



City Council Study Session Minutes Draft

Cost of Residential Development in San José

Tuesday, November 1, 2022

Heard Immediately after the Regular City Council Meeting Consent Calendar

Hybrid Meeting Council Chambers and Virtually

<https://sanjoseca.zoom.us/j/88957084529>

SAM LICCARDO, MAYOR
CHAPPIE JONES, VICE MAYOR, DISTRICT 1
SERGIO JIMENEZ, DISTRICT 2
RAUL PERALEZ, DISTRICT 3
DAVID COHEN, DISTRICT 4
MAGDALENA CARRASCO, DISTRICT 5
DEV DAVIS, DISTRICT 6
MAYA ESPARZA, DISTRICT 7
SYLVIA ARENAS, DISTRICT 8
PAM FOLEY, DISTRICT 9
MATT MAHAN, DISTRICT 10



MINUTES OF THE CITY COUNCIL

STUDY SESSION ON THE COST OF RESIDENTIAL DEVELOPMENT IN SAN JOSÉ

SAN JOSE, CALIFORNIA

THURSDAY, NOVEMBER 1, 2022

*** COVID-19 NOTICE ***

Consistent with AB 361 and City of San José Resolution Nos. 80628, 80659, 80685 and 80724, Councilmembers may be teleconferencing from remote locations.

The Study Session council meeting was held in a hybrid format and convened in the City Hall Wing Rooms W118- W120 and from remote locations. The meeting convened at 2:20 p.m.

Present Councilmembers: Liccardo, Jones, Jimenez, Peralez, Cohen, Carrasco, Davis, Esparza, Arenas, Foley, Mahan.

Absent Councilmembers: All Present.

City Staff: City Manager, Jennifer Maguire; City Manager’s Office, Lee Wilcox; City Attorney, Nora Frimann; City Clerk, Toni Taber; and City Clerk’s Office, Yasmin Johnson.

12-1597 Report on the Cost of Residential Development in San José.

Report on the Cost of Residential Development in San José. CEQA: Not a Project, File No. PP17- 009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City Action. (Economic Development and Cultural Affairs/Housing)

Mayor Sam Liccardo began the study session at 2:20 p.m.

1. Panel Presentation

President and Founder of Seifel Consulting, Elizabeth Libby Seifel; L37 Managing Partner, AGI Avant, Eric Tao; MidPen Housing's Director of Policy, Nevada Merriman; and Chief Investment Officer, Development Properties at Sares Regis Group of Northern California, Drew Hudacek offered the panel presentation and responded to questions.

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1. (Cont'd.)

The Panel shared their perspectives regarding residential and mixed-use real estate development economics and spoke to the following: multi-family real estate, Urban Land Institute (ULI), ULI SF public agency offerings, policy levers, the developers' view of risk and returns on: multi-family apartments, SRO's, Single family for rent, mobile homes; and the costs and valuations of producing Multi-family housing.

2. Staff Presentation

Housing Catalyst, Office of Economic Development and Cultural Affairs, Jerad Ferguson; Director, Office of Economic Development and Cultural Affairs, Nanci Klein; Director, Housing Department, Jacky Morales- Ferrand; Deputy Director, Housing Department, Rachel VanderVeen; Director, Department of Planning, Building and Code Enforcement, Chris Burton; and Deputy City Manager, Rosalynn Hughey offered the staff presentation and responded to questions.

The staff presentation spoke to the following:

Context and background of the report on the cost of residential development, findings of the report on the cost of residential development, increases in construction costs since the start of the COVID-19 pandemic, the impact of City taxes and fees on residential developments, a review of the recent San José multifamily construction, the cost of affordable housing, residual land value, San José vs other cities in regard to affordable housing, the next steps and strategies to mitigate cost of development; and low-rise, mid-rise, and high-rise rental conceptual prototypes.

3. City Council Discussion Q&A

Mayor Sam Liccardo opened the floor for Council questions. Council discussion ensued.

PUBLIC COMMENT:

Mayor Sam Liccardo opened the floor for public comment.

(Zoom Speakers): Paul Soto, Aaron Eckhouse (Regional Policy Manager), Jean Dresden, Brian Pors (UA Local 393), Louise Auerhahn, Erik Schoennauer, Huascar Castro, Jeffrey Hare, and a public speaker offered public testimony regarding the Study Session.

ADJOURNMENT:

The Council of the City of San José adjourned at 5:02 p.m.

Study Session Minutes Recorded, Prepared and Respectfully Submitted by,

DRAFT

Yasmin Johnson, Deputy City Clerk

yj/11-1-22/SSMIN