RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ADOPTING THE COMMERCIAL LINKAGE FEE NEXUS STUDY ADDENDUM RELATED TO DATA CENTER USES

WHEREAS, on September 22, 2020, the City Council for the City of San José ("City") adopted a commercial linkage fee ordinance ("CLF Ordinance") under California's Mitigation Fee Act (Government Code Section 66000 et seq.); and

WHEREAS, the CLF Ordinance established a fee charged on non-residential development, the purpose of which is to fund construction of affordable housing to mitigate the increased demand for affordable housing from workers in newly developed workplace buildings; and

WHEREAS, commercial linkage fees are used to increase the supply of housing affordable to qualifying Extremely Low, Very Low, Low and Moderate Income households earning up to 120% of area median income (AMI); and

WHEREAS, prior to the CLF Ordinance's enactment, the City's consultant, Keyser Marston Associates ("KMA"), prepared an analysis on the impacts of commercial development and the need for increased supply of housing through a nexus study in 2020 ("2020 Nexus Study"); and

WHEREAS, KMA recently prepared an addendum to the 2020 Nexus Study, entitled "Commercial Linkage Fee Nexus Analysis Addendum to Address Data Center Uses" and dated October 20, 2026 ("Addendum"), establishing the need for affordable housing from development of data centers and published its findings and recommendation of the maximum commercial linkage fee that may be applied to data centers in San José based

on the cost of mitigating the increased demand for affordable housing by their employees; and

WHEREAS, the Addendum is attached hereto as "Exhibit A" and incorporated herein; and

WHEREAS, the Addendum demonstrates a reasonable relationship between the development of data center buildings in San José and the need for additional affordable units by showing that new data center buildings accommodate additional jobs in San José and based on the household incomes of workers filling these jobs, 70.8% of the resulting housing need is for affordable units at the Extremely Low, Very Low, Low and Moderate Income level, and that for every 500,000 square feet of new data center space, 10.9 additional affordable units are needed; and

WHEREAS, there is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to new data center development, as quantified by the analysis of the increased need for affordable units generated by new data center buildings, which costs reflect the net subsidy required to produce affordable units in San José, as determined in the 2020 Nexus Study; and

WHEREAS, a commercial linkage fee at or below the $5.20 per square foot maximum supported fee would not exceed the cost of providing the affordable housing attributable to new data center development; and

WHEREAS, the revenue from the Commercial Linkage Fee on data center development will be used to fund the production and preservation of Affordable Housing, which will serve households of workers employed, and there is therefore a reasonable relationship between the use of the fee and the type of development on which the fee is imposed; and

WHEREAS, concurrently with this Resolution, the City Council adopted an ordinance, which amends Chapter 5.11 of the San José Municipal Code to apply the Commercial Linkage Fee to Large Load Data Centers, which are data centers with a Power Demand of twenty (20) megawatts or greater, and the amount of the fee for Large Load Data Centers will be set by City Council resolution in an amount that does not exceed the maximum supported fee identified in the Addendum; and

WHEREAS, the Addendum, and data indicating the amount of cost, or estimated cost, required to provide the Affordable Housing for which the fee is levied and the revenue sources anticipated to provide it, were made available to the public at least ten (10) days before the public hearing on this Resolution, and notice of the hearing was provided, in accordance with Government Code sections 66016 and 66018; and

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Resolution do not constitute a project, under File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment; and

WHEREAS, independently and in the alternative, approval of this Resolution is exempt from CEQA under:

(a) CEQA Guidelines Section 15061(b)(3) (common sense exemption), because it can be seen with certainty that there is no possibility that this Resolution and related actions may have a significant effect on the environment;

(b) CEQA Guidelines Section 15307 (Class 7, Actions by Regulatory Agencies for Protection of Natural Resources), because this Resolution and related actions establish standards to protect water supply and water quality; and

(c) CEQA Guidelines Section 15308 (Class 8, Actions by Regulatory Agencies for Protection of the Environment), because this Resolution and related actions establish standards to protect air quality, reduce noise, and limit energy and water use, and does not relax any existing environmental standard; and none of the exceptions in CEQA Guidelines Section 15300.2 applies; and

WHEREAS, the City Council of the City of San José is the decision-making body for this Resolution; and

WHEREAS, this Council has reviewed and considered the determination under CEQA prior to taking any approval actions on this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

SECTION 1. The City Council approves the Addendum, attached as Exhibit A, and adopts the findings in the Addendum and in the recitals of this Resolution, including that there is a reasonable relationship between (a) the use of the Commercial Linkage Fee and the type of development on which it is imposed; (b) the need for Affordable Housing and the type of development on which the fee is imposed; and (c) the amount of the fee and the cost of the Affordable Housing attributable to the development on which the fee is imposed.

SECTION 2. The Addendum supplements the 2020 Nexus Study and shall be maintained for public review with the 2020 Nexus Study in the Department of Housing.

ADOPTED this _____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT A

COMMERCIAL LINKAGE FEE NEXUS ANALYSIS ADDENDUM TO ADDRESS DATA CENTER USES

DRAFT

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTIONS 5.11.020, AND 5.11.050 OF CHAPTER 5.11 OF TITLE 5 OF THE SAN JOSE MUNICIPAL CODE TO APPLY THE COMMERCIAL LINKAGE FEE TO LARGE LOAD DATA CENTERS

WHEREAS, on September 22, 2020, the City Council for the City of San José adopted a commercial linkage fee ordinance ("CLF Ordinance") under California's Mitigation Fee Act (Government Code Section 66000 et seq.); and

WHEREAS, the CLF Ordinance established a fee charged on non-residential development, the purpose of which is to fund construction of affordable housing to mitigate the increased demand for affordable housing from workers in newly developed workplace buildings; and

WHEREAS, commercial linkage fees are used to increase the supply of housing affordable to qualifying Extremely Low, Very Low, Low and Moderate Income households earning up to 120% of area median income (AMI); and

WHEREAS, prior to the CLF Ordinance's enactment, the City's consultant, Keyser Marston Associates ("KMA") prepared an analysis on the impacts of commercial development and the need for increased supply of housing through a nexus study in 2020 ("2020 Nexus Study"); and

WHEREAS, KMA recently prepared an Addendum to the 2020 Nexus Study dated October 20, 2026 ("Data Center Addendum") establishing the need for affordable housing from development of data centers and published its findings and recommendation of the maximum commercial linkage fee that may be applied to data centers in San José based

on the cost of mitigating the increased demand for affordable housing by their employees; and

WHEREAS, KMA's analysis demonstrates a reasonable relationship between the development of data center buildings in San José and the need for additional affordable units by showing that new data center buildings accommodate additional jobs in San José and based on the household incomes of workers filling these jobs, 70.8% of the resulting housing need is for affordable units at the Extremely Low, Very Low, Low and Moderate Income level, and that for every 500,000 square feet of new data center space, 10.9 additional affordable units are needed; and

WHEREAS, there is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to new data center development, as quantified by the analysis of the increased need for affordable units generated by new data center buildings, which costs reflect the net subsidy required to produce affordable units in San José, as determined in the 2020 Nexus Study; and

WHEREAS, a commercial linkage fee at or below the $5.20 per square foot maximum supported fee would not exceed the cost of providing the affordable housing attributable to new data center development; and

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-008 (General Procedure & Policy Making resulting in no changes to the physical environment; and

WHEREAS, independently and in the alternative, approval of this Ordinance is exempt from CEQA under:

(a) CEQA Guidelines Section 15061(b)(3) (common sense exemption), because it can be seen with certainty that there is no possibility that this Ordinance and related actions may have a significant effect on the environment;

(b) CEQA Guidelines Section 15307 (Class 7, Actions by Regulatory Agencies for Protection of Natural Resources), because this Ordinance and related actions establish standards to protect water supply and water quality; and

(c) CEQA Guidelines Section 15308 (Class 8, Actions by Regulatory Agencies for Protection of the Environment), because this Ordinance and related actions establish standards to protect air quality, reduce noise, and limit energy and water use, and does not relax any existing environmental standard; and none of the exceptions in CEQA Guidelines Section 15300.2 applies; and

WHEREAS, the City Council of the City of San José is the decision-making body for this Ordinance; and

WHEREAS, this Council has reviewed and considered the determination under CEQA prior to taking any approval actions on this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Section 5.11.020 of Chapter 5.11 of Title 5 of the San José Municipal Code is hereby amended to read as follows:

5.11.020 Definitions

The definitions set forth in this Section shall govern the application and interpretation of this Chapter:

A. "Affordable Housing" means housing that is provided at an Affordable Housing Cost to households of Extremely Low Income, Very Low Income, Lower Income, and Moderate Income. "Affordable Housing Cost" is as defined by California Health & Safety Code section 50052.5 for owner-occupied housing and as defined by California Health & Safety Code section 50053 for rental units, as applicable. "Extremely Low Income Household" is as defined in California Health & Safety Code section 50106. "Very Low Income Household" is as defined in California Health & Safety Code section 50105. "Lower Income Household" is as defined in California Health & Safety Code section 50079.5. "Moderate Income Household" is as defined in California Health & Safety Code section 50093(b).

B. "Applicant" means any person or entity who is an applicant, developer, owner, or appellant with a property interest in a Non-Residential Project subject to the terms of this Chapter, and the authorized representative of any such person or entity.

C. "Building Permit" includes full structural building permits as well as partial permits such as foundation-only permits.

D. "Certificate of Occupancy" means the permit issued by the City Building Division authorizing the initial occupancy of one or more buildings and includes final inspections and temporary certificate of occupancy permits.

E. "City Manager" means the City Manager of the City of San José or City Manager's designee.

F. "Commercial Linkage Fee" means the fee adopted by the City Council pursuant to this Chapter to be paid to the City pursuant to Section 5.11.030 of this Chapter in connection with approval of a Development Permit to contribute to the creation of Affordable Housing production or preservation to offset additional need for Affordable Housing generated by new Non-Residential development.

G. "Credit Units" means new Affordable Housing rental units to be constructed on or off the site of the Non-Residential Project.

H. "Covenant Credit Units" means existing unrestricted market rate rental units to be restricted as Affordable Housing rental units.

I. “Large Load Data Center” means a data center, as defined in Section 20.200.265 of the San José Municipal Code, with a Power Demand, as defined in Section 20.200.892 of the San José Municipal Code, of twenty (20) megawatts or greater.

J. "Development Permit includes any rezoning, tentative subdivision map, vesting tentative subdivision map, parcel map, conditional use permit, special use permit, building permit, or other entitlement for a Non-Residential Project.

~~J~~K. "Geographic Subarea" means one or more of the following geographic areas within the corporate limits of the City of San José as generally depicted in Section 2.3, Map 1 entitled "Geographic Subareas" of the Feasibility Study and more specifically described as follows:

1. "Downtown and Nearby" means the subarea encompassing approximately three square miles generally bounded to the north by Taylor Street from the boundary of the West San José subarea to State Route 87, south on State

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

Route 87 to Coleman Avenue, and Coleman Avenue to Julian Street, and Julian Street to North 5th Street. The eastern boundary of the subarea runs south from the intersection of East Julian Street and North 5th Street to the intersection of East San Fernando Street from which point it includes the properties north of East San Fernando Street to the intersection of South 4th Street from which point the eastern boundary includes the properties to the west of South 4th Street between East San Fernando Street and Interstate 280. Interstate 280 establishes the southern boundary of the subarea and to the west the subarea is bounded by the eastern boundary of the West San José subarea.

2. "North San José and Nearby" means the subarea generally bounded to the north by the City limit, bounded to the east by Interstate 680 between the intersection of the City limit and Interstate 680 and the intersection of Interstate 680 and McKee Road; bounded to the south by Highway 101 between McKee Road and the Highway 101/Interstate 880 interchange and Highway 880 between the Highway 101/Interstate 880 interchange and the intersection of Interstate 880 and the railroad tracks between Elm Street and Stockton Avenue; and bounded to the west by these railroad tracks to the City limit.

3. "West San José Urban Villages" means the subarea generally bounded to the east by the intersection of West Taylor Street and the railroad tracks between Stockton Avenue and Chestnut Street and continuing to the north at the point which these railroad tracks intersect the City limit. The eastern boundary continues to the south from the railroad tracks/West Taylor Street intersection east to Stockton Avenue at which point the subarea includes those properties east of Stockton Avenue to the intersection at Morrison Park Drive, then following Morrison Park Drive west to the intersection at

West Julian Street. The boundary includes those properties south of West Julian Street to the intersection at Rhodes Court, and includes those properties west of Rhodes Court to the intersection at The Alameda, then east along The Alameda to the intersection at Wilson Avenue. The boundary runs south on Wilson Avenue until it intersects with West San Fernando Street from which point the boundary includes the properties north of West San Fernando Street to the intersection with Sunol Street from which point the boundary continues south on Sunol Street to the intersection with West Home Street, then following West Home Street east to the Los Gatos Creek, then following the Los Gatos Creek until it intersects with Interstate 280. South of Interstate 280 the subarea is generally bounded to the east by Meridian Avenue until the Los Gatos Creek, includes the properties to the west of the Los Gatos Creek from Meridian Avenue until the City limit at South Bascom Avenue. The remainder of the subarea to the north, south and west is bounded by the City limit.

4. "Monterey Corridor" means the subarea generally bounded to the north by West Alma Avenue and East Alma Ave Avenue between State Highway 87 and Senter Road. The eastern boundary of the subarea follows Senter Road from East Alma Avenue to Needles Drive and includes the properties south of Needles Drive from Senter Road to Coyote Creek and from this point the eastern boundary follows Coyote Creek from Needles Drive to East Capitol Expressway. The subarea is generally bounded to the south by East Capital Expressway between Coyote Creek and Snell Avenue and includes the area between East Capitol Expressway and Seven Trees Boulevard to the point where these two roads intersect at the north to where Seven Trees Boulevard intersects with Senter Road and from this point west to Monterey Road. The subarea is generally bounded to the west by Snell Avenue from where it intersects with West Capitol Expressway and

continues north along Hillsdale Avenue to State Highway 87 and the remainder of the western boundary is State Highway 87 between Hillsdale Avenue to West Alma Avenue. The subarea also includes all properties with frontage on Monterey Road from Alma Ave to Skyway Drive.

5. "Edenvale" means the subarea generally bounded to the east by the properties fronting Hellyer Avenue from the Interstate 101 and Hellyer Avenue overcrossing to the Piercy Road and Hellyer Avenue intersection, and the properties fronting Piercy Road from Piercy Road and Hellyer Avenue intersection to Tennant Avenue; bounded to the southeast by the properties to the northwest of Silicon Valley Boulevard and Bernal Road between Hellyer Road and Santa Teresa Boulevard; bounded to the southwest by the properties northeast of Santa Teresa Boulevard between Bernal Road and Cottle Road; bounded to the west by properties fronting Cottle Road between Santa Teresa Boulevard and Blossom Hill Road; bounded to the north by Blossom Hill Road between Cottle Road and Coyote Creek; and bounded to the west by Coyote Creek from Silver Creek Valley Road to the Highway 101 and Hellyer Avenue overcrossing.

6. "South and East San José Growth Areas" means any area within the corporate limits of the City of San José that is not included in any of the subareas described in Sections 5.11.020 J.1 through 5 above.

~~K~~L. "Nexus Study" means the fee study entitled: "Nexus Analysis of Proposed Commercial Linkage Fees" prepared by Keyser Marston Associates, dated July 2020, and accepted by the City Council on September 1, 2020. The Nexus Analysis of Proposed Commercial Linkage Fees, and any addenda and updates thereto, are~~is~~ maintained for public review in the Asset Management Division of the Department of Housing.

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~~L~~M. "Non-Residential" includes all of the following land use categories with the respective correlating land uses from the Zoning Ordinance (Title 20) for each category:

1. "Office" includes:
   (a) social services agencies;
   (b) health and veterinary services;
   (c) health services;
   (d) offices and financial services; and
   (e) television/radio services.

2. "Retail" includes:
   (a) recreation, commercial indoor;
   (b) cannabis sales;
   (c) poolroom/billiards;
   (d) arcade;
   (e) amusement games;
   (f) card room;
   (g) alcohol sales;
   (h) pawn shop/broker;
   (i) bail bond establishment;
   (j) dining facilities;
   (k) drinking establishment;
   (l) drive-through uses;
   (m) food service;
   (n) fuel service station;
   (o) general retail;
   (p) general services;

(q) health recreation;

(r) public eating establishment;

(s) selling or leasing of vehicles; and

(t) photo processing, printing and publishing in retail structures.

3. "Hotel" includes hotel/inn.

4. "Industrial" includes:

(a) photo processing, printing, publishing in industrial facilities;

(b) recycling uses (not including outdoor storage areas);

(c) cleaning establishment;

(d) industry;

(e) installation or selling of vehicle accessories or services; and

(f) manufacturing and industrial services.

5. “Large Load Data Centers” includes:

(a) A Large Load Data Center, as defined in Subsection I above.

~~5~~6. "Research and Development" or "R&D" includes:

(a) research and development;

(b) lab; and

(c) processing.

~~6~~7. "Warehouse" includes:

(a) animal boarding;

(b) stockyard;

(c) warehouse; and

(d) wholesale (not including outdoor storage areas);

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Commercial Linkage Fee Nexus Analysis Addendum

to Address

Data Center Uses

Prepared for use by:
City of San José

Prepared by:
Keyser Marston Associates, Inc.

October 20, 2026

KEYSER MARSTON
ASSOCIATES

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1.0 INTRODUCTION AND SUMMARY OF FINDINGS

This addendum ("Addendum") to the Commercial Linkage Fee Nexus Analysis prepared by Keyser Marston Associates, Inc. ("KMA") for the City of San José ("City") in August 2020 ("2020 Study") provides maximum commercial linkage fee findings for data center uses, which were not included in the 2020 Study.

Data centers house computer servers, data storage and network equipment, along with electrical, cooling and backup power systems. Data centers have few employees relative to their building area because these facilities primarily house equipment. The on-site staff that data centers do have include facility and critical-systems technicians, IT and network personnel, security staff and management personnel, who operate, maintain and secure the facility.

This Addendum establishes the maximum commercial linkage fee that may be applied to data centers in San José based on the cost of mitigating the increased demand for affordable housing by their employees. Findings are not recommended fee levels. Fees may be set anywhere up to the maximum identified in this Addendum.

1.1 Maximum Fee Conclusion

The maximum supported commercial linkage fee for data centers is summarized in Table 1-1. The finding reflects the cost of mitigating the affordable housing impacts of new data center development as documented in this Addendum. The maximum fee is lower than for the other uses analyzed in the 2020 Study because data centers have very low employment density.

Table 1-1. Maximum Supported Fee Conclusion: Data Center Use

$5.20 Per Square Foot

Per gross square foot of building area, excluding parking.

Note: Nexus findings are maximum supported fees, not recommended fee levels.

Source: Table 2-10.

1.2 Analysis Summary

The analysis links new data center buildings to new workers, quantifies their housing need by income category, and establishes the maximum commercial linkage fee based on the cost to deliver affordable units to the worker households that need them. Chart 1-1 summarizes each step of the analysis and the table that addresses it.

Chart 1-1. Nexus Analysis Summary

1	**Number of Jobs and Worker Households**	**Tables 2-1 to 2-4**
	500,000 sf ÷ 14,000 sf per employee = 35.7 employees	
	35.7 × (1 – 23.6% net new jobs adjustment) = 27.3 net new jobs	
	27.3 ÷ 1.78 workers per worker household = 15.3 worker households	
▼		
2	**Worker Occupation and Compensation**	**Tables 2-5 and 2-6**
	Worker occupations on-site within a data center, based on published CEQA documents	
	Compensation for each occupation is derived from EDD and BLS data	
▼		
3	**Household Incomes**	**Tables 2-7 to 2-9**
	Household income for each occupation is estimated from worker earnings using U.S. Census PUMS data	
	Household incomes are compared to published income limits to identify housing need by income category	
	1.0 Extremely Low · 2.7 Very Low · 3.5 Low · 3.6 Moderate · 4.5 Above Moderate = 15.3 worker households	
▼		
4	**Maximum Supported Fee**	**Table 2-10**
	Housing need by income is expressed per square foot and multiplied by the cost to deliver each affordable unit	
	ELI: $0.78 + VL: $1.50 + L: $1.60 + Mod: $1.32 → $5.20 per square foot	

Totals may not add due to rounding.
ELI, VL, L and Mod are the Extremely Low, Very Low, Low and Moderate income categories; CEQA is the California Environmental Quality Act; EDD is the California Employment Development Department; BLS is the U.S. Bureau of Labor Statistics; PUMS is the U.S. Census Bureau's Public Use Microdata Sample.

The methodology for this Addendum is consistent with the 2020 Study but incorporates inputs specific to data centers, including employment density, on-site worker occupations, and wages for those occupations. Other inputs are updated to current data, including the 2026 income limits published by the California Department of Housing and Community Development (HCD). The net cost to deliver affordable units is based on the figures calculated in the 2020 Study.

Section 2.0 presents the nexus analysis. Section 3.0 provides findings language consistent with the Mitigation Fee Act (Government Code Section 66000 et seq.); Section 4.0 addresses the requirements of Assembly Bill (AB) 602; and Appendix A documents how worker wages are translated into household incomes and income categories.

2.0 NEXUS ANALYSIS

This section documents the analysis supporting the maximum commercial linkage fee for data centers. The analysis estimates the number of on-site jobs in a prototype data center building. It then identifies the workers' housing demand in each of four income categories. The maximum fee represents the subsidy required to deliver affordable units to the worker households in the four income categories, expressed per square foot of building area.

The analysis uses an assumed 500,000 square foot data center building size, which is representative of the data center developments summarized in Table 2-2. Findings are converted to a per square foot basis at the conclusion of the analysis.

The following sections provide a step-by-step summary of the analysis.

2.1 Number of Jobs and Worker Households

Table 2-1 identifies the number of on-site employees within the 500,000 square foot prototype data center building. The number of employees is estimated based on 14,000 gross square feet of building area per employee. This factor is derived from staffing figures for ten Bay Area data center projects, three in San José and seven elsewhere in the Bay Area, as summarized in Table 2-2. The 14,000 square foot per employee factor is the average for the nine facilities of 100,000 square feet or more[1] (13,792 square feet per employee), rounded to the nearest thousand. Employee counts include all on-site staff. Tenant employees who are not based on-site but who may visit periodically are excluded. Using this approach, the prototypical 500,000 square foot data center is estimated to have approximately 35.7 on-site employees, as shown in line (C) of Table 2-1.

Table 2-1. Employees, Net New Jobs and Worker Households, Prototype Data Center Project	
Number of Employees	
(A) Prototype building area (gross sf)	500,000 sf
(B) Employment density (gross sf per employee, Table 2-2)	14,000 sf
(C) Employees per prototype building, (A) ÷ (B)	35.714 jobs
Net New Jobs	
(D) Adjustment for jobs filled by workers already employed locally (Table 2-3)	23.6%
(E) Net new jobs per prototype building, (C) × (1 - (D))	27.282 jobs
Number of Worker Households	
(F) Workers per worker household (1)	1.78
(G) Worker households per prototype building, (E) ÷ (F)	**15.327 households**

(1) American Community Survey (ACS) 2020-2024 five-year estimates, Santa Clara County; workers per household with at least one worker. See Table 2-4.
Source: Tables 2-2 and 2-3; U.S. Census Bureau, American Community Survey five-year estimates (line (F), note (1)).

[1] The 3060 Raymond Street facility in Santa Clara is excluded from the adopted average. At 24,422 square feet, it is much smaller than the other facilities and has the highest employment density; therefore, excluding it is a conservative assumption.

Table 2-2. Data Center Employment Density Sources						
Project	Total Employees [1]	Building Area (Gross sf)	Gross sf per Employee	Design Power (MW) [2]	Maximum Power (MW) [3]	Source
San José						
San José Data Center (Microsoft)	100	396,914	3,969	77	99	CEC San Jose Data Center Final Environmental Impact Report, Docket No. 19-SPPE-04, February 2022, p. 3-5
STACK Trade Zone Park Data Center	70	522,194	7,460	60	91	CEC STACK Trade Zone Park Final Environmental Impact Report, Docket No. 21-SPPE-02, March 2023, p. 3-5
Great Oaks South Data Center Backup Generating Facility (Equinix LLC)	42	547,050	13,025	n/a	99	CEC Great Oaks South Backup Generating Facility Final Environmental Impact Report, Docket No. 20-SPPE-01, July 2021, p. 3-2, 3-6
Other Bay Area						
3060 Raymond Street Data Center, Santa Clara	7	24,422	3,489	6	10	City of Santa Clara Community Development Department, 3060 Raymond Street Data Center Initial Study with Proposed Mitigated Negative Declaration, March 6, 2023, p. 4
STACK SVY03A Data Center Campus, Hayward	45	312,065	6,935	n/a	67	CEC STACK SVY03A Data Center Campus Final Initial Study/Mitigated Negative Declaration, Docket No. 23-SPPE-01, April 2025, p. 3-10, 3-11
AVAIO Pittsburg (Perseus) Data Center Backup Generating Facility, Pittsburg	25	347,740	13,910	60	92	CEC AVAIO Pittsburg Backup Generating Facility Initial Study/Mitigated Negative Declaration, Docket No. 24-SPPE-01, October 2025, as revised in the Final Initial Study/Mitigated Negative Declaration, November 2025, p. 3-6
Walsh Data Center, Santa Clara	25	435,050	17,402	n/a	80	CEC Walsh Data Center Initial Study and Proposed Mitigated Negative Declaration, Docket No. 19-SPPE-02, February 2020, p. 4-1
CA3 Data Center (Vantage), Santa Clara	20	468,000	23,400	64	96	CEC CA3 Backup Generating Facility - Vantage Final Environmental Impact Report, Docket No. 21-SPPE-01, March 2022, p. 3-2
Laurelwood Data Center, Santa Clara	54	533,952	9,888	n/a	99	CEC Laurelwood Data Center Initial Study and Proposed Mitigated Negative Declaration, Docket No. 19-SPPE-01, August 2019, p. 4-4
Sequoia Data Center, Santa Clara	25	703,450	28,138	68	96	CEC Sequoia Data Center Compiled Revised Initial Study and Proposed Mitigated Negative Declaration, Docket No. 19-SPPE-03, April 2021, p. 4-1
Average			12,762			
Average, facilities of 100,000 sf or more			13,792			
Adopted for this analysis, rounded to the nearest thousand			**14,000**			

(1) All shifts, including direct and contract staff working on-site; excludes tenant employees. Where a source gives a range, its midpoint is used.

(2) Design power is the amount of electricity the facility's computer equipment is designed to use.

(3) Maximum power is the most electricity the entire facility can draw, including computer equipment, cooling and lighting.

As shown in Table 2-2, employment density varies widely. KMA recommends the City incorporate a procedure as part of its ordinance for adjustments to fees where an applicant provides evidence that actual employment counts are below the 14,000 square feet per employee utilized in this Addendum.

Table 2-1 incorporates a 23.6% downward adjustment to the number of jobs to account for the potential that jobs added in new data center buildings may replace jobs lost in other declining sectors of the local economy, such that they are not 100% net new in all cases.

The local economy is constantly evolving, with job losses in some sectors and growth in others. Over the past decade, employment declined in the manufacturing and the trade, transportation, and utilities sectors. As a result, some new jobs are filled by workers displaced from declining industries who are presumed to already have housing locally.

The 23.6% downward adjustment was derived from California Employment Development Department (EDD) data on employment by industry in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA), as shown in Table 2-3. Over the ten-year period from 2015 to 2025, approximately 33,900 jobs were lost in declining industry sectors. Over the same period, growing and stable industries added a total of 143,600 jobs. The figures are used to establish a ratio of jobs lost in declining industries to jobs gained in growing and stable industries of 23.6%. The two years compared had the same 4.3% unemployment rate, which enables longer-term declines to be distinguished from the effects of shorter-term economic cycles. The assumption is that 23.6% of new jobs are filled by a worker downsized from a declining industry who already lives locally.

The adjustment is conservative. Displaced workers may leave the workforce entirely by retiring. In addition, new buildings are typically developed only where there is net demand for new space after buildings vacated by declining businesses are re-occupied, in which case new buildings represent net new employment. The adjustment mainly covers vacated buildings that cannot readily be re-used because of their special-purpose nature or obsolescence, or because they are demolished or converted to residential use.

Table 2-3. Calculation of Net New Jobs Adjustment for Declining Industries	
Total nonfarm employment, 2015	1,048,500
Total nonfarm employment, 2025 (1)	1,158,200
Change in total nonfarm employment	109,700
(A) Jobs lost in declining industries (2)	33,900
(B) Jobs added in growing and stable industries, change + (A)	143,600
Net New Jobs Adjustment (jobs lost as a share of jobs added, (A) ÷ (B))	**23.6%**

(1) 2025 is the latest full year of data and 2015 is ten years earlier. Both years had the same unemployment rate (4.3%), so the comparison reflects long-term shifts between industries.
(2) Industries with declines in employment included Manufacturing and Trade, Transportation, and Utilities.
Source: California Employment Development Department, Current Employment Statistics and Local Area Unemployment Statistics, San José-Sunnyvale-Santa Clara MSA.

As shown in line (E) of Table 2-1, there are 27.3 net new jobs within the prototype data center building after applying the 23.6% adjustment for declining industries.

The 27.3 net new jobs are then converted to worker households. Since worker households have, on average, more than one worker, the number of housing units needed is less than the number of new workers. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons and students.

The number of workers per worker household in Santa Clara County is 1.78, calculated using data from the U.S. Census Bureau's 2020-2024 American Community Survey (ACS), as shown in Table 2-4. County data is used because it is more representative of the broader area in which San José's workforce lives, which includes workers who live both inside and outside the city. The number of net new jobs is divided by 1.78 workers per worker household to determine the number of housing units needed to house the new workforce, which results in 15.3 worker households for a 500,000 square foot data center, as shown on line (G) of Table 2-1.

Table 2-4. Derivation of Workers per Worker Household, Santa Clara County	
(A) Worker households (households with one or more workers)	538,944
Workers in Worker Households	
Workers 16 years and over in households	961,170
Less: unpaid family workers [(1)]	1,869
(B) Workers in worker households	959,301
Workers per Worker Household, (B) ÷ (A)	**1.78**

(1) Unpaid family workers that earn no wage are removed from the worker count; household counts are as published in Table B08202.

Source: U.S. Census Bureau, American Community Survey 2020-2024 5-Year Estimates, Santa Clara County: Tables B08202 (Household Size by Number of Workers in Household), B08137 (Means of Transportation to Work by Tenure) and B08128 (Means of Transportation to Work by Class of Worker). Excludes persons living in group quarters.

2.2 Occupations and Wages

Occupations of employees in data centers are based on staffing information provided in California Environmental Quality Act (CEQA) documents for the Bay Area data centers identified in Table 2-2. The Laurelwood Data Center in Santa Clara provides the most detailed breakdown by job type, while CEQA documents for other facilities include qualitative descriptions of staffing profiles. The staffing profile for the Laurelwood Data Center includes a total of 54 on-site operations workers, with 2 facility managers, 2 account managers, 2 equipment managers, 2 environmental engineers, 18 facility operators, 3 mechanics, and 25 security, administrative, and on-site management personnel. Based on this information, the distribution of jobs by federal Standard Occupational Classification (SOC) code was estimated in percentage terms, as shown in Table 2-5. In some cases, job postings for on-site data center positions were viewed to assist in assigning the appropriate SOC codes to each job type, and to corroborate information in the CEQA documents regarding on-site job types.

Table 2-5. Data Center On-Site Worker Occupations		
Occupation	*Occupation Code (SOC)*	*Share of Jobs*
Facility Managers	11-3013	7.4%
IT Managers	11-3021	5.6%
Network Administrators	15-1244	5.6%
Environmental Engineers	17-2081	3.7%
Security Guards	33-9032	22.2%
Account Managers	41-3091	3.7%
Office Clerks	43-9061	13.0%
HVAC Mechanics	49-9021	5.6%
Facility Engineers	51-8021	33.3%
Total		**100%**

Source: KMA estimate based upon California Energy Commission, Laurelwood Data Center Initial Study and Proposed Mitigated Negative Declaration, Docket No. 19-SPPE-01, August 2019, p. 5.14-4.

Employee wage and salary distribution is based on the occupational distribution in Table 2-5 in combination with wage and salary information from EDD for the San José-Sunnyvale-Santa Clara MSA, shown in Table 2-6. EDD compensation data are adjusted upwards, where applicable, to reflect the City's 2026 minimum wage of $18.45 per hour, or $38,376 per year based on full-time work. Worker compensation figures used in the analysis assume full-time employment (40 hours per week, 2,080 hours per year) based on EDD's convention for reporting annual compensation. To incorporate the range of wages within each occupation, the analysis uses wages at five percentiles (10th, 25th, median, 75th and 90th), shown in Table 2-6. The 25th, median and 75th percentiles are published by EDD; the 10th and 90th are estimated (Table 2-6, note (2)). A further description is provided in Appendix A.

Table 2-6. Worker Compensation by Occupation							
		Share of	*Annual Wage by Percentile [1]*				
Occupation Code (SOC)	*Occupation*	*Employees (Table 2-5)*	*10th Percentile [2]*	*25th Percentile*	*50th Percentile*	*75th Percentile*	*90th Percentile [2]*
11-3013	Facility Managers	7.41%	$89,880	$111,842	$147,430	$189,072	$229,050
11-3021	IT Managers	5.56%	$167,150	$223,538	$284,669	$362,519	$427,775
15-1244	Network Administrators	5.56%	$80,717	$105,539	$137,093	$172,411	$204,434
17-2081	Environmental Engineers	3.70%	$99,113	$102,794	$129,064	$157,248	$176,011
33-9032	Security Guards	22.22%	$45,020	$46,384	$47,403	$55,848	$68,652
41-3091	Account Managers	3.70%	$49,953	$74,506	$117,562	$170,955	$219,665
43-9061	Office Clerks	12.96%	$42,687	$48,360	$60,237	$75,046	$85,560
49-9021	HVAC Mechanics	5.56%	$58,805	$65,645	$84,386	$109,637	$140,503
51-8021	Facility Engineers	33.33%	$65,456	$88,379	$125,986	$151,674	$164,429
Weighted Average, all occupations		100.00%	$66,573	$82,816	$108,512	$134,667	$155,706

(1) EDD Occupational Employment and Wage Statistics, San José-Sunnyvale-Santa Clara MSA, 2026 first quarter update of May 2025 survey data.
(2) The 10th and 90th percentiles are estimated by applying U.S. Bureau of Labor Statistics wage distributions for the San José-Sunnyvale-Santa Clara MSA to the published 25th and 75th percentiles. Wages above the $239,200 maximum published level are extrapolated from the occupation's published percentiles.
Sources: California Employment Development Department, Occupational Employment and Wage Statistics (2026 first quarter update of May 2025 survey data); U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics (May 2025).

2.3 Worker Household Incomes and Income Categories

Worker compensation by occupation (Table 2-6) is converted to household income using U.S. Census data for Santa Clara County that relate individual worker earnings to total household income for households with one, two, and three or more workers. Household income exceeds worker earnings even in one-worker households due to other sources such as social security, disability, child support and investment income. The resulting household incomes are compared to 2026 HCD income limits for Santa Clara County (Table 2-7), which vary by household size, for each combination of household size and number of workers. Results are then weighted based on the percentage share of Santa Clara County worker households applicable to each household size and number of workers combination, using the U.S. Census data summarized in Table A-1.

Affordable housing need is identified within four income categories, consistent with the 2020 Study:

- Extremely Low Income: households earning up to 30% of Area Median Income (AMI);
- Very Low Income: households earning over 30% up to 50% of AMI;
- Low Income: households earning over 50% up to 80% of AMI; and
- Moderate Income: households earning over 80% up to 120% of AMI.

Households are categorized by income using income limits published by HCD, shown in Table 2-7.

Table 2-7. 2026 Household Income Limits, Santa Clara County

Income Category	*Percent of AMI*	*1 Person*	*2 Persons*	*3 Persons*	*4 Persons*	*5 Persons*	*6 Persons*
Extremely Low Income	30%	$43,200	$49,350	$55,500	$61,650	$66,600	$71,550
Very Low Income	50%	$71,950	$82,200	$92,500	$102,750	$111,000	$119,200
Low Income	80%	$113,700	$129,950	$146,200	$162,400	$175,400	$188,400
Median Income	*100%*	*$143,850*	*$164,400*	*$184,950*	*$205,500*	*$221,950*	*$238,400*
Moderate Income	120%	$172,600	$197,300	$221,950	$246,600	$266,350	$286,050

AMI = area median income.
Source: California Department of Housing and Community Development, 2026 income limits.

Table 2-8 presents, for each occupation, the median wage, the corresponding household income for one-, two- and three-or-more-worker households, and the share of worker households in each income category.

Security guards and office clerks, representing a combined 35% of on-site jobs, have the lowest median wages ($47,403 and $60,237); 87% of the households in each occupation are at or below Moderate Income. Facility engineers, the largest occupation, have a median wage of $125,986, and approximately 70% of their households are at or below Moderate Income ($246,600 for a four-person household). Appendix A provides further documentation of this analysis step.

Table 2-8. Household Income Categories by Occupation

				Household Income at the Median Wage [2]			*Share of Worker Households by Income Category [3]*				
Occupation Code (SOC)	*Occupation*	*Share of Employees (Table 2-5)*	*Annual Wage, 50th Percentile [1]*	*One Worker*	*Two Workers*	*Three or More Workers*	*Extremely Low Income*	*Very Low Income*	*Low Income*	*Moderate Income*	*Above Moderate Income*
11-3013	Facility Managers	7.41%	$147,430	$157,000	$309,000	$405,000	0.1%	4.8%	18.7%	28.8%	47.6%
11-3021	IT Managers	5.56%	$284,669	$291,000	$441,000	$473,000	0.0%	0.1%	3.5%	12.0%	84.5%
15-1244	Network Administrators	5.56%	$137,093	$146,000	$287,000	$377,000	0.5%	6.9%	21.1%	30.4%	41.1%
17-2081	Environmental Engineers	3.70%	$129,064	$137,000	$270,000	$355,000	0.0%	2.5%	26.7%	34.3%	36.5%
33-9032	Security Guards	22.22%	$47,403	$61,000	$149,000	$220,000	17.2%	32.0%	23.2%	14.2%	13.4%
41-3091	Account Managers	3.70%	$117,562	$128,000	$263,000	$354,000	5.7%	13.6%	19.8%	22.6%	38.2%
43-9061	Office Clerks	12.96%	$60,237	$72,000	$158,000	$229,000	12.8%	32.5%	26.5%	15.3%	12.9%
49-9021	HVAC Mechanics	5.56%	$84,386	$97,000	$204,000	$262,000	2.3%	22.2%	29.1%	22.3%	24.1%
51-8021	Facility Engineers	33.33%	$125,986	$134,000	$264,000	$346,000	2.4%	11.0%	24.6%	32.2%	29.8%
Weighted Average, all occupations		100.00%	$108,512	$118,000	$243,000	$327,000	**6.6%**	**17.6%**	**22.9%**	**23.7%**	**29.2%**

(1) Reflects EDD Occupational Employment and Wage Statistics, San José-Sunnyvale-Santa Clara MSA, 2026 first quarter update of May 2025 survey data (Table 2-6).

(2) Median wage times the average ratio of household income to worker earnings for households with one, two, and three or more workers (Table A-2), rounded to the nearest $1,000.

(3) See Appendix A for additional information on the methodology used to identify these shares.

2.4 Worker Households by Income Category

Table 2-9 distributes the 15.3 worker households generated by the 500,000 square foot prototype building among the income categories based on the percentage distribution derived in Table 2-8. Of the 15.3 worker households, 10.9 have incomes at or below Moderate Income (120% of AMI). The last column of Table 2-9 expresses these findings per square foot of building area.

Table 2-9. Worker Households by Income Category per 500,000 Square Foot Building

Income Category	*Percent of Worker Households* [1]	*Total Worker Households* [2]	*Worker Households per Square Foot (Total ÷ 500,000)*
Extremely Low Income (up to 30% of AMI)	6.6%	1.0160	0.000002032
Very Low Income (30% to 50% of AMI)	17.6%	2.6953	0.000005391
Low Income (50% to 80% of AMI)	22.9%	3.5073	0.000007015
Moderate Income (80% to 120% of AMI)	23.7%	3.6351	0.000007270
Subtotal, through Moderate Income	**70.8%**	**10.8537**	**0.000021707**
Above Moderate Income (over 120% of AMI)	29.2%	4.4736	0.000008947
Total	**100.0%**	**15.3274**	**0.000030655**

(1) Weighted Average, all occupations row of Table 2-8.

(2) Worker households per building (Table 2-1), distributed by income category using the employee-weighted average shares in Table 2-8.

AMI = area median income. Totals may not add due to rounding.

2.5 Affordability Gap and Maximum Supported Fee

The affordability gap is the subsidy required to deliver an affordable unit to a household in each of the four income categories. The Addendum applies the affordability gaps from Section 4.0 of the 2020 Study: $383,000 per unit for Extremely Low Income, $279,000 for Very Low Income, $228,000 for Low Income and $181,300 for Moderate Income.

In the final step, shown in Table 2-10, the worker households per square foot in each income category (Table 2-9) are multiplied by the corresponding affordability gap to determine the cost of mitigating the affordable housing impacts of new data center buildings.

Table 2-10. Maximum Supported Fee per Square Foot of Building Area

Income Category	*(A) Worker Households per Square Foot (Table 2-9)*	*(B) Affordability Gap per Unit* [1]	*(C) Maximum Supported Fee per Square Foot, (A) × (B)* [2]
Extremely Low Income	0.000002032	$383,000	$0.78
Very Low Income	0.000005391	$279,000	$1.50
Low Income	0.000007015	$228,000	$1.60
Moderate Income	0.000007270	$181,300	$1.32
Total Maximum Supported Fee			**$5.20**

(1) From Keyser Marston Associates, Inc., Commercial Linkage Fee Nexus Analysis, San José, California, prepared for the City of San José, August 2020.

(2) Households per square foot times the affordability gap. The total is rounded to the nearest $0.10.

Note: Nexus findings are maximum supported fees, not recommended fee levels.

Totals may not add due to rounding.

The mitigation cost of affordable housing impacts equals the sum of the mitigation cost for each of the four income categories. This results in the maximum supported commercial linkage fee of $5.20 per square foot for new data center development. This is the maximum fee supported by the analysis, not a recommended fee level.

3.0 MITIGATION FEE ACT FINDINGS

This section provides findings language consistent with the requirements of the Mitigation Fee Act as set forth in Government Code Section 66000 et seq.

(1) **Identify the purpose of the fee (66001(a)(1)).** The purpose of the commercial linkage fee is to fund construction of affordable housing to mitigate the increased demand for affordable housing from workers in newly developed workplace buildings, including data centers.

(2) **Identify the use to which the fee is to be put (66001(a)(2)).** Commercial linkage fees are used to increase the supply of housing affordable to qualifying Extremely Low, Very Low, Low and Moderate Income households earning up to 120% of area median income (AMI).

(3) **Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (66001(a)(3)).** The analysis demonstrates a reasonable relationship between the use of the fee, which is to increase the supply of affordable housing in San José, and the development of new data center buildings, which increases the need for affordable housing. New data center buildings add jobs in San José, and a share of the workers filling these jobs will have household incomes in the Extremely Low, Very Low, Low and Moderate Income categories, increasing the need for affordable housing.

(4) **Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed (66001(a)(4)).** The analysis demonstrates a reasonable relationship between the development of data center buildings in San José and the need for additional affordable units. New data center buildings accommodate additional jobs in San José, as documented in Table 2-1. Based on the household incomes of workers filling these jobs, 70.8% of the resulting housing need is for units affordable at the Extremely Low, Very Low, Low and Moderate Income levels (Table 2-9). For every 500,000 square feet of new data center space, 10.9 additional affordable units are needed.

(5) **Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed (66001(b)).** There is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to new data center development. The analysis quantifies the increased need for affordable units generated by new data center buildings and determines the maximum fee based on the cost of providing that housing. Costs reflect the net subsidy required to produce affordable units in San José, as determined in the 2020 Study. A commercial linkage fee at or below the $5.20 per square foot maximum supported fee would not exceed the cost of providing the affordable housing attributable to new data center development.

(6) **A fee shall not include the costs attributable to existing deficiencies in public facilities (66001(g)).** The analysis quantifies only the net new affordable housing needs generated by new data center development in San José. Existing deficiencies in housing conditions in San José are not included in the analysis and maximum fees do not include any costs associated with addressing existing deficiencies.

4.0 REQUIREMENTS UNDER AB 602

Assembly Bill 602 (AB 602), enacted in 2021 and effective January 1, 2022, added requirements for impact fee nexus studies to the Mitigation Fee Act, codified in Government Code Section 66016.5. The 2020 Study predates AB 602. The provisions of Section 66016.5(a) pertinent to this Addendum are addressed below.

- **Level of service.** When applicable, a nexus study must identify the existing level of service for each public facility, identify the proposed new level of service, and explain why the new level of service is appropriate (Section 66016.5(a)(2)).

  A level of service analysis is not applicable to an affordable housing nexus analysis. A level of service analysis applies to fees for public facilities, defined in Government Code Section 66000(d) as public improvements, public services and community amenities, such as roadways, storm drain systems, parks and libraries. These facilities serve the population at large and have a measurable level of service, such as park acres per resident. A level of service analysis is not a suitable methodology for an affordable housing fee because a commercial linkage fee does not fund a shared public facility of this kind. It addresses the demand for affordable housing generated by the workers in new buildings and funds the affordable units needed to house them. Fees are used to provide financial assistance to affordable projects built by affordable housing developers whose units are occupied by qualifying households, not facilities serving the City's population at large. The nexus is established by quantifying housing demand, the number of worker households in each income category generated by a new data center, and the cost of delivering the units those households need, not by a service standard.

- **Increase of an existing fee.** If a nexus study supports the increase of an existing fee, the local agency must review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee (Section 66016.5(a)(4)). The Addendum provides findings for a building type not analyzed in the 2020 Study and does not support an increase in the fee for any building type addressed in the 2020 Study. To the extent the City establishes a commercial linkage fee for data centers as a new fee category, this provision does not apply. If the City were to increase the fee for a building type addressed in the 2020 Study, the City would need to review the assumptions of the 2020 Study and evaluate the fees collected.

- **Fees calculated in proportion to square footage.** Unless a local agency makes specific findings, a nexus study adopted after July 1, 2022 shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units (Section 66016.5(a)(5)). Although this provision is not applicable to fees imposed on non-residential development, commercial linkage fees are charged on a per square foot basis, and the Addendum expresses the maximum supported fee per square foot of building area.

- **Capital improvement plan.** Large jurisdictions, as defined in Government Code Section 53559.1, shall adopt a capital improvement plan as a part of the nexus study (Section 66016.5(a)(6)). San

José is a large jurisdiction. To the extent the City's capital improvement plan does not already do so, the City should include commercial linkage fee revenue estimates and proposed affordable housing expenditures in its capital improvement plan.

APPENDIX A: TRANSLATING WORKER COMPENSATION TO HOUSEHOLD INCOME

This appendix documents how the analysis converts data center worker wages into household incomes, and household incomes into housing need by income category, as summarized in Table 2-8. Facility engineers, the largest data center occupation at one-third of on-site jobs, are used as an example to illustrate the methodology.

Eligibility for affordable housing depends on household income and household size. All sources of income for a worker's household must be considered to determine whether the household qualifies.

The analysis combines four sets of data:

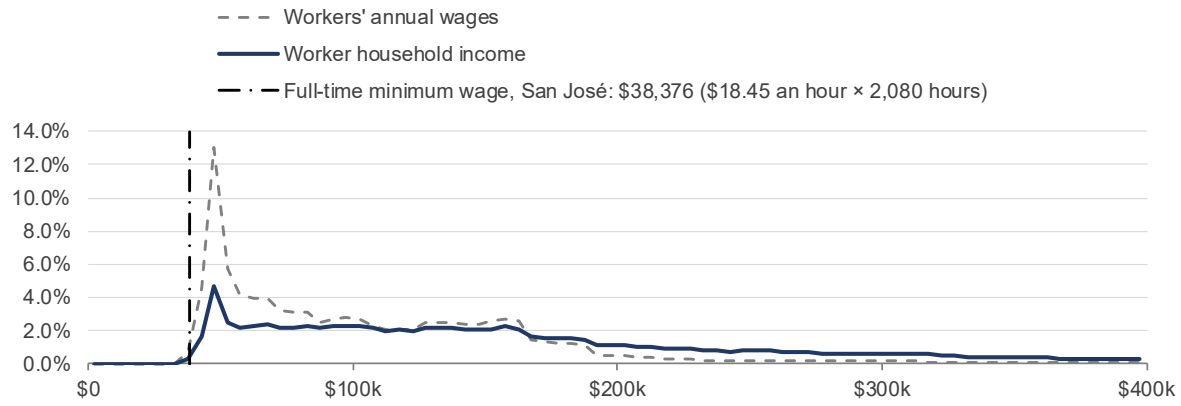
- Wage data by occupation, presented in Table 2-6;
- Share of worker households by household size and number of workers (Table A-1);
- Ratios between individual worker earnings and total household income, derived from U.S. Census data (Table A-2); and
- HCD income limits for each household size (Table 2-7).

A.1 Wages and Household Incomes of Data Center Workers

Chart A-1 illustrates the result for all data center workers. Panel A compares the distribution of workers' annual wages with the distribution of their estimated household incomes. Household incomes reflect a wider range than employee wages as many workers live in households with multiple earners. Panel B shows household income distribution relative to the applicable income limits for each household size, and the share of worker households in each income category. Chart A-2 shows the same information for facility engineers, the occupational category used in the subsequent example calculations.

Chart A-1. Estimated Household Incomes: All Data Center Workers

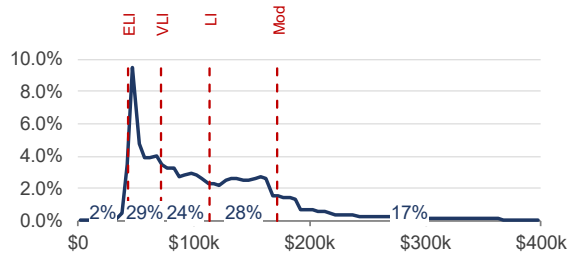
A. Wages and Household Incomes of Data Center Workers



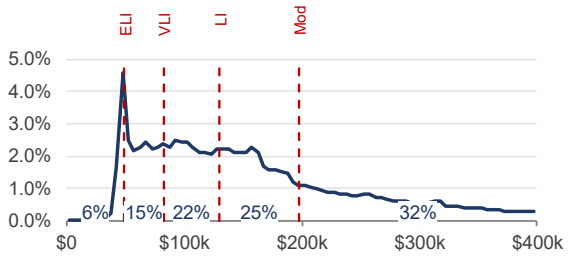
Lines show the share of workers (dashed) and of their estimated annual household income (solid) in each $5,000 band (Table 2-5). Household income is estimated from worker income using U.S. Census data, see factors in Table A-2.
All workers are assumed to have annual compensation at least equal to full-time minimum wage ($38,376), a conservative assumption.

B. Worker Household Incomes by Household Size

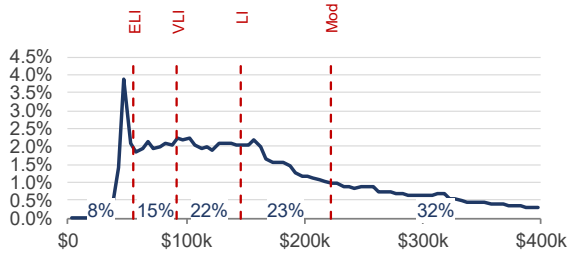
1 person (16.3% of worker households)



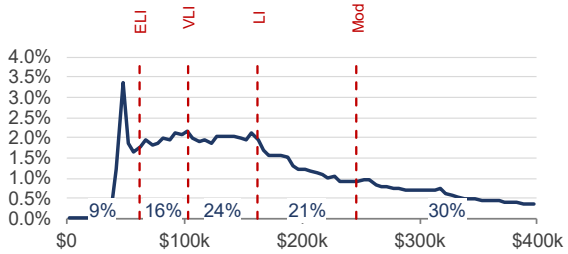
2 persons (28.9% of worker households)



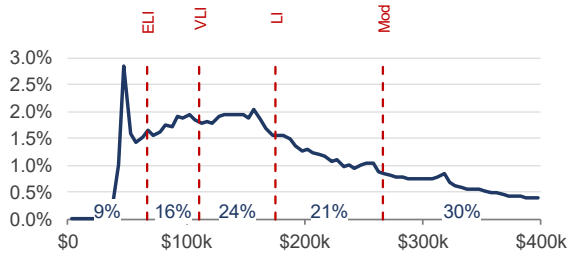
3 persons (22.0% of worker households)



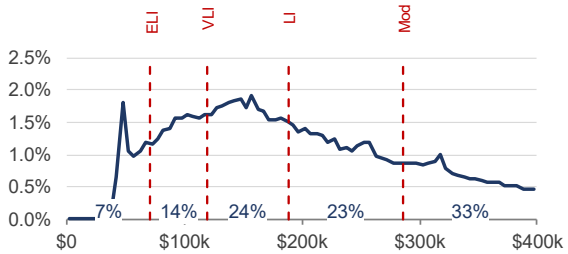
4 persons (19.7% of worker households)



5 persons (7.8% of worker households)



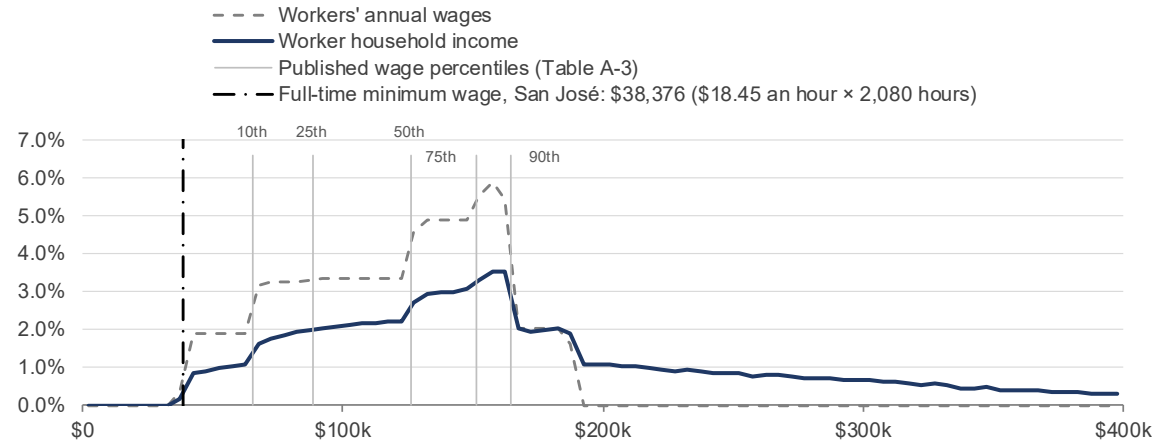
6 or more persons (5.4% of worker households)



Income limit labels: ELI = Extremely Low Income, VLI = Very Low Income, LI = Low Income, Mod = Moderate Income.

Chart A-2. Estimated Household Incomes: Facility Engineers

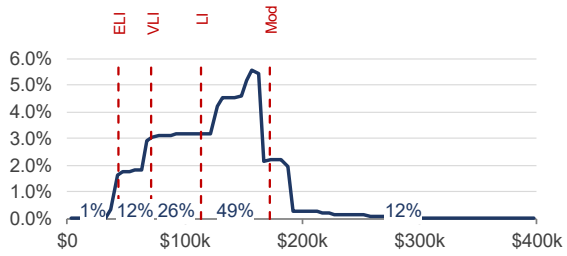
A. Wages and Household Incomes of Facility Engineers



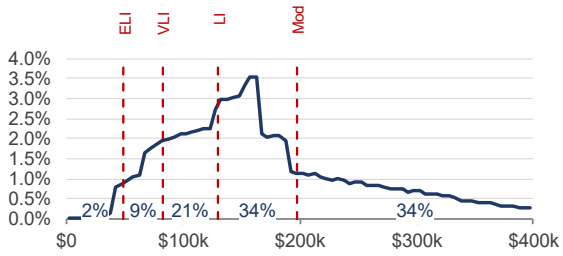
Lines show the share of Facility Engineers (dashed) and of their estimated annual household income (solid) in each $5,000 band. Household income is estimated from worker income using U.S. Census data, see factors in Table A-2.
All workers are assumed to have annual compensation at least equal to full-time minimum wage ($38,376), a conservative assumption.

B. Worker Household Incomes by Household Size

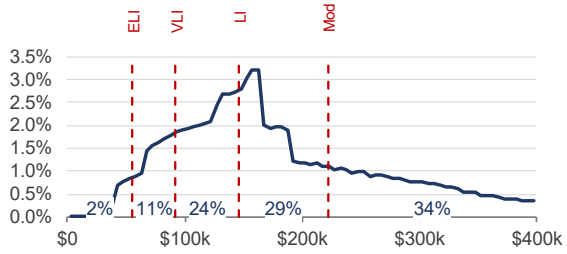
1 person (16.3% of worker households)



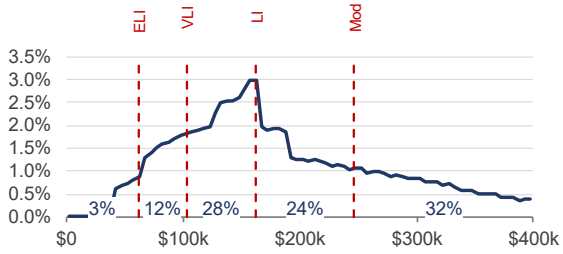
2 persons (28.9% of worker households)



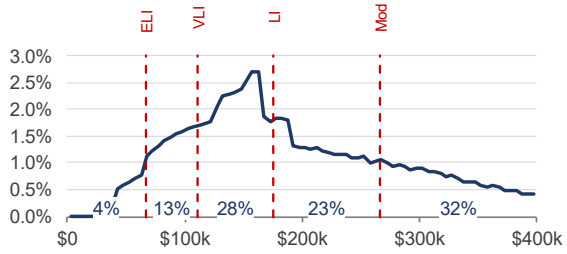
3 persons (22.0% of worker households)



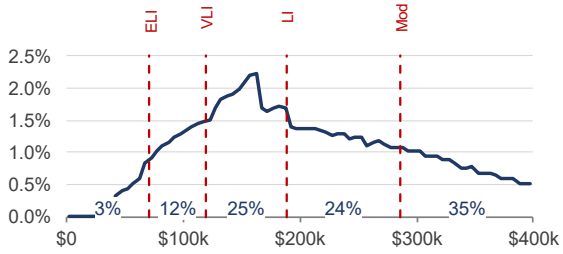
4 persons (19.7% of worker households)



5 persons (7.8% of worker households)



6 or more persons (5.4% of worker households)



Income limit labels: ELI = Extremely Low Income, VLI = Very Low Income, LI = Low Income, Mod = Moderate Income.

A.2 Household Size and Number of Workers

Table A-1 shows the distribution of Santa Clara County worker households by number of workers and household size, from the 2020-2024 ACS Public Use Microdata Sample (PUMS). Approximately 46% of worker households have one worker, 41% have two workers and 13% have three or more workers.

Table A-1. Percent of Worker Households by Number of Workers and Household Size

Workers in Household [(1)]	*Persons in Household*	*Percent of Worker Households*
1	1	16.32%
	2	12.43%
	3	7.99%
	4	6.01%
	5	2.01%
	6 or more	0.86%
	Subtotal	**45.62%**
2	2	16.44%
	3	10.52%
	4	9.84%
	5	3.10%
	6 or more	1.53%
	Subtotal	**41.42%**
3 or more	3	3.48%
	4	3.82%
	5	2.66%
	6 or more	2.99%
	Subtotal	**12.95%**
Total		**100%**

(1) Includes workers aged 16 or over who worked in the survey reference week consistent with the Census Bureau definition.
Source: U.S. Census Bureau, 2020-2024 American Community Survey five-year Public Use Microdata Sample, Santa Clara County.

A.3 Household Income Relative to Worker Earnings

For workers in each earnings bracket, Table A-2 shows how household income compares with the individual worker's earnings, separately for households with one, two, and three or more workers. Households are grouped into five segments by the ratio of household income to the worker's earnings, from 1.0 to 1.5 times through 3.0 times and above. The table shows the average multiple within each segment and the share of households in each segment.

A ratio of 1.0 indicates the household has no additional income beyond that of the individual worker. A ratio of 2.0 means total household income is twice what the individual worker earns.

Between 81% and 99% of one-worker households, depending on the earnings bracket, have household income of 1.0 to 1.5 times the worker's earnings. Households with two or more workers are spread across the segments, and the share at higher multiples declines as the worker's earnings increase. This is because workers with higher pay are more likely to represent the largest source of household income.

Table A-2. Ratio of Household Income to Individual Worker Income										
Worker Earnings	*Household Income as a Multiple of Worker Earnings [2]*					*Share of Households in Each Multiple Segment [3]*				
Bracket [1]	*1.0 to 1.5*	*1.5 to 2.0*	*2.0 to 2.5*	*2.5 to 3.0*	*3.0 Times*	*1.0 to 1.5*	*1.5 to 2.0*	*2.0 to 2.5*	*2.5 to 3.0*	*3.0 Times*
One Worker										
$30,000 to $39,999	1.0418	1.6950	2.2519	2.7038	5.2340	81.33%	6.15%	4.23%	2.07%	6.22%
$40,000 to $49,999	1.0490	1.7050	2.2615	2.7749	4.3501	82.17%	8.51%	4.02%	2.72%	2.58%
$50,000 to $59,999	1.0442	1.6882	2.2119	2.6139	5.0937	84.50%	7.93%	3.01%	2.24%	2.32%
$60,000 to $79,999	1.0415	1.6867	2.1742	2.7191	5.3322	87.15%	6.45%	3.61%	1.64%	1.15%
$80,000 to $99,999	1.0277	1.7460	2.2634	2.7225	4.7768	90.47%	5.09%	2.22%	1.01%	1.21%
$100,000 to $124,999	1.0223	1.7253	2.1599	2.6605	3.7940	93.12%	4.19%	1.78%	0.56%	0.35%
$125,000 to $149,999	1.0245	1.7381	2.1736	2.5614	3.9687	96.58%	2.34%	0.44%	0.19%	0.45%
$150,000 to $249,999	1.0139	1.6902	2.1547	2.5291	3.3987	97.87%	1.36%	0.50%	0.02%	0.26%
$250,000 or more	1.0129	1.7617	2.1125	2.5505	4.1808	98.98%	0.56%	0.32%	0.08%	0.04%
Two Workers										
$30,000 to $39,999	1.1948	1.7642	2.2236	2.7115	6.4314	13.07%	14.88%	17.59%	10.14%	44.32%
$40,000 to $49,999	1.2215	1.7765	2.1905	2.7173	5.4843	15.83%	16.99%	20.54%	12.76%	33.87%
$50,000 to $59,999	1.2120	1.7550	2.2052	2.7459	5.5790	16.93%	20.73%	21.58%	9.54%	31.23%
$60,000 to $79,999	1.1911	1.7552	2.1861	2.7147	4.8108	19.50%	22.77%	21.49%	10.79%	25.44%
$80,000 to $99,999	1.2195	1.7457	2.2107	2.7269	4.5497	22.68%	23.87%	21.41%	11.26%	20.78%
$100,000 to $124,999	1.2062	1.7403	2.1744	2.7212	4.3561	26.32%	23.30%	22.21%	11.99%	16.18%
$125,000 to $149,999	1.2199	1.7459	2.1879	2.7086	4.4950	28.72%	27.56%	22.74%	9.96%	11.03%
$150,000 to $249,999	1.1956	1.7492	2.1633	2.7155	4.1571	35.31%	30.79%	22.49%	5.55%	5.85%
$250,000 or more	1.1875	1.7187	2.1114	2.7450	3.5274	57.02%	24.76%	12.44%	2.51%	3.28%
Three or More Workers										
$30,000 to $39,999	1.2529	1.7984	2.2648	2.7885	6.4447	1.21%	2.68%	5.81%	7.97%	82.34%
$40,000 to $49,999	1.2564	1.7948	2.2383	2.7515	5.5533	1.47%	5.70%	8.53%	12.78%	71.52%
$50,000 to $59,999	1.2593	1.7733	2.2503	2.7677	5.1918	2.10%	6.19%	12.78%	16.66%	62.26%
$60,000 to $79,999	1.2833	1.7722	2.2584	2.7334	5.1292	4.16%	9.69%	17.99%	13.56%	54.60%
$80,000 to $99,999	1.2856	1.7522	2.2325	2.7226	4.5611	7.15%	17.03%	19.75%	15.15%	40.92%
$100,000 to $124,999	1.3049	1.7497	2.2269	2.7459	4.6531	10.51%	15.98%	19.91%	17.92%	35.68%
$125,000 to $149,999	1.3102	1.7419	2.2058	2.7332	4.5417	13.67%	20.55%	22.58%	13.75%	29.46%
$150,000 to $249,999	1.2570	1.7404	2.2217	2.7399	4.0237	24.33%	23.80%	20.24%	14.41%	17.22%
$250,000 or more	1.2197	1.7184	2.1720	2.6752	3.6148	51.22%	25.68%	12.85%	5.57%	4.68%

(1) Each occupation wage (Table A-3) is matched to its earnings bracket, and that row's multiples are used. Shares are taken from the row for the occupation's median wage.

(2) Average multiple for households in each segment. For a more precise estimate of household income, the analysis divides each segment into smaller increments; for example, 1.0 to 1.5

(3) Share of households in each row that fall in each segment; rows sum to 100%.

Source: U.S. Census Bureau, American Community Survey Public Use Microdata Sample (2020-2024, five-year), Santa Clara County.

A.4 Wage Percentiles and Earnings Brackets

Each occupation's wage distribution is represented by five wage percentiles: the published 25th, median and 75th percentiles, and the 10th and 90th percentiles estimated as described in Table 2-6, note (2). The percentiles divide the workers in the occupation into intervals: 10% of workers earn less than the 10th percentile wage, 15% earn between the 10th and 25th percentile wages, and so on. Table A-3 shows the percentiles for facility engineers, the percent of workers in each interval and the Table A-2 earnings bracket that each percentile wage falls within. The share of households in each income multiple segment is taken from the earnings bracket of the median wage.

Table A-3. Wage Percentiles, Interval Weights and Earnings Brackets
Data Center - Facility Engineers (SOC 51-8021)

Percentile of the Wage Distribution	*(A) Annual Wage ($)* [1]	*(B) Percent of Workers in Wage Interval* [2]	*(C) Earnings Bracket (Table A-2)* [3]
10th Percentile	$65,456	10.0%	$60,000 to $79,999
25th Percentile	$88,379	15.0%	$80,000 to $99,999
50th Percentile	$125,986	25.0%	$125,000 to $149,999
75th Percentile	$151,674	25.0%	$150,000 to $249,999
90th Percentile	$164,429	15.0%	$150,000 to $249,999
Above the 90th Percentile		10.0%	

(1) Annual wage at each percentile per Table 2-6.
(2) Shares based on the definition of percentiles and are used to calculate column (C) in Table A-4.
(3) Table A-2 earnings bracket that applies based on the annual wage in column A.
Source: Tables 2-6 and A-2.

A.5 Housing Need by Income Category for One Household Type

Table A-4 shows, for one household type, how facility engineer wages translate into housing need by income category. The example is four-person households with two workers, which make up 9.84% of worker households (per Table A-1). Following is a description:

- Column (A) divides these households into five segments based on how total household income compares with one worker's earnings, from 1.0 to 1.5 times up to 3.0 times and above, and shows the share in each segment. The shares are taken from Table A-2 at the earnings bracket applicable to the median wage of facility engineers.
- Column (B) estimates household income at each wage percentile by multiplying the wage by the segment's average multiple from Table A-2.
- Column (C) shows the percent of households in each segment with incomes at or below each four-person HCD income limit, estimated using linear interpolation from the household income percentiles in column (B), with each wage interval weighted by its share of workers (Table A-3 (B)).

Results in column (C) are weighted by the share of households in each segment from column (A). The weighted shares are then multiplied by 9.84%, the share of all worker households with four persons and two workers. Results show housing need by income for four-person two-worker facility-engineer households.

Table A-4. Translating Household Income to Housing Need by Income Category: Data Center - Facility Engineers (SOC 51-8021)													
Example for: 4 Persons, 2 Workers Household													
		(B) Household Income at Each Wage Percentile ($) [2]							*(C) Percent of Households at or Below Income Limit for 4 Persons (Table 2-7)* [3]				
Household Income as a Multiple of One Worker's Earnings	*(A) Share of Households in This Segment* [1]	*1st Percentile*	*10th Percentile*	*25th Percentile*	*50th Percentile*	*75th Percentile*	*90th Percentile*	*99th Percentile*	*Extremely Low, at or below $61,650*	*Very Low, at or below $102,750*	*Low, at or below $162,400*	*Moderate, at or below $246,600*	*All Incomes*
1.0 to 1.5 times	28.72%	$44,650	$77,961	$107,776	$153,696	$181,347	$196,598	$225,910	5.10%	22.47%	57.87%	100.00%	100.0%
1.5 to 2.0 times	27.56%	$69,173	$114,891	$154,282	$219,952	$265,312	$287,624	$330,507	0.00%	7.34%	28.09%	64.69%	100.0%
2.0 to 2.5 times	22.74%	$83,718	$143,092	$195,379	$275,643	$328,109	$355,702	$408,734	0.00%	3.21%	15.54%	40.95%	100.0%
2.5 to 3.0 times	9.96%	$105,162	$177,690	$241,005	$341,247	$411,872	$446,510	$513,083	0.00%	0.00%	7.89%	26.40%	100.0%
3.0 times and above	11.03%	$206,743	$314,893	$402,102	$566,308	$630,528	$683,554	$785,467	0.00%	0.00%	0.00%	3.69%	100.0%
Cumulative Share of Households with Incomes at or Below Each Income Level (Sum of Col C x Col A)									1.47%	9.21%	28.68%	58.89%	100.0%
Adjustment for smaller increments of the household income multiple [4]									-0.09%	0.33%	1.24%	0.74%	0.00%
Cumulative Share of Households with Incomes at or Below Each Income Level, as Adjusted									1.38%	9.54%	29.92%	59.63%	100.0%
Cumulative Share × 9.84% Share of Worker Households of This Type (Table A-1)									0.14%	0.94%	2.94%	5.87%	9.84%
Percent of Housing Need by Income, Four Person Household with Two Workers, SOC Code 51-8021 [5]									**0.14%**	**0.80%**	**2.00%**	**2.92%**	**3.97%**

(1) Share of 2-worker households in each segment, from Table A-2 at the earnings bracket of the facility engineer median wage ($125,000 to $149,999, Table A-3 (C)).

(2) Worker's wage (Table A-3 (A)), no lower than full-time minimum wage ($38,376), times the segment's household income multiple (Table A-2). The 1st and 99th percentiles are estimated using a log-normal curve fit through the household incomes at the 10th and 25th percentiles (for the 1st) and the 75th and 90th (for the 99th).

(3) Calculated using linear interpolation between the incomes in (B).

(4) For a more precise estimate, the analysis divides the five segments into 32 smaller increments; for example, 1.0 to 1.5 times is divided into 1.0 to 1.1, 1.1 to 1.2, 1.2 to 1.3, 1.3 to 1.4, and 1.4 to 1.5 times. This line is the difference between the result from the smaller increments, which the analysis uses, and the result from the five segments shown.

(5) Each category is the cumulative share at its limit less the share at the next lower limit; the five figures sum to 9.84% and match this household type's row in Table A-5.

Note: Totals may not add due to rounding.

A.6 Housing Need by Income for One Occupation

The calculation in Table A-4 is repeated for each combination of household size and number of workers. Table A-5 shows the results for facility engineers, with the four-person, two-worker household type from Table A-4 shown in bold. The total for all household types is the facility engineers row of Table 2-8. The same approach is applied to each of the worker occupations to arrive at the percent of workers by income category presented in Table 2-8.

Table A-5. Income Categories by Household Type, Percent of the Occupation's Worker Households: Facility Engineers

Breakdown of the Facility Engineers row of Table 2-8 by household size and number of workers

Persons in Household	*Workers in Household*	*Extremely Low Income* [(1)]	*Very Low Income*	*Low Income*	*Moderate Income*	*Above Moderate Income*	*Total (Table A-1)* [(2)]
1 person	1	0.23%	1.92%	4.27%	8.00%	1.91%	16.32%
Subtotal, 1 person		0.23%	1.92%	4.27%	8.00%	1.91%	16.32%
2 persons	1	0.43%	1.98%	3.88%	5.66%	0.47%	12.43%
	2	0.06%	0.69%	2.14%	4.26%	9.28%	16.44%
Subtotal, 2 persons		0.50%	2.67%	6.03%	9.92%	9.76%	28.87%
3 persons	1	0.45%	1.61%	3.16%	2.57%	0.20%	7.99%
	2	0.09%	0.64%	1.74%	3.01%	5.05%	10.52%
	3 or more	0.01%	0.11%	0.37%	0.75%	2.25%	3.48%
Subtotal, 3 persons		0.55%	2.36%	5.27%	6.32%	7.50%	21.99%
4 persons	1	0.47%	1.47%	3.00%	0.96%	0.10%	6.01%
[from Table A-4]	2	**0.14%**	**0.80%**	**2.00%**	**2.92%**	**3.97%**	**9.84%**
	3 or more	0.02%	0.17%	0.50%	0.93%	2.20%	3.82%
Subtotal, 4 persons		0.63%	2.44%	5.51%	4.82%	6.28%	19.67%
5 persons	1	0.20%	0.56%	1.05%	0.18%	0.03%	2.01%
	2	0.06%	0.31%	0.72%	0.93%	1.08%	3.10%
	3 or more	0.02%	0.15%	0.41%	0.70%	1.39%	2.66%
Subtotal, 5 persons		0.28%	1.01%	2.18%	1.81%	2.50%	7.78%
6 or more persons	1	0.11%	0.26%	0.45%	0.03%	0.01%	0.86%
	2	0.04%	0.18%	0.40%	0.46%	0.45%	1.53%
	3 or more	0.03%	0.20%	0.52%	0.82%	1.41%	2.99%
Subtotal, 6 or more persons		0.18%	0.64%	1.37%	1.31%	1.87%	5.37%
Total, Facility Engineers		**2.36%**	**11.05%**	**24.61%**	**32.18%**	**29.80%**	**100.00%**

(1) Based on the occupation's wages and household income multiples (Table A-2), compared with the income limits for each household size (Table 2-7).

(2) Share of worker households of each type (Table A-1). See Table A-4 for derivation of the row in bold.

Note: Totals may not add due to rounding.

Source: Tables 2-7, A-1, A-2 and A-4.

(e) waste/hazardous material storage (not including outdoor storage areas);

(f) common carrier depot (not including outdoor storage areas); and

(g) construction/corporation yard (not including outdoor storage areas).

~~7~~8. "Residential Care" includes residential care/service facility for seven (7) or more persons.

~~8~~9. For any use in a Project that is not included in a Non-Residential land use category in Subsections 1 through ~~8~~7 herein, the Director of Planning Building and Code Enforcement shall determine which listed use is most similar and the use category for the similar use shall apply to the use that is not included above.

~~M~~N. "Non-Residential Project" means any development having a Non-Residential use component and gross new or additional floor area of five thousand square feet or more or that applies for a permit to change an existing use to a different Non-Residential use category that increases the demand for Affordable Housing. Gross floor area excludes the square footage of any parking area and excludes the square footage of any other area that is specified by the City Council in its resolution adopting the schedule of fees.

SECTION 2. Section 5.11.050 of Chapter 5.11 of Title 5 of the San José Municipal Code is hereby amended to read as follows:

5.11.050 Exceptions

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

A. The following projects or portions of projects shall not be subject to the requirements of this Chapter because the City has determined that such uses do not create a need or create a minimal need for Affordable Housing:

1. Shelter/hotel supportive housing;
2. Agriculture;
3. Aquaculture; aquaponics, and hydroponics;
4. Stadiums, arenas, performing arts venues, and rehearsal space;
5. Cemetery;
6. Certified farmer's market and neighborhood agriculture;
7. Assembly uses;
8. Commercial vehicle storage;
~~9. Data center;~~
9~~10~~. Day Care;
10~~11~~. Education and training;
11~~12~~. Energy generation facility;
12~~13~~. Mineral extraction;
13~~14~~. Museums, libraries, parks, playgrounds, community centers public or private;
14~~15~~. Outdoor vending;
15~~16~~. Parking;
16~~17~~. Peaking power plant;
17~~18~~. Public and quasi-public;
18~~19~~. Stand-by/backup facilities;
19~~20~~. Public storage/mini-storage;
20~~21~~. Utilities/electric power generation;
21~~22~~. Utilities/power generation;
22~~23~~. Utility facilities;
23~~24~~. Wireless communication antenna;

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

2425. A project or the portion of a project that is required to comply with the Inclusionary Housing Ordinance (Chapter 5.08) or the Housing Impact Fee Resolution (Resolution No. 77218 as amended);

2526. Any resident-serving Non-Residential portion of a multi-family rental housing project (including child care, employment, social, and counselling services, and the like) developed by a nonprofit housing provider if the Applicant is receiving financial assistance through a public agency, so long as the multi-family rental housing project is an Affordable Housing project meeting the requirements of state or local law and the project's Affordable Housing obligations are secured by a recorded regulatory agreement, recorded memorandum of agreement, or recorded covenant with a public agency for a minimum period of fifty-five (55) years; and

2627. Re-occupancy of square footage in an existing building or structure if there is no change of use.

27. A data center that is not a Large Load Data Center.

B. If a development is exempt from the Commercial Linkage Fee at the time the initial building permit is issued but later converts to a Non-Residential use subject to this Chapter, the converted square footage will be deemed net new Non-Residential square footage and the commercial linkage fee shall be paid prior to issuance of the Certificate of Occupancy for the converted square footage.

SECTION 3. This ordinance shall become effective February 14, 2027.

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

PASSED FOR PUBLICATION of title this _____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.