



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

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

**Date:** October 16, 2019

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

**Introduction**

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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**

| <b>Housing Type</b> | <b>Construction Type</b> | <b>Building Stories</b> | <b>Density</b> | <b>Average Unit Size</b> |
|---------------------|--------------------------|-------------------------|----------------|--------------------------|
| 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<br>5 stories | High-Rise: Type I<br>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.

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<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/<br>Housing Type | Afford.<br>Housing<br>per unit | Parks<br>(net)<br>per unit | Const.<br>Taxes<br>per unit | Traffic<br>(net)<br>per unit | Dev.<br>Permits<br>per unit | Total<br>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<br>Per Acre | Conceptual<br>Density | Land Cost<br>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**

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**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<br>2.0 years<br>55% avg drawdown | \$32,700           |
| Total Cost Per Unit              |   | \$693,200          |
| <i>Including Cost of Sale</i>    |   | \$721,950          |
| <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<br>2.0 years<br>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                      |                   | <u>\$70,400</u> |

<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<br>2.5 years<br>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<br>2.5 years<br>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;<br/>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<br>Condo<br>S & E | Low-Rise<br>Condo<br>C, W & N | High-Rise<br>Condo<br>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**

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**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        |
| Plan 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        |
| Plan 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        |
| Townhome C1                       | 3           | 3.0          | 1,649            | \$839,880         | \$509        |
| Townhome 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<br>Sq. Ft. | Sale<br>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<br>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<br>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<br>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          |