great innovation, such innovation has yet to translate into the urban landscape and physical design of the public realm. Cities are in a constant state of change, growth or decline, and with that we need to ensure that mega projects, such as the one proposed, are designed to meet the city's objectives and be inhabited whether the occupant grows, shrinks, or even disappears.

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Great urbanism does not just fall into place but is created through policies that set a high bar and development partners who are willing to meet and surpass them. Many of the city's outdated policies are currently being updated, presenting hundreds of opportunities to think big and provide input and shape the changes being considered. In addition, the city is engaging with transit partners to ensure that future development provides housing, community-serving amenities and maximizes transit-supporting density.

Through all of these processes, and through the crafting of the Development Agreement with Google, SPUR will encourage the city to act boldly guided by the following:

- **Commercial development needs to be integrated with Diridon Station.** While the district will be a dynamic and integrated mix of uses, jobs must be closest to the station. The amount of people who ride transit decreases the farther from transit. This is particularly important for office—for every 100 feet a worker has to walk, there is a 1 percent drop in transit ridership among workers. Likewise, there is a statistical relationship between people who work near transit: those within 1/4 mile of a rail station were twice as likely to be transit riders as those who worked further from a station¹. As a result, jobs must be planned in closest proximity to Diridon Station.
- **25 percent of the housing built should be affordable.** We strongly commend the mayor, vice mayor and Councilmember Arenas and Davis for putting forward a bold approach to community benefits including that a quarter of the housing built be affordable. Adding critically needed housing in the station area will further promote transit ridership, provide access to amenities, public space and cultural resources, and encourage round-the-clock activity.
- **Embrace Guadalupe River Park and connect development with the river.** Great cities are defined by their public spaces. One of the greatest assets in the Diridon Station area is the Guadalupe River. SPUR has launched an initiative to re-envision the Guadalupe River Park to create a vibrant hub for community engagement, a catalyst for economic and cultural vitality, a flourishing natural habitat and an inclusive, iconic gathering place for residents, workers and visitors. Any development along the riverway should place the river at the forefront of its design and must contribute to planned improvements and ongoing maintenance of the river park and gardens.
- **The public realm should remain in public ownership, control and publicly-accessible.** Diridon Station and the surrounding streets belong to the public and must remain so. Cohesive development that connects various parts of central San Jose through the creation of complete streets and connected public spaces is vital to developing a rich urban fabric; the public realm must continue to be welcoming and accessible to people of all socioeconomic and demographic backgrounds and accommodate all age groups and abilities.

¹ Cervero, R. and Duncan, R. 2008. "Residential Self Selection and Rail Commuting: A Nested Logit Analysis".

- **Plan the entire station area as part of an integrated and interconnected project, across multiple land owners.** In SPUR's report, "Rethinking the Corporate Campus" (2014), we outline principles for how to better design large corporate campuses with the existing public realm to decrease sprawl, prioritize public space, and provide opportunities for increased social connections. To create a cohesive vision and master plan, all district partners and stakeholders must be engaged in a transparent planning process. If done right, the whole will be greater than the sum of its parts.
- **Create a model eco-district of sustainable development.** The City of San Jose has won national recognition for its climate and resiliency programs. City leaders recognize that sustainability is a social and quality of life issue. The physical development of the Diridon Station area should reflect in physical form our sustainability aspirations and serve as a global model for sustainable development, pioneering new innovations in blue and green infrastructure.
- **Invest in talent pipeline and create incentives for supporting local workforce and businesses.** Our community's residents and business owners should benefit from planned growth through investment in (on and offsite) workforce development and readiness programs. The pipeline of tech talent should be intentionally developed, preparing today's middle- and high-schoolers to thrive at Google or the broader technology and innovation ecosystem. Local investment should benefit small, minority and women-owned firms as contractors and vendors. And tech companies should thoughtfully consider how the services offered to their employees can incent and reinforce patronage of surrounding businesses and cultural organizations (i.e., passport program).
- **Enforce strict parking maximums and require all detached parking facilities to be flexibly designed.** The Diridon Station area must maximize access for people, not cars. We recommend that the City minimize and consider prohibiting new single standing parking facilities. If constructed, these should be designed using cutting edge technology that minimizes FAR and designed for flexible future uses. Additionally, we urge city staff to create strict parking maximums for new development and ensure new development is designed to promote access and connectivity to public transit.
- **Assign an aggressive target completion date for Phase 1 of construction.** It is imperative that these parcels of land do not sit vacant. The health of our city requires that this development be executed upon in the immediate future. Additionally, the success of over \$10 billion in transportation investments – much of which was funded by San Jose and Santa Clara County taxpayers through local revenue measures—depends upon having a lot of people in downtown and the station area. Transit planning must be integrated and timed such that broader station area development can be realized in the next 10 years. In the meantime, we strongly encourage the City and Google to support the creation of temporary or pop-up uses on inactive parcels to activate the land in the interim and support transit-ridership.

- **First right of sale should be offered to the City of San Jose at the appraised value of the properties as of December 5, 2018.** The MOU guarantees the City of San Jose the first right of purchase should Google decide to sell the land. The price of land should be based on the assessed value of land at the time of the MOU authorization with a deadline of 2029 for such transaction.
- **1.5% fee for public art.** Great cities prioritize public art, recognizing that public art provides cultural, social, and economic value. The City should require all development within the station area to pay 1.5% of the total cost of construction to fund public art.
- **Dedicate a portion of the City-owned land sale and future tax revenues guaranteed by the Google development to be directed to the Diridon Station area.** As noted in the MOU, the sale proceeds are being directed to the City of San Jose's reserves. SPUR strongly recommends that the City create a dedicated funding source for capital improvements within the station area that goes to funding the city's capacity to meet its city-building goals and investment in great public spaces. We support the mayor and council members' proposal to form a Downtown Financing District to ensure that development entities are investing in capital improvements and long-term operations and maintenance that serve the public.

The city's Diridon Station Area Advisory Group (SAAG) public engagement process has been an important step in hearing from the community early, generating a set of principles that will guide the next phase of planning, and gauging Google's commitment to effective partnership. In turn, Google has taken a deep dive into San Jose, hired staff with local roots and knowledge, have had company executives present and actively participating in the community engagement process, have walked and talked with residents in the station area and beyond, and updated their design principles to better reflect community feedback. They've demonstrated they are operating in good faith and have earned the right to move forward with co-creating a future development.

As the partnership between the City of San Jose and Google continues, the long-term health of San Jose and its people must remain at the forefront. All major cities are grappling with how to best address affordability, equity and inclusion. This development has the potential to serve as an example for human-centered design that elevates and reinforces San Jose's history, economy, culture and diversity and leads us down a path toward a more equitable model of prosperity.

To get there, we all must commit to engaging in the process. We believe this is the right place, right time and right partner for San Jose. We look forward to continuing to participate in and promote a community dialogue in shaping San Jose's future.

Sincerely,



Teresa Alvarado, San Jose Director