

Google Goes Urban: Campus for 20,000 to Rise in San Jose

Josh Stephens on Sep 19, 2017

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Many of today's Silicon Valley behemoths famously, and perhaps apocryphally, originated decades ago in humble garages in what used to be the sleepy bedroom communities of the San Francisco Peninsula and South Bay. But for at least one major company, the future may not involve cars, much less garages.

With a reported 11,000 employees currently based at its global headquarters, known as "The Googolplex," in suburban Mountain View, Google Inc. has announced plans to move a significant portion of its offices and workforce to a decidedly more urban location: downtown San Jose. For the past decade or so, tech companies have either occupied relatively cramped offices in San Francisco or expansive office parks in Silicon Valley. While Google is not the first company to look to San Jose, such an ambitious move may signal a new era in the urbanization of the tech industry.

Google plans to build a campus, presumably in phases, on parcels totaling roughly 126 acres just west of downtown San Jose. The campus of 6 million to 8 million square feet will house up to 20,000 employees. Crucially, the campus will be in easy reach of Diridon Station, which currently is the terminus of Caltrain commuter rail, with an extension of Bay Area Rapid Transit scheduled to open in 2026. The station is also intended to serve California High-Speed Rail.

In June, the City Council voted, 10-1, to negotiate exclusively with Google for the purchase of 16 city-owned parcels. Potential prices have not been disclosed, but city officials say that the entities are negotiating "in good faith." Google has also acquired nearby privately owned parcels, for a reported \$135 million.

Google officials declined to comment for this story, aside from a statement from a spokesperson reading, "We're excited to have the support of the San Jose city council as we evaluate our options at Diridon Station."

City officials in San Jose are welcoming Google wholeheartedly, with the hopes that the development will spur the urbanization of a downtown that, while not destitute, has never enjoyed the vibrancy of San Francisco or Oakland.

"San Jose has been really trying to revitalize downtown, almost since Valley Fair Mall opened in 1956," said San Jose planner Michael Brilliot, who oversees the Diridon Station Area Plan.

In fact, Google's plans represent a victory for San Jose after the city experienced what had seemed like a defeat at the hands of Oakland. For several years, the Oakland A's negotiated to move to San Jose and build a stadium on the site being eyed by Google. The A's bid failed in October 2015 when the United States Supreme Court refused to hear the A's challenge to Major League Baseball's rejection of their bid to move away from Oakland. Located in a former redevelopment project area, the property is controlled by the successor agency to the San Jose Redevelopment Agency.

Lacking the power of a redevelopment agency, the city had expected the development of the property to take place slowly, if at all. Indeed, few developers or companies have the funds and inclination to develop the entire area. What the city had hoped to do was

provide clear development guidelines, via the Diridon Station Area Plan, to ensure that the area was developed properly.

"We weren't going to piecemeal it and let it be developed parcel by parcel," said Scott Knies, executive director of the Downtown San Jose Business Association. "It's too important of a space and there's too much potential and promise."

Google could make that process even easier, and more predictable.

"If someone had told me that Google was going to come in and built 8 million feet and accommodate up to 20,000 Googlers, that would have made me think the ballpark is OK to let go," said Knies.

In many respects, Google will use the location far more efficiently than the A's ever could have. What could be transformative for San Jose may also be transformative for the tech industry. Having both created and suffered from the high real estate prices and land shortages of the Peninsula, Google is now sees itself as a city-bulider.

"This is not just the office product of the future for Google," said Knies. "It's really the example for what a transportation hub and an urban center can be."

The location signals a commitment to the use of public transit, walking, and bicycling, and possibly to residential development that would enable Googlers to live in an attractive urban neighborhood blocks from their offices. This would be in stark contrast with the torturous commutes that many Google employees currently make from San Francisco and points beyond, often on much-maligned "Google buses" that, according to some, symbolize the gentrification of San Francisco and the fraught relationship between tech firms and long-term stakeholders.

"It's a new way of thinking about the workplace, departing from the old concept of more suburban campus development," said San Jose Senior Planner Jenny Nusbaum. "We are very excited at the prospect of any developer who's supportive of that vision."

While San Jose benefits directly from Google's arrival in the form of civic pride, tax revenue, and elimination of blight, the entire region stands to benefit from the move and, especially, from 20,000 more efficient daily commutes.

Google's move to San Jose promises to exert an outsized influence on the city. Though San Jose has over 1 million residents, making it the third-largest city in California and far larger than its Bay Area sister cities, it has one of the lowest ratios of jobs to residents of any major city in the country.

"It's one of the few large cities that exports more workers out of its city limits than imports, mostly driving north along the Peninsula," said Knies. "When San Jose is expected to be the bedroom community for Silicon Valley, there needs to some balancing of the ledgers."

This imbalance has led to some nasty disputes among regional cities. Recently, San Jose filed suit against Santa Clara over the CityPlace mega-development (see prior [CP&DR coverage](#)). San Jose alleges that Santa Clara needs to provide housing to complement the project, lest workers are compelled to live in San Jose, increasing housing pressures and adding to cross-jurisdictional traffic.

"Communities are saying they've got too much job growth," said Brilliot. "We're saying, bring it on. This is where the urban future of Silicon Valley is."

The city hopes that Google can create a healthier balance between jobs and housing and create far shorter commutes for those Google employees who already live in San Jose or who will move to San Jose once the company arrives. San Jose currently suffers from

the same housing crisis that plagues the entire Bay Area, but it has a far larger overall supply of housing than do cities like Menlo Park, Mountain View, and other tech cities. Workers who commute to Google from the north - the proverbial "Google bus" employees" — will have abundant rail options.

"The good thing about this proposal is it helps in what is currently a reverse commute for transit, with Caltrain and soon BART both having more capacity in the southbound direction," said Stuart Cohen, executive director of transit advocacy group TransForm. "Getting more evenly distributed ridership should increase farebox recovery for both BART and Caltrain."

As intense as the development will be, it comes at just the right time. San Jose has recently adopted vehicle miles traveled metrics for its transportation analyses, anticipating Senate Bill 743 (see prior CP&DR [coverage](#)), which is particularly friendly to infill development and mindful of its potential environmental benefits.

"We also see it as being an area that could be the poster child for VMT reduction," said Nusbaum.

By some accounts, transit options were the catalyst for Google's move. Regional voters approved a series of transportation funding measures, in 2000, 2008, and 2016, to extend BART. That task became easier with the dedication of federal funds that will support the electrification of the Caltrain line, making it less polluting, quicker, and more efficient. That funding had been in jeopardy earlier in the year, when Transportation Sec. Elaine Chao announced that the federal government was going to review the funds, but they were reinstated in May.

"This is exactly what we want to see from all those years of transportation and transit investments," said Chris O'Connor, senior director for transportation at the Silicon Valley Leadership Group. "Until some of these companies saw the guarantees that these investments were going to come, they couldn't make those investments."

The move also comes amid sustained promotional efforts on the part not only of the city but also on of regional organizations like the Silicon Valley Leadership Group. SVLG has gotten increasingly involved with land use and transportation as its member companies have contended with the costs and constraints of doing business in — and attracting workers to — built-out Peninsula cities.

"It's very much an acute concern of our member companies that there is a drastic shortfall in the housing supply and that it's so difficult for them to retain their human capital," said O'Connor. "The only way you can do that in an area that's already built out the way we are, you need to do very dense infill development."

(Even as Google looks to San Jose, O'Connor praised the company for promoting nearly 10,000 units of housing near its Mountain View campus.)

The details of that density have yet to be worked out, though. In fact, while Google's public announcement suggests that the plans will come to fruition — the company has a reputation for getting things done — currently the project is in only the earliest stages. The company has an exclusive agreement to negotiate with the city to acquire the land, essentially giving it right of first refusal, but not much more.

"There is no application on file by Google for development or land uses," said Nusbaum. "If it's going to happen, it's likely to be several years away."

Even once that application is filed, Google, the city, and various stakeholders will likely go through extensive negotiations over the form, look, and mix of uses on the new campus. In some ways, that will be the true test of whether the tech industry is ready to

embrace urbanism — or whether it's going to build the same old office park design in a new location.

The poster child for the latter concern is Apple's new campus in Cupertino, which looks like a spaceship and has about the same amount of transit connectivity as it would if it were actually in orbit. Despite its inclusion of green elements — such as solar panels — the ring-shaped campus has been derided for its provision of 12,000 parking spaces and suburban orientation. (See prior CP&DR [commentary](#).)

"It's a neat design and they spent hours arguing over doorhandles, but it's a futuristic vision from 1956," said Brilliot. "It's not that innovative from our point of view. Why is that there? Why isn't that here?"

San Jose planners insist that Google has different urban sensibilities. And they expect that stakeholders will ensure that Google builds a campus that enhances the city rather than retreats from it.

"For quite some time now, the city's been clear about how it wants to grow and develop over the long term," said Rosalyn Hughey, interim director of the San Jose Department of Planning, Building, and Code Enforcement. "We've been very deliberate....very public process, with a task force and multiple community meetings."

"What we understand Google tends to value and envision....seems to be very in line with the vision we have for Diridon," said Nusbaum.

Even so, a massive, single-company development can come with drawbacks. In fact, without careful planning, Google might not end up with an "urban" campus even if it is in the middle of the city.

"The downside is it'll be one company with a lot of control. If it's not done right, it'll feel like one giant campus," said Brilliot. "Traditionally, urban development is more organic, more fine-grained, which adds to the character and funkiness of it."

Of course, the city's vision, or Google's vision for that matter, does not necessarily have anything to do with what the final result will look like. The city's planners expect to go through a long negotiation over the development's form, aesthetics, and uses. And community benefits will surely come into play. Given Google's wealth and heft, it can singlehandedly transform the area — but it also may become the object of every hope, dream, and demand of local stakeholders.

"The challenge here is, before you know what the deal is and what the project is, is that there are community groups asking for too much," said Knies.

O'Connor, of the SVLG, said the city should seek appropriate concessions from Google, but it should not to too far.

"Any city should do is strike a balance between understanding the benefits that these companies are going to bring as far as prosperity to the region," said O'Connor.

One element that the city and community groups are likely to demand is that of housing, particularly affordable housing. The Diridon Station Area Plan currently allows for up to 3,000 units.

"There's really this tremendous opportunity to have this city within a city of the future and to do that in a way that addresses income inequality" said Knies. "Those arguments are not going to go away. We're going to be hearing them every step of the process. But there's enough room there to incorporate a lot."

Contacts & Resources

[Diridon Station Area Plan](#)

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Note: Scott Knies's final quote was corrected since this article's original posting.

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