



KEYSER MARSTON ASSOCIATES™  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:  
REAL ESTATE  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

**To:** Chris Burton and Emily Lipoma  
Office of Economic Development  
City of San Jose

SAN FRANCISCO  
A. JERRY KEYSER  
TIMOTHY C. KELLY  
DEBBIE M. KERN  
DAVID DOEZEMA  
KEVIN FEENEY

**From:** Keyser Marston Associates, Inc.

**Date:** October 16, 2019

LOS ANGELES  
KATHLEEN H. HEAD  
JAMES A. RABE  
GREGORY D. SOO-HOO  
KEVIN E. ENGSTROM  
JULIE L. ROMNEY

**Subject:** Conceptual Pro Forma Analysis of High-Density For-Sale Residential Development

**Introduction**

SAN DIEGO  
PAUL C. MARRA

Keyser Marston Associates, Inc. has prepared a conceptual pro forma analysis of high-density for-sale residential development as background and context for the upcoming City Council hearings on the Housing Crisis Workplan, the Cost of Development, the Inclusionary Housing Ordinance and other housing-related items. The purpose of the conceptual pro forma analysis is to present current market conditions and provide an understanding of the general development economics of for-sale residential development in San Jose.

The conceptual analysis uses prototypes developed with City staff to illustrate “typical” high-density for-sale residential projects under current market conditions. The findings of the analysis indicate that high-density condominium development is unlikely to generate a profit commensurate with the expectations of developers and investors in today’s market. Despite challenges in the current market, a variety of factors could enable high-density for-sale projects to proceed in the near term, such as projects with a low land basis due to long-term ownership, projects located in particularly strong locations that support premium sales prices, or projects that achieve programmatic efficiencies in parking, density, or unit size.

## Analysis Approach and Limitations

The conceptual pro forma analysis utilizes a static financial model to evaluate the development economics of prototypical projects representative of “average” or “typical” for-sale residential projects in San Jose. By its nature the conceptual analysis can only provide an overview-level assessment of real estate development economics. The development economics may be better or worse when a specific project is proposed, due to any number of unique circumstances, such as site configuration and conditions, construction efficiencies, project design, land cost basis, and sources of capital. As a result, all financial and programmatic estimates are preliminary in nature.

The analysis presents a snapshot in time as of mid-2019. Real estate development economics are fluid and are impacted by constantly changing conditions with regard to sales prices, construction costs, land costs, and costs of financing. A year or two from now, conditions will undoubtedly be different, so the pro forma conclusions are not expected to hold over a longer-term time horizon.

A summary of the conceptual pro forma analysis is provided in this memorandum; financial and market inputs are detailed in the attached tables.

## Conceptual Development Programs

In collaboration with City staff, two generic prototypes were selected to serve as examples of high-density for-sale residential development in San Jose:

- 5-story low-rise building (Type V construction over a podium)
- 22-story high-rise building (Type I residential tower)

Average unit sizes are representative for projects occurring across a broad range of locations in the city recognizing that unit sizes for specific individual projects or specific areas of the city may vary.

### Exhibit 1. Conceptual Development Programs

Housing Type	Construction Type	Building Stories	Density	Average Unit Size
Low-Rise Condo	Type V	4 to 5 stories	50 du/ac	1,150 SF
High-Rise Condo	Type I	22 stories	330 du/ac	950 SF

**San Jose Submarkets**

The pro forma analysis compares the development economics of the conceptual development programs based on market conditions in three submarkets:

- South and East San Jose
- Central, West, and North San Jose
- Downtown Core.

Pro forma assumptions including sales prices, land costs, and city fees differ by submarket. The low-rise (5-story) condominium prototype is analyzed based on market conditions in South and East San Jose, as well as Central, West, and North San Jose. The high-rise prototype reflects market conditions in the Downtown Core. These selections were based on the locations where projects of each type have been occurring or are expected to occur.

**Exhibit 2. Conceptual Development Programs Analyzed by Submarket**

Housing Type	Low-Rise: Type V 5 stories	High-Rise: Type I 22 stories
South & East	X	
Central, West, and North	X	
Downtown Core		X

**Development Pro Forma Assumptions**

The financial and market assumptions informing the conceptual pro forma analysis are presented in the attached tables and charts. The assumptions were developed based on information provided by real estate professionals, developers, and investors actively participating in San Jose development. Data was also collected from published sources, such as land transactions and home sales prices. This information was adjusted to reflect the prototypes being evaluated and the local context of the submarkets.

Home Sales Prices

The estimated average sales price of the prototypes is based on the prices of recently built comparable for-sale projects. For purposes of the pro forma analysis, the estimated average sale price of the 1,150 square foot low-rise condo ranges from approximately \$719,000 per unit in the South and East submarket (\$625 per square foot) to \$863,000 per unit in the Central, West & North submarket (\$750 per square foot).

The estimated average sale price of the 950 square foot high-rise condo is estimated to be \$808,000 per unit (\$850 per square foot). Note that comparable sales of high-rise condominium developments are limited to several projects built before 2010. There is currently one high-rise condominium development under construction in the Downtown Core, 188 West James, but pre-sales had not begun at the time this analysis was prepared. If the sales prices of condominium units at 188 West Saint James ultimately demonstrate that higher prices are achievable in the Downtown Core, then the pro forma findings for downtown condominium development would need to be re-evaluated.

**Exhibit 3. Estimated Sales Prices by Submarket**

Submarket	Price Per Unit	Unit Size	Price Per SF
South & East	\$719,000	1,150 SF	\$625
Central, West & North	\$863,000	1,150 SF	\$750
Downtown	\$808,000	950 SF	\$850

*Development Costs*

The development cost estimates include direct construction costs, as well as indirect, or soft costs of development, such as architecture and engineering, school fees, taxes, insurance, financing, developer overhead and administration, and an allowance for entitlements.

The estimates of development costs are based on a combination of sources. First, KMA regularly works on new residential development projects in cities throughout the Bay Area. Through this experience, KMA reviews pro formas for numerous private development projects and works in conjunction with outside construction consultants and cost estimators, general contractors, architects, engineers, and public agencies. The development cost estimates also utilize third party construction cost data from sources such as Marshall & Swift and RS Means which estimate costs for a wide variety of building types in varying locales.

Construction costs vary from project to project depending upon the quality of finishes and architecture, the level of amenities provided, and site-specific construction challenges such as demolition or environmental remediation requirements, unusual site grading or foundation costs, or tight/irregularly shaped parcels that result in cost inefficiencies. The construction cost estimates utilized in this study assume quality construction, architecture, and finishes but do not assume any extraordinary costs that would be atypical for the market. Construction is assumed to be open shop (open to both unionized and non-unionized contractors).

- For low-rise condos (Type V construction over a podium), direct construction costs are estimated to be \$325 per square foot of gross building area, including structured parking at a ratio of 1.1 spaces per unit.
- For high-rise condos, direct construction costs are estimated to be approximately \$435 per square foot of gross building area, including structured parking at a ratio of 1.1 spaces per unit.

### San Jose Reach Code

In September 2019, the San Jose City Council approved a reach code ordinance that introduces building standards for new construction that go beyond the 2019 California Green Building Standards Code and California Building Efficiency Standards. Taking effect in 2020, the reach code requires greater energy efficiency from mixed-fuel buildings and increases requirements for electric vehicle charging infrastructure. The cost to comply with the reach code is not reflected in the analysis because there was not enough available information regarding the impact on the prototype projects.

### City Fees

City fees and permits costs are based on current estimates of impact fees and construction taxes. The City has five types of development-related fees:

- *Inclusionary Housing In-Lieu Fee* – San Jose’s current Inclusionary Housing Ordinance requires that residential developers provide 15% of for-sale housing units at sales prices affordable to moderate-income households or pay an in-lieu fee based on a 20% requirement. Payment of the fee is estimated to represent a lower-cost option than providing affordable units on site for most projects. The current in-lieu fee of \$192,946 per affordable unit multiplied by the 20% in-lieu requirement is equivalent to \$38,600 per market rate unit. The City is in the process of updating its inclusionary ordinance.
- *Park In-Lieu Fee* – San Jose’s Park Impact Ordinance requires that residential developers provide three acres of parkland per 1,000 new residents or pay an in-lieu fee. Developers can satisfy up to half of the parkland requirement by providing on-site amenities, such as swimming pools, plazas, and picnic areas. For the conceptual pro forma, it is assumed that projects offset 30% of the parkland requirement through private recreation credits or land dedication and pay the in-lieu fee to satisfy the remainder of the requirement. Pursuant to the 2018 Parkland In-Lieu Fee Schedule, the park fee net of credits is estimated to range from \$7,300 to \$15,800 per unit, varying by submarket.

- *Traffic Impact Fees* – San Jose has adopted traffic impact fees for Transportation Development Policy areas including US 101/Oakland/Maybury. The fee for the US 101/ Oakland/ Maybury policy area is estimated to be approximately \$2,200 per unit. For the conceptual pro forma, a reduced US 101/ Oakland/ Maybury fee of \$1,100 is assumed in recognition that the policy area covers only a portion of the Central, West, and North submarket.
- *Development Construction Taxes* – Residential projects are subject to construction taxes totaling 3.96% of the building permit value, plus \$200 per unit. Construction taxes are estimated to range from \$7,400 to \$8,400 per unit based on the Building Division’s current valuation table. For high-rise residential development in the downtown, City Council recently voted to support a 50% suspension of the Building and Structure (B&S) tax and the Commercial, Residential, Mobile Home Park (CRMP) tax, which would reduce the total tax from approximately \$7,400 per unit to \$3,800 per unit for projects completed prior to December 31, 2023.
- *Development Permitting Fees* – Residential projects are subject to development permitting fees aimed at recovering city costs associated with entitlement, plan check, permit review, inspection, and public improvements. Based on the experience of recently built projects, the cost of development permitting fees is estimated to total \$6,500 per unit.

Downtown Fee Scenarios: The pro forma analysis evaluates two fee scenarios for downtown high-rise condominium development. The “no incentive” scenario assumes that the downtown high-rise project is required to pay the current Inclusionary Housing In-lieu Fee and 100% of applicable construction taxes. The “incentive” scenario assumes an inclusionary in-lieu fee of \$0 and a 50% suspension of construction taxes.<sup>1</sup>

Exhibit 4 summarizes the estimated city fees by submarket. Fees imposed by other jurisdictions, including school fees, are included in the estimate of other indirect costs.

---

<sup>1</sup> For purposes of this analysis, it is assumed that incentives would not constitute a subsidy for purposes of San Jose Municipal Code Section 14.10.110.

**Exhibit 4: City Fees by Submarket**

Submarket/ Housing Type	Afford. Housing per unit	Parks (net) per unit	Const. Taxes per unit	Traffic (net) per unit	Dev. Permits per unit	Total per unit
South & East	\$38,600	\$7,300	\$8,000	\$0	\$6,500	\$60,400
Central, West & North	\$38,600	\$15,800	\$8,400	\$1,100	\$6,500	\$70,400
Downtown (no Incentive)	\$38,600	\$10,200	\$7,400	\$0	\$6,500	\$62,700
Downtown (incentive)	\$0	\$10,200	\$3,800	\$0	\$6,500	\$20,500

Land Costs

Land costs are informed by recent land transactions within or near the applicable submarkets. Comparable sales include land with commercial improvements or land with residential development potential. Based on recent sales, land costs are estimated to range from \$3.7 million per acre in the South and East submarket to \$21.0 million in the Downtown Core. Per entitled unit, land costs are in the range of \$64,000 to \$96,000 per unit, depending on the density. While the estimated cost of land in the Downtown Core is many times greater than other submarkets on a per acre basis, the cost per residential unit is the lowest of all prototypes, due to the density supported by downtown sites.

**Exhibit 5: Land Costs by Submarket**

Submarket	Land Cost Per Acre	Conceptual Density	Land Cost Per Unit
South & East	\$3.7M/ac	50 du/ac	\$74,000/du
Central, West & North	\$4.8M/ac	50 du/ac	\$96,000/du
Downtown	\$21.0M/ac	330 du/ac	\$63,600/du

Cost of Sale

For-sale residential projects incur transaction costs such as commissions, fees, incentives, and other closing costs upon sale of the completed units. The pro forma estimates the cost of sale to be four percent of the gross sales price.

Profit

Profit is based on the difference between the sales price and the total development cost, including the cost of sale. The estimated minimum profit target for all prototypes is 10% to 15% of gross sales. It should be noted that many developers have expressed that a profit of more than 15% is necessary.

## **Conceptual Pro Forma Findings**

The conceptual pro forma compares the estimated price of the completed units and the estimated development costs for the prototypes analyzed to determine the supported profit. A summary of the conceptual pro forma estimates is presented in Exhibit 6; detail on each component is provided in the appendix tables. It is important to note that specific projects may perform better or worse than the “typical” prototypes shown here, depending on the sources of capital and the developer’s / investor’s overall business strategy.

Per Exhibit 6, high-density condominium development is challenging to build in the current market. None of the condominium prototypes analyzed generates a profit that exceeds the targeted threshold due to the higher construction costs of these more complex building types compared to other types of for-sale housing. The construction cost per sellable square foot of low-rise condos (wood frame over a podium) is estimated to be 1.7 to 1.8 times the cost to build lower-density, single family housing. The construction cost per sellable square foot of high-rise condos (steel frame tower) is estimated to be 2.3 to 2.5 times the cost of single family housing.

In the Central, North, and West submarket, sales prices of low-rise condominium development exceed development costs, and profit approaches the targeted threshold. In particularly strong locations, it is conceivable that projects would achieve a price premium that supports a profit commensurate with developer and investor expectations, but such cases are likely to be the exception in today’s market. In the South and East submarket, average sales prices of low-rise condos are estimated to be slightly less than development costs and therefore unlikely to yield an acceptable profit.

Sales prices are also less than the estimated development cost of high-rise condominium development in the Downtown Core. Development economics improve with the partial suspension of construction taxes and an Inclusionary Housing in-lieu fee of \$0, but the estimated profit remains below the minimum threshold. Note that the average sales price for high-rise development is based on a limited number of existing unit re-sales in projects built more than 10 years ago. A new condominium project is currently under construction at 188 West Saint James; however, prices are not yet available. If this project demonstrates higher sales prices are achievable in downtown, high-rise findings would need to be re-evaluated.



**Exhibit 6: Summary of Pro Forma Findings**

Submarket	Building Type	Price Per Unit	Total Cost Per Unit <sup>1</sup>	Estimated Profit Per Unit <sup>2</sup>
South & East	Type V	\$718,750	\$721,950	None
Central, West & North	Type V	\$862,500	\$794,300	\$68,200 (8%)
Downtown (no incentive)	Type I	\$807,500	\$833,100	None
Downtown (incentive)	Type I	\$807,500	\$788,400	\$19,100 (2%)

<sup>1</sup> Includes land, direct construction, indirect costs, financing, permits and fees and 4% cost of sale.

<sup>2</sup> As percentage of gross sales.

**Conclusions**

The findings of the pro forma analysis indicate that high-density for-sale residential development is unlikely to generate a profit that is commensurate with the expectations of developers and investors in today's market. Despite challenges in the current market, a variety of factors could enable high-density for-sale projects to proceed in the near term, such as projects with a low land basis due to long-term ownership, projects located in particularly strong locations that support premium sales prices, or projects that achieve programmatic efficiencies in parking, density, or unit size.

# **A. For-Sale Pro Forma Analysis**

---

**Cost of Development Study**

**San Jose, CA**

**Prepared by Keyser Marston Associates**

**10/16/2019**

**Table A-1**  
**Conceptual Pro Forma: Low-Rise Condo**  
**South & East San Jose**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

<b>PROGRAM</b>		
Construction Type	Type V over podium	
Building Stories	4 over 1	
Density	50 du/acre	
Average Unit Size	1,150 SF/unit	
Building Efficiency	85% efficiency	
Parking Ratio	1.1 /unit	
<b>DEVELOPMENT COSTS</b>		<b>\$/Unit</b>
Land	\$3.7M /acre	\$74,000
Direct Costs	\$325 /GSF	\$438,800
Indirect Costs <sup>(1)</sup>	20% of direct costs	\$87,300
City Fees (see below)		\$60,400
Construction Financing	5.50% interest 2.0 years 55% avg drawdown	\$32,700
Total Cost Per Unit		\$693,200
<i>Including Cost of Sale</i>		<i>\$721,950</i>
<b>SALES PRICE</b>		
Weighted Average Sales Price	\$625 /NSF	\$718,750
Cost of Sale	4%	\$28,750
<b>ESTIMATED PROFIT</b>		
Net Sales Proceeds		\$690,000
(Less) Development Costs		-\$693,200
Estimated Profit (as % of sales)		-\$3,200 no profit
<b>CITY FEES DETAIL</b>		
Affordable Housing		\$38,600
Parks (net)	30% onsite credit	\$7,300
Construction Tax		\$8,000
Development Svcs Fees		\$6,500
Total		\$60,400

<sup>(1)</sup> Includes school fees.

**Table A-2**  
**Conceptual Pro Forma: Low-Rise Condo**  
**Central, West & North San Jose**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

**PROGRAM**

Construction Type	Type V over podium
Building Stories	4 over 1
Density	50 du/acre
Average Unit Size	1,150 SF/unit
Building Efficiency	80% efficiency
Parking Ratio	1.1 /unit

**DEVELOPMENT COSTS**

		<u>\$/Unit</u>
Land	\$4.8M /acre	\$96,000
Direct Costs	\$325 /GSF	\$465,500
Indirect Costs <sup>(1)</sup>	20% of direct costs	\$92,100
City Fees (see below)		\$70,400
Construction Financing	5.50% interest 2.0 years 55% avg drawdown	\$35,800
Total Cost Per Unit		\$759,800
<i>Including Cost of Sale</i>		<i>\$794,300</i>

**SALES PRICE**

Weighted Average Sales Price	\$750 /NSF	\$862,500
Cost of Sale	4%	\$34,500

**ESTIMATED PROFIT**

Net Sales Proceeds		\$828,000	
(Less) Development Costs		-\$759,800	
Estimated Profit (as % of costs, incl. cost of sale)		\$68,200	8% profit

**CITY FEES DETAIL**

Affordable Housing		\$38,600
Parks (net)	30% onsite credit	\$15,800
Construction Tax		\$8,400
Development Svcs Fees		\$6,500
Traffic - Oak./101/Maybury	partial fee	\$1,100
Total		\$70,400

<sup>(1)</sup> Includes school fees.

**Table A-3**  
**Conceptual Pro Forma: High-Rise Condos, without Incentives**  
**Central San Jose (Downtown Core)**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

<b>PROGRAM</b>		
Construction Type	Type I over podium	
Building Stories	22 stories	
Density	330 du/acre	
Average Unit Size	950 SF/unit	
Building Efficiency	78% efficiency	
Parking Ratio	1.1 /unit	
<b>DEVELOPMENT COSTS</b>		<b>\$/Unit</b>
Land	\$21.0M /acre	\$63,600
Direct Costs	\$435 /GSF	\$530,500
Indirect Costs <sup>(1)</sup>	19% of direct costs	\$98,600
City Fees (see below)		\$62,700
Construction Financing	5.50% interest 2.5 years 55% avg drawdown	\$45,400
Total Cost Per Unit		\$800,800
<i>Including Cost of Sale</i>		<i>\$833,100</i>
<b>SALES PRICE</b>		
Weighted Average Sales Price	\$850 /NSF	\$807,500
Cost of Sale	4%	\$32,300
<b>ESTIMATED PROFIT</b>		
Net Sales Proceeds		\$775,200
(Less) Development Costs		-\$800,800
Estimated Profit (as % of costs, incl. cost of sale)		-\$25,600
		no profit
<b>CITY FEES DETAIL</b>		
Affordable Housing		\$38,600
Parks (net)	30% onsite credit	\$10,200
Construction Tax		\$7,400
Development Svcs Fees		\$6,500
Total		\$62,700

<sup>(1)</sup> Includes school fees.

**Table A-4**  
**Conceptual Pro Forma: High-Rise Condos, with Incentives**  
**Central San Jose (Downtown Core)**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

**PROGRAM**

Construction Type	Type I over podium
Building Stories	22 stories
Density	330 du/acre
Average Unit Size	950 SF/unit
Building Efficiency	78% efficiency
Parking Ratio	1.1 /unit

**DEVELOPMENT COSTS**

		<u>\$/Unit</u>
Land	\$21.0M /acre	\$63,600
Direct Costs	\$435 /GSF	\$530,500
Indirect Costs <sup>(1)</sup>	19% of direct costs	\$98,600
City Fees (see below)		\$20,500
Construction Financing	5.50% interest 2.5 years 55% avg drawdown	\$42,900
Total Cost Per Unit		\$756,100
<i>Including Cost of Sale</i>		<i>\$788,400</i>

**SALES PRICE**

Weighted Average Sales Price	\$850 /NSF	\$807,500
Cost of Sale	4%	\$32,300

**ESTIMATED PROFIT**

Net Sales Proceeds		\$775,200	
(Less) Development Costs		-\$756,100	
Estimated Profit (as % of costs, incl. cost of sale)		\$19,100	2% profit

**CITY FEES DETAIL**

Affordable Housing		\$0
Parks (net)	30% onsite credit	\$10,200
Construction Tax	50% suspension	\$3,800
Development Svcs Fees		\$6,500
Total		\$20,500

<sup>(1)</sup> Includes school fees.

**Table A-5**  
**For-Sale Pro Forma Assumptions**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

<b>Development Costs</b>		<b>Income/Revenues</b>	
<u>Land Costs</u>		<u>Market Rate Sale Prices</u>	
South & East	\$3.7M /acre	Low-Rise Condos (N/C/W)	\$750 /SF
Central, West, & North	\$4.8M /acre	Low-Rise Condos (S/E)	\$625 /SF
Downtown	\$21.0M /acre	High-Rise Condos (DT)	\$850 /SF
<u>Direct Construction Costs</u>		<b>Sales Expense</b>	
Condos: Type I*	\$370 /GSF	<u>Sales Expense</u> 4% of gross	
Condos: Type V*	\$285 /GSF		
Structured Parking (Above)	\$50,000 /space		
Structured Parking (Below)	\$80,000 /space		
<i>*Type I = Concrete/ steel; Type V and III = Wood frame over podium</i>		<b>Financing</b>	
<u>Indirect Construction Costs</u>		Loan-to-Cost	65% LTC
Entitlements - Base	\$500K /project	Interest Rate	5.50% /year
Entitlements - Tower	\$1.5M /project	Term - Condo Type I	30 months
Professional Fees	6.0% of directs	Term - Condo Type V	24 months
Taxes	0.5% of directs	Avg Outstanding Balance	55% loan
Insurance	2.0% of directs	Points and Fees	1.0% loan
Legal/Accounting	0.4% of directs		
Developer Fee	3.0% of directs		
Contingency	5.0% of directs		
Marketing	\$2,000 /unit		
Fees	Table A-6		

**Table A-6**  
**Calculation of For-Sale Residential Development Fees**  
**Cost of Development Study**  
**San Jose, CA**

**10/16/2019**

		Low-Rise Condo S & E	Low-Rise Condo C, W & N	High-Rise Condo Downtown
<b>I. Assumptions</b>				
Residential NSF/Unit		1,150	1,150	950
Residential Efficiency		85%	80%	78%
Residential GSF/Unit		1,353	1,438	1,218
Park Zone		12	9	9
Base Park Fee		\$10,400	\$22,600	\$14,600
Private Recreation Credits <sup>1</sup>		30%	30%	30%
Traffic Impact Zone		None	101/Mayb.	None
Traffic Impact Fee		\$0	\$2,200	\$0
Traffic Impact Discount % <sup>2</sup>		0%	50%	0%
<b>II. Building Permit Valuation</b>				
Residential	\$118 /SF	\$160,000	\$170,000	\$144,000
Parking	\$84 /SF	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$37,000</u>
Total		\$197,000	\$207,000	\$181,000
<b>III. Fees and Permits Per Unit</b>				
Parkland (net credits)		\$7,300	\$15,800	\$10,200
Affordable Housing	\$38,589 /du	\$38,600	\$38,600	\$38,600
<u>Construction Taxes</u>				
CRMP and B&S	4.0% BPV	\$7,800	\$8,200	\$7,200
Other Cxn Taxes	\$200 /du	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>
		\$8,000	\$8,400	\$7,400
School Fees	\$3.48 /SF	\$4,700	\$5,000	\$4,200
Traffic		\$0	\$1,100	\$0
<u>Other Permits and Fees</u>				
Entitlement	\$400 /du	\$400	\$400	\$400
Improvement Plan	\$1,300 /du	\$1,300	\$1,300	\$1,300
Permit Review Fees	\$2,700 /du	\$2,700	\$2,700	\$2,700
Offsite/ Public Works	\$2,100 /du	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,100</u>
		\$6,500	\$6,500	\$6,500
<b>Total Development Fees</b>		\$65,100	\$75,400	\$66,900

<sup>1</sup> Assuming developers receive credit for provision of private open space or land dedication.

<sup>2</sup> Traffic fee reduced in recognition that not all projects will be located in the Transportation Development Policy plan area.



# **B. For-Sale Market Data**

---

**Cost of Development Study**

**San Jose, CA**

**Prepared by Keyser Marston Associates**

**10/16/2019**

**Table B-1**  
**Asking Prices - Selected Low-Rise Condos (Built 2018-)**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

	<u>Beds</u>	<u>Baths</u>	<u>Unit Size</u>	<u>List Price</u>	<u>\$/sf</u>
<b>Low-Rise Condos</b>					
<b>The Almaden - Silicon Sage</b>					
<i>West (Willow Glen)</i>					
Plan A1-T1	1	1.0	910	\$624,700	\$686
Plan B6	2	1.0	938	\$667,662	\$712
Blan B1b-t1	2	2.0	1,014	\$687,492	\$678
Plan C1	3	2.0	1,191	\$838,790	\$704
Plan C2	3	2.0	1,295	\$857,635	\$662
Plan A3	1	1.0	646	\$532,304	\$824
Plan A1-V1	1	1.0	655	\$537,100	\$820
Plan A5	1	1.0	749	\$572,985	\$765
Plan A2	1	1.0	910	\$609,700	\$670
Plan A4	1	1.0	912	\$611,040	\$670
Plan B2	2	2.0	906	\$655,004	\$723
Plan B6	2	1.0	938	\$655,662	\$699
Plan B1a-V1	2	2.0	1,002	\$684,366	\$683
Blan B4	2	2.0	1,007	\$685,767	\$681
Plan B1-V1	2	2.0	1,071	\$705,684	\$659
Plan B3	2	2.0	1,117	\$723,816	\$648
Plan B5	2	2.0	1,228	\$789,604	\$643
Plan C1	3	2.0	1,191	\$813,453	\$683
Plan C2	3	2.0	1,295	\$858,585	\$663
Plan B1d-T1	2	2.0	1,033	\$690,044	\$668
Plan B1-T1	2	2.0	1,035	\$691,380	\$668
Plan B7	2	2.0	1,295	\$826,210	\$638
Plan B1c	2	2.0	1,071	\$704,718	\$658
<b>Avenue One - Lennar</b>					
<i>South</i>					
1A	1	1.0	808	\$559,880	\$693
2B.1	2	2.0	1,293	\$745,880	\$577
Townhome A	2	2.0	1,261	\$745,880	\$591
Residence 2A	2	2.0	1,316	\$752,880	\$572
Residence 2G	2	2.0	1,404	\$780,880	\$556
Residence 2D	2	2.0	1,706	\$835,880	\$490
Tonwhome C1	3	3.0	1,649	\$839,880	\$509
Tonwhome C2	3	3.0	1,736	\$849,880	\$490
Townhome C3	3	3.0	1,694	\$895,880	\$529
Residence 3A2	3	2.0	1,818	\$920,880	\$507

**Table B-2****Reported Sale Prices - Selected Low-Rise Condos (Built Since 2002, Sold Since 2017)****Cost of Development Study****San Jose, CA****10/16/2019***Source: RealQuest*

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
Plant 51 - Central San Jose (Built 2009)							1/2
1134	1	2016	1	1.0	946	\$570,000	\$603
1152	1	2017	1	1.0	859	\$711,000	\$828
1103	1	2017	1	1.0	891	\$630,000	\$707
3153	3	2017	1	1.0	805	\$600,000	\$745
3103	3	2017	1	1.0	835	\$600,000	\$719
2136	2	2017	1	1.5	841	\$720,100	\$856
2108	2	2017	1	1.5	931	\$680,000	\$730
2103	2	2017	1	1.5	1,166	\$715,000	\$613
2116	2	2018	1	1.5	841	\$785,000	\$933
2124	2	2018	1	1.5	841	\$831,000	\$988
2144	2	2018	1	1.5	841	\$767,500	\$913
3102	3	2019	1	2.0	1,249	\$950,000	\$761
1106	1	2017	2	2.0	1,275	\$815,000	\$639
1133	1	2017	2	2.0	1,330	\$840,000	\$632
2117	2	2017	2	2.0	1,444	\$915,000	\$634
2147	2	2017	2	2.0	1,444	\$951,000	\$659
2109	2	2017	2	2.0	1,597	\$878,000	\$550
2139	2	2017	2	2.0	1,444	\$860,000	\$596
2123	2	2017	2	2.0	1,444	\$875,000	\$606
2105	2	2018	2	2.0	1,444	\$1,072,000	\$742
3131	3	2017	2	2.0	1,175	\$1,000,000	\$851
3154	3	2018	2	2.0	1,275	\$1,050,000	\$824
3111	3	2019	2	2.0	1,256	\$970,000	\$772
4155	4	2017	2	2.0	1,195	\$879,000	\$736
4144	4	2017	2	2.0	1,275	\$830,000	\$651
4114	4	2017	2	2.0	1,275	\$830,000	\$651
4111	4	2018	2	2.0	1,256	\$985,000	\$784
4131	4	2019	2	2.0	1,175	\$1,070,000	\$911

**Table B-2****Reported Sale Prices - Selected Low-Rise Condos (Built Since 2002, Sold Since 2017)****Cost of Development Study****San Jose, CA****10/16/2019***Source: RealQuest*

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
<b>333 Santana Row - West San Jose (Built 2002)</b>							
216	2	2017	1	1.5	1,250	\$1,031,000	\$825
234	2	2017	1	1.5	1,250	\$1,025,000	\$820
218	2	2017	1	1.5	1,250	\$815,000	\$652
206	2	2017	1	1.5	1,250	\$895,000	\$716
238	2	2017	1	1.5	1,250	\$815,000	\$652
236	2	2018	1	1.5	1,250	\$1,176,000	\$941
328	3	2018	1	1.5	1,099	\$1,040,000	\$946
316	3	2019	1	1.5	1,099	\$1,099,000	\$1,000
220	2	2017	2	2.0	1,383	\$1,025,000	\$741
226	2	2017	2	2.5	1,881	\$1,400,000	\$744
326	3	2017	2	2.5	1,513	\$1,125,000	\$744
330	3	2017	2	2.5	1,513	\$1,250,000	\$826
<b>The Globe- Central San Jose (Built 2007)</b>							
101	1	2017	1	1.0	1,144	\$479,000	\$419
110	1	2017	1	2.0	1,703	\$680,000	\$399
103	1	2018	1	1.0	800	\$590,000	\$738
107	1	2018	1	1.0	800	\$560,000	\$700
232	2	2017	1	1.0	887	\$508,000	\$573
432	4	2017	1	1.0	887	\$520,000	\$586
413	4	2018	1	1.0	704	\$558,000	\$793
511	5	2017	1	1.0	692	\$515,000	\$744
205	2	2019	2	2.0	1,195	\$708,000	\$592
329	3	2017	2	2.0	1,170	\$665,000	\$568
407	4	2017	2	2.0	1,200	\$665,000	\$554
409	4	2017	2	2.0	1,195	\$650,000	\$544
405	4	2017	2	2.0	1,195	\$663,000	\$555
421	4	2018	2	2.0	1,516	\$946,000	\$624
120	1	2017	3	3.0	2,078	\$905,000	\$436
116	1	2019	3	3.0	2,078	\$1,049,000	\$505
201	2	2017	3	2.0	2,073	\$858,000	\$414
401	4	2017	3	2.0	2,073	\$870,000	\$420

**Table B-3**  
**Summary of Downtown High-Rise Condo Sales**  
**Cost of Development Study**  
**San Jose, CA**

10/16/2019

Source: RealQuest; see Table B-4

For-Sale Project	Average Sq. Ft.	Sale Price	\$/ SF	Comments
<b>1. The 88</b>				
<i>88 E San Fernando St</i>				
1BR	838	\$671,000	\$801	Built in 2008; sold out 22 stories, 197 units
2BR	<u>1,259</u>	<u>\$937,118</u>	<u>\$745</u>	1.4 pkg. spaces / unit
Average	1,001	\$775,405	\$775	
<b>2. Axis</b>				
<i>38 N Almaden Blvd</i>				
Studio	655	\$578,750	\$884	Built in 2008; sold out 22 stories, 329 units
1BR	957	\$713,313	\$746	1.5 pkg. spaces / unit
2BR	1,300	\$1,047,848	\$806	All 3BR sales on top floors
3BR	<u>1,786</u>	<u>\$1,877,200</u>	<u>\$1,051</u>	
Average	1,154	\$951,667	\$825	
<i>Excluding 3BR</i>	<i>1,090</i>	<i>\$877,080</i>	<i>\$805</i>	
<b>3. City Heights</b>				
<i>175 W St James St</i>				
1BR	803	\$602,313	\$750	Built in 2007; sold out 16 stories, 124 units
2BR	<u>1,159</u>	<u>\$796,042</u>	<u>\$687</u>	1.3 pkg. spaces / unit
Average	1,016	\$718,550	\$707	

**Table B-4****Reported Sale Prices - High-Rise Condos (Built Since 2007, Sold Since 2017)****Cost of Development Study****San Jose, CA****10/16/2019***Source: RealQuest*

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
The Axis							1/4
502	5	2018	Studio	1.0	655	\$630,000	\$962
902	9	2017	Studio	1.0	655	\$560,000	\$855
1402	14	2017	Studio	1.0	655	\$525,000	\$802
1702	17	2018	Studio	1.0	655	\$600,000	\$916
309	3	2017	1	1.0	925	\$715,000	\$773
403	4	2017	1	1.0	868	\$645,000	\$743
416	4	2017	1	1.0	953	\$655,000	\$687
407	4	2018	1	1.0	890	\$680,000	\$764
505	5	2017	1	1.0	956	\$635,000	\$664
809	8	2017	1	1.0	852	\$650,000	\$763
911	9	2017	1	1.0	1,333	\$970,000	\$728
913	9	2017	1	1.0	975	\$640,000	\$656
906	9	2018	1	1.0	790	\$755,000	\$956
907	9	2018	1	1.0	890	\$675,000	\$758
1011	10	2017	1	1.0	1,333	\$965,000	\$724
1013	10	2017	1	1.0	975	\$640,000	\$656
1103	11	2017	1	1.0	868	\$665,000	\$766
1113	11	2019	1	1.0	975	\$730,000	\$749
1218	12	2017	1	1.0	1,097	\$720,000	\$656
1213	12	2018	1	1.0	975	\$751,000	\$770
1413	14	2017	1	1.0	975	\$715,000	\$733
1505	15	2017	1	1.0	956	\$677,500	\$709
1508	15	2017	1	1.0	791	\$665,000	\$841
1803	18	2017	1	1.0	868	\$670,000	\$772
1809	18	2017	1	1.0	852	\$665,000	\$781
2008	20	2017	1	1.0	791	\$705,000	\$891
1718	20	2018	1	1.0	1,097	\$851,000	\$776
205	2	2017	1	2.0	978	\$680,000	\$695
401	4	2017	2	2.0	1,275	\$645,000	\$506
423	4	2017	2	2.0	1,502	\$1,040,000	\$692
400	4	2018	2	2.0	1,312	\$1,030,000	\$785
720	7	2017	2	2.0	1,296	\$920,000	\$710
719	7	2018	2	2.0	1,220	\$1,060,000	\$869
701	7	2019	2	2.0	1,275	\$980,000	\$769
1123	11	2017	2	2.0	1,502	\$1,085,000	\$722
1119	11	2018	2	2.0	1,220	\$1,060,000	\$869
1120	11	2018	2	2.0	1,296	\$1,126,000	\$869

**Table B-4****Reported Sale Prices - High-Rise Condos (Built Since 2007, Sold Since 2017)****Cost of Development Study****San Jose, CA****10/16/2019***Source: RealQuest*

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
<b>The Axis, continued</b>							
1401	14	2017	2	2.0	1,275	\$1,125,000	\$882
1419	14	2017	2	2.0	1,220	\$955,000	\$783
1423	14	2018	2	2.0	1,502	\$1,375,000	\$915
1623	16	2018	2	2.0	1,502	\$1,450,000	\$965
1615	16	2019	2	2.0	1,306	\$1,050,000	\$804
1711	17	2018	2	2.0	1,333	\$1,375,000	\$1,032
1700	17	2018	2	2.0	1,312	\$1,060,000	\$808
1801	18	2018	2	2.0	1,209	\$687,000	\$568
1800	18	2019	2	2.0	1,312	\$1,100,000	\$838
1911	19	2017	2	2.0	1,333	\$1,200,000	\$900
1915	19	2019	2	2.0	1,306	\$1,209,000	\$926
2015	20	2017	2	2.0	1,306	\$1,037,500	\$794
2001	20	2018	3	2.0	1,712	\$1,850,000	\$1,081
2101	21	2017	3	2.0	1,882	\$2,043,000	\$1,086
2123	21	2017	3	2.0	2,239	\$2,060,000	\$920
2108	21	2018	3	2.0	1,836	\$1,970,000	\$1,073
2207	22	2017	3	2.0	1,262	\$1,463,000	\$1,159
<b>City Heights</b>							
305	3	2018	1	1.0	904	\$630,000	\$697
405	4	2017	1	1.0	904	\$580,000	\$642
407	4	2018	1	1.0	663	\$630,000	\$950
702	7	2018	1	1.0	673	\$675,000	\$1,003
802	8	2017	1	1.0	673	\$438,500	\$652
1005	10	2018	1	1.0	904	\$745,000	\$824
1304	13	2017	1	1.0	904	\$560,000	\$619
110	1	2017	1	2.0	796	\$560,000	\$704
203	2	2017	2	2.0	955	\$631,000	\$661
409	4	2018	2	2.0	1,393	\$850,000	\$610
508	5	2018	2	2.0	1,103	\$810,000	\$734
703	7	2017	2	2.0	1,094	\$765,000	\$699
809	8	2018	2	2.0	1,393	\$868,500	\$623
903	9	2018	2	2.0	1,094	\$880,000	\$804
1003	10	2017	2	2.0	1,094	\$760,000	\$695
1006	10	2017	2	2.0	1,190	\$771,000	\$648
1106	11	2018	2	2.0	1,190	\$902,000	\$758
1101	11	2019	2	2.0	1,103	\$885,000	\$802

**Table B-4****Reported Sale Prices - High-Rise Condos (Built Since 2007, Sold Since 2017)****Cost of Development Study****San Jose, CA****10/16/2019***Source: RealQuest*

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
City Heights, Continued							3/4
1308	13	2017	2	2.0	1103	705000	\$639
1406	14	2017	2	2.0	1,190	\$725,000	\$609
The 88							
804	8	2019	Studio	1.0	852	\$629,000	\$738
906	9	2018	Studio	1.0	673	\$600,000	\$892
1504	15	2018	Studio	1.0	683	\$645,000	\$944
506	5	2017	1	1.0	853	\$505,000	\$592
507	5	2018	1	1.0	796	\$735,000	\$923
507	5	2018	1	1.0	796	\$735,000	\$923
1410	6	2018	1	1.0	889	\$720,000	\$810
709	7	2018	1	1.0	899	\$721,000	\$802
709	7	2018	1	1.0	899	\$721,000	\$802
807	8	2018	1	1.0	830	\$745,000	\$898
807	8	2018	1	1.0	830	\$745,000	\$898
906	9	2017	1	1.0	673	\$525,000	\$780
910	9	2017	1	1.0	889	\$599,000	\$674
909	9	2018	1	1.0	899	\$760,000	\$845
1010	10	2017	1	1.0	889	\$644,000	\$724
1207	12	2017	1	1.0	830	\$640,000	\$771
1307	13	2017	1	1.0	830	\$640,000	\$771
1307	13	2019	1	1.0	830	\$745,000	\$898
1410	14	2018	1	1.0	889	\$720,000	\$810
1509	15	2017	1	1.0	899	\$637,000	\$709
1606	16	2017	1	1.0	673	\$535,000	\$795
2006	20	2018	1	1.0	673	\$695,000	\$1,033
2006	20	2018	1	1.0	673	\$695,000	\$1,033
204	2	2017	1	2.0	1,097	\$660,000	\$602
207	2	2017	1	2.0	896	\$640,000	\$714
701	7	2018	2	2.0	1,069	\$847,000	\$792
701	7	2018	2	2.0	1,069	\$847,000	\$792
801	8	2018	2	2.0	1,069	\$810,000	\$758
801	8	2018	2	2.0	1,069	\$810,000	\$758
1101	11	2017	2	2.0	1,165	\$789,000	\$677
1108	11	2017	2	2.0	1,237	\$882,000	\$713
1201	12	2017	2	2.0	1,165	\$779,000	\$669
1305	13	2019	2	2.0	1,100	\$815,000	\$741



**Table B-4**  
**Reported Sale Prices - High-Rise Condos (Built Since 2007, Sold Since 2017)**  
**Cost of Development Study**  
**San Jose, CA**

**10/16/2019**

Source: RealQuest

<u>Unit</u>	<u>Floor</u>	<u>Year</u>	<u>BR</u>	<u>Bath</u>	<u>SF</u>	<u>Price</u>	<u>\$/SF</u>
The 88, Continued							4/4
1501	15	2017	2	2.0	1,165	\$960,000	\$824
1702	17	2017	2	2.0	1,224	\$1,109,000	\$906
1103	11	2019	2	2.5	1,347	\$1,000,000	\$742
1603	16	2019	2	2.5	1,347	\$1,050,000	\$780
2003	20	2018	2	2.5	1,347	\$1,200,000	\$891
201	2	2017	2	3.0	1,981	\$1,099,000	\$555
803	8	2017	2	3.0	1,347	\$830,000	\$616
1403	14	2017	2	3.0	1,347	904,000	671
2003	20	2018	2	3.0	1,347	1,200,000	891