RULES COMMITTEE: 8/12/2026
ITEM: C.2

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE

FROM: Mayor Mahan
Councilmember Candelas
Councilmember Cohen
Councilmember Ortiz
Councilmember Campos

SUBJECT: Data Center Community Benefits

DATE: August 12, 2026

Approved

Date: August 5, 2026

SUBJECT: Data Center Community Benefits

RECOMMENDATION

As part of the development of uniform standards and best practices for Data Centers and Large Load Projects, the City Manager is directed to:

1. Include options for requiring community benefits associated with these projects. These may include but are not limited to public space improvements, clean energy programs, labor standards, local hiring and work-force development opportunities, affordable housing, and opportunities to generate additional use tax revenue.
2. Evaluate a possible mechanism for investment of a portion of tax revenue generated by data centers within a nexus area around data center sites.
3. Evaluate architectural and site design standards for data centers and other large-load projects, including, but not limited to, building design, visual impacts, green roofing, solar panels, and integration with surrounding uses.
4. Upon adoption of San Jose's standards, evaluate and return to council with an assessment of whether any projects in the pipeline would not be considered compliant under the new standards and negotiate with them over possible changes that would improve their implementation.

BACKGROUND

As data center development accelerates without a comprehensive federal or state framework regulating potential effects on local communities, we are acting to establish clear standards and community benefits — and inviting residents to help shape them.

The public process follows the initial directive from this brown act directing city staff to develop standards addressing energy demand and sourcing; water use and efficient cooling; air quality and backup generators; greenhouse gas emissions; noise and water quality; and clear, consistent community notification.

We are proposing the City take the process one step further: expanding the goal of how we make a positive impact in the lives of our residents. For instance, the city may be able to use taxes generated by these types of developments to invest in our communities hosting these projects to fund community needs such as workforce development, local affordable housing and home energy improvements such as solar and battery storage.

The City is currently tracking 12 applications for projects of 20 megawatts or more. Included in the outreach process that will help shape the standards, we will discuss community benefits – some of which may be tied to concerns surrounding what these projects represent.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.