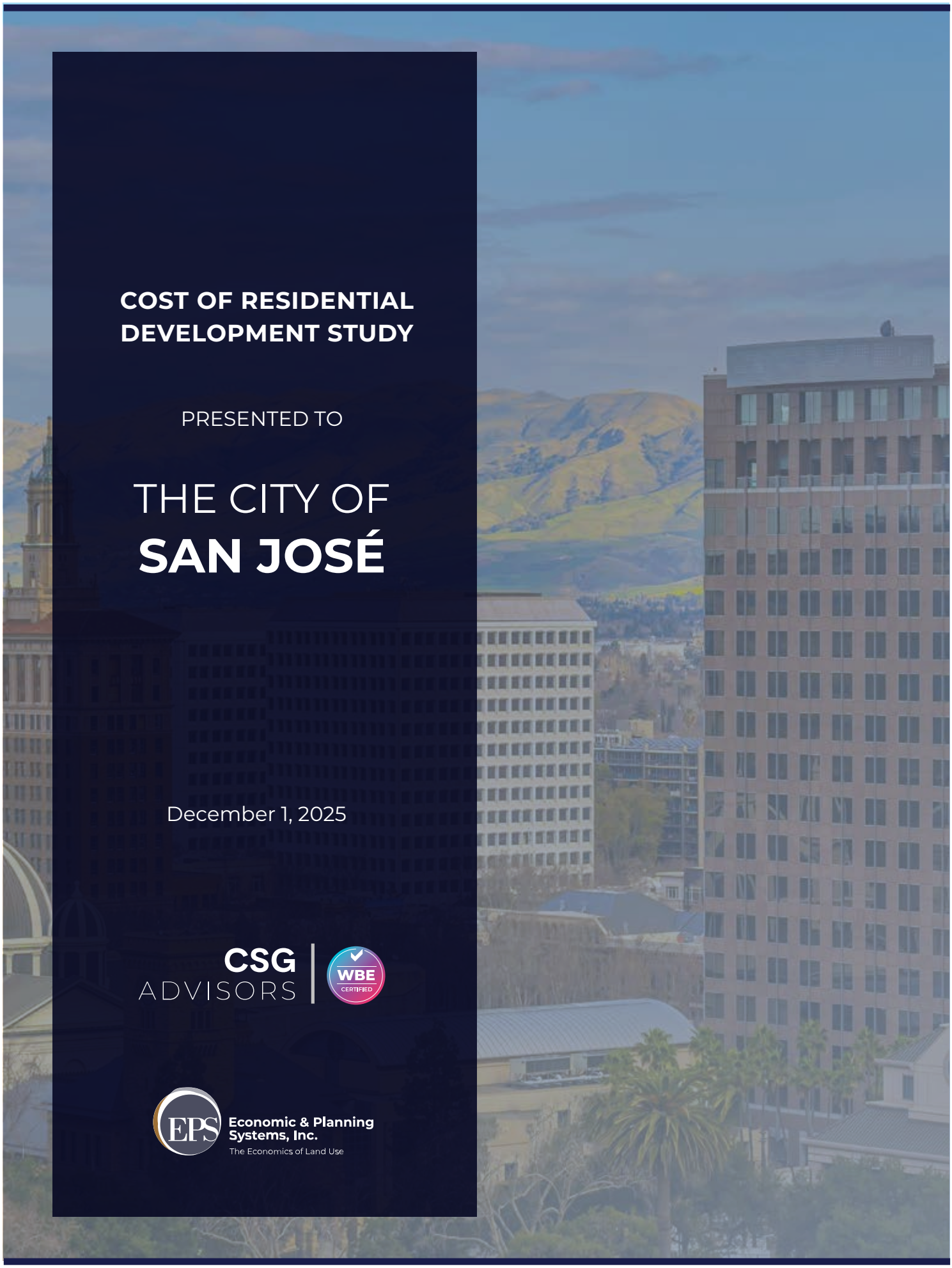

COST OF RESIDENTIAL DEVELOPMENT STUDY

PRESENTED TO

THE CITY OF SAN JOSÉ

December 1, 2025

CSG ADVISORS | WBE CERTIFIED

EPS Economic & Planning Systems, Inc.
The Economics of Land Use

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PART I.

Economic & Planning Systems, Inc.
The Economics of Land Use

COST OF DEVELOPMENT STUDY

Prepared for:
City of San José

Prepared by:
Economic & Planning Systems, Inc.

December 1, 2025

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1. Introduction and Summary of Findings

The San Jose City Council has demonstrated a long-standing interest in advancing both market and affordable housing development. To this end, the City Council directed staff to convene a Study Session on factors affecting housing cost and feasibility, building on previous studies on this topic going back to 2017. At the same time, the City Council recognizes that its policies, including the imposition of development impact fees, directly affect the economics of housing development. As such, the City Council has the discretion to temporarily waive these fees, or implement other policies, to encourage desired housing production.

This Report provides information on the cost and financial feasibility of developing market rate housing in San José. It has been prepared by Economic & Planning Systems (EPS) as a part of a broader study effort commissioned by the San Jose City Council to evaluate the cost of both market rate and affordable housing production. EPS is serving as a sub-consultant to CSG Advisors, the author of an accompanying study on the development cost of affordable housing in San Jose. The primary purpose of this study on market rate housing is two-fold:

1. To inform City Council and the public on the economic feasibility of developing various types of housing given the current market environment in San José.
2. To inform City Council decisions related to extending impact fee waivers for certain housing projects, as allowed under Section 14.10.310 in the San José Municipal Code (MC).

This Report documents the methodology, data sources, assumptions, and key findings from the EPS study of San Jose's current market rate housing market. The information is provided as background to a City Council Study Session on December 8th, 2025.

Study Overview and Analytical Framework

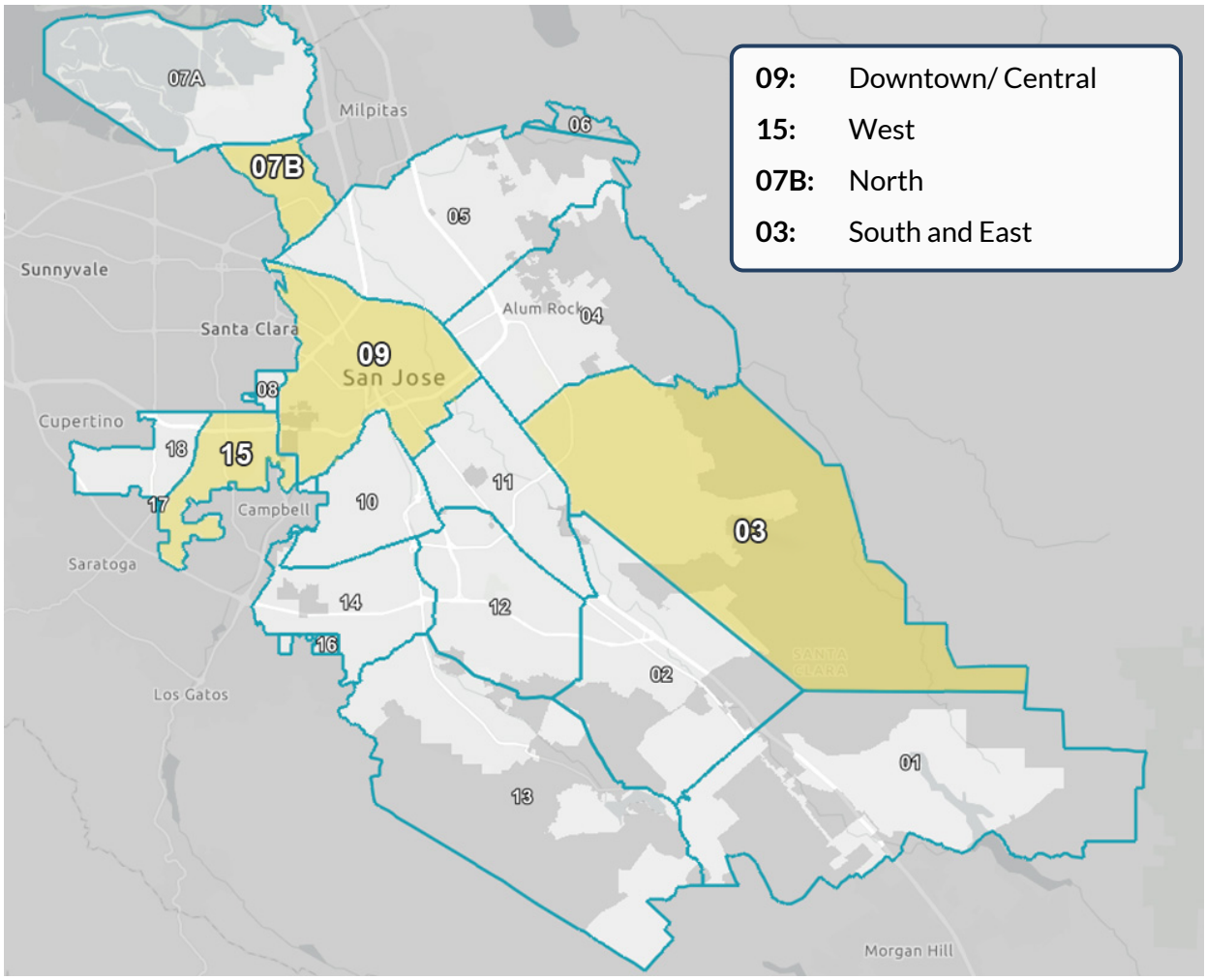
This study evaluates the key market and financial factors affecting housing development economics in San Jose. In particular, the research has focused development costs as well as achievable market rents and sale prices throughout the city. This research reflects 2024 - 25 market conditions and, as described and referenced throughout, draws on a broad range of information and data sources (e.g. CoStar, Redfin, Marshall + Swift, and data from local projects).

Because costs of residential development can vary across several factors, this research effort considered differences in development feasibility across the following key parameters:

- **Housing Building Types**. EPS has considered five (5) residential building types as defined in **Chapter 2** and referenced in the Report as (1) townhomes, (2) stacked flats, (3) podium, (4) wrap, and (5) tower. Townhomes and stacked flats building types are assumed to be for-sale, while podium, wrap, and tower building types are assumed to be for-rent. Each building type is assumed to be built on a 2-acre lot to provide a standardized comparison of results. The analysis includes separate estimates for the various components of development cost for each building type, including building construction (aka "hard costs"), indirect or "soft costs" (e.g., design, financing, marketing, etc.) and city permits and fees. While the EPS study also considers office to residential conversions, we do not provide specific estimates on their financial feasibility due to a wide variation in potential outcomes, as described further in **Chapter 4**.

- **Project Location**. EPS has provided separate results for five (5) geographic areas within the City of San José to illustrate how differences in housing rents, sale prices, and City fees affect development feasibility (these factors can vary by location). These separate areas, referenced as West, Central, Downtown, North, and South / East, were also selected to be consistent with previous Cost of Development studies. The West, Central, North and South / East correspond to four Multiple Listing Service (MLS) zones that are used to determine the Parks and Recreation Department's Parkland in-Lieu fee (see **Figure 1)**. The study also identifies a Downtown zone, which is a subsection of the Central MLS zone, and reports separate results for the Tower building type (the primary building type of interest in this location).

Figure 1. San José Multiple Listing Service Zones Used in Study



It is important to note that the findings from this study are based on planning-level estimates of housing development economics. The feasibility of individual housing projects can differ from the results shown here due to a variety of factors, including site conditions, developer capabilities, access to capital, and return expectations, as well as the cost of labor, materials, and financing at the time of construction, among other factors. As a result, the estimates provided herein are designed to reflect typical conditions and serve as a general indicator of housing development feasibility under current market conditions.

Key Findings

- **While several lower density housing building types are likely to be financially feasible to develop in San Jose given current market conditions, most higher density building types are not.** For-sale townhomes and stacked flats appear financially feasible under current market conditions, driven by high achievable sale prices and lower construction costs for these types of structures. For example, these building types feature integrated, wood-framed parking garages which are much less expensive to construct per parking space than the concrete structures used in other building types. However, higher density building types, typically four stories or higher and requiring parking structures, are generally not financially viable. These higher density housing configurations involve more expensive building processes and materials and are usually delivered as a rental product rather than for purchase by homebuyers.

- **Fee waivers, as authorized under MC Section 14.10.310, as well as other relatively modest improvements in development economics, may "tip the scales" and make some higher density housing projects feasible, even under current market conditions.** A combination of modest increase in rents and/or decline in development costs (e.g., from a fee waiver) can make the so-called "wrap" and / or "podium" multi-family project feasible (e.g., 5 to 15 percent change), as will relatively small improvements in market conditions. Residential towers, with higher development costs resulting from their fully steel-framed structures, will require a more substantial change in rents and / or development costs to achieve feasibility. The positive residual land values estimated for townhomes and stacked flats mean that developers of these buildings are unlikely to need fee waivers as an incentive to pursue housing production. **Table 1** illustrates the current financial feasibility for all the housing building types evaluated in this analysis with and without fee waivers.

Table 1. Results by Building type and Location (Hypothetical 2-Acre Site)

Location	For Sale		Rental		
	Townhome	Stacked Flats	Podium	Wrap	Tower
	40 Units	106 Units	172 Units	172 Units	470 Units
Residual Land Value [1]					
West	$20,952,000	$8,168,000	($6,677,000)	($3,988,000)	*N/A*
Downtown Tower	*N/A*	*N/A*	*N/A*	*N/A*	($134,754,000)
Central	$2,261,000	$2,697,000	($11,879,000)	($9,191,000)	($134,754,000)
North	$10,081,000	$17,450,000	($15,309,000)	($12,620,000)	*N/A*
South and East	$5,295,000	$2,698,000	($21,160,000)	($18,471,000)	*N/A*
Residual Land Value (Full Fee Waivers) [2]					
West	$25,231,000	$16,672,000	$4,858,000	$7,547,000	*N/A*
Downtown Tower	*N/A*	*N/A*	*N/A*	*N/A*	($105,156,000)
Central	$6,690,000	$11,481,000	$110,000	$2,798,000	($105,156,000)
North	$13,723,000	$22,892,000	($7,694,000)	($5,005,000)	*N/A*
South and East	$7,651,000	$7,334,000	($14,852,000)	($12,164,000)	*N/A*

Note: Values rounded to nearest 1,000

[1] Residual Land Value is a commonly used measure of the financial performance of a real estate project from an investment perspective (a negative residual land value indicates a project is not financially viable). The residual land value concept is described further in Chapter 3 of this report.
[2] Assumes 100% Waiver of: Construction Taxes and Inclusionary and Parkland Impact Fees

- **While there may be opportunities to convert under-performing office buildings to residential uses in San Jose, it is difficult to make broad conclusions about the feasibility of such projects, or the need for fee waivers, due to the wide variation in circumstances affecting individual properties.** EPS research on regional and national trends in office-to-residential conversions suggests that only a narrow subset of buildings can feasibly support the cost of this type of adaptive reuse. In particular, the core factors influencing the feasibility of office to residential conversion include: (1) a building's physical attributes, (2) local and property specific market and financial conditions, and (3) the regulatory framework effecting adaptive reuse (including fees). While San Jose's office market exhibits relatively high vacancy rates, most of the larger and modern buildings do not appear well suited for conversion from a real estate investment perspective. But there may be promising opportunities for a limited supply of well-suited buildings – for example, pre-1960 or small post-1960 mid-rises with narrow plates, operable windows, and higher ceilings – particularly in cases where property owner motivation is combined with favorable policy support.

- **The San Jose's housing market is economically competitive relative to neighboring jurisdictions for both tenants seeking more affordable housing and developers seeking lower development impact fees.** For the most part, market rents and sale prices in San Jose fall below those in Santa Clara, Sunnyvale, Cupertino, and Mountain View (only exception being the average sale price for stacked flats is slightly above Santa Clara). At the same time, the development impact fees charged to new housing development in San Jose area also well below those charged by these nearby jurisdictions. For example, the average impact fee for a market rate multi-family unit is about $22,400 per unit in San Jose, compared to $26,000 in Mountain View, $61,400 in Cupertino, $66,700 in Sunnyvale, and $52,300 in Santa Clara.

2. Residential Building Typologies

This Chapter describes the unique development attributes for five (5) residential building types that are common in San Jose and likely to represent opportunities for high density infill housing production going forward. EPS also considered office to residential conversions but given the unique nature of this project type it is evaluated separately in **Chapter 4**.

As described below, because the building types examined in this study have different structural components and configurations, both construction costs and per unit market values can vary significantly. In addition, some are typically developed as rental products while others are offered for purchase by homebuyers. These differences can materially affect the financial feasibility of developing each building type.

Table 2 summarizes the hypothetical development program EPS has utilized to evaluate and compare the development feasibility of each residential building type. As shown, the building typologies range in density from townhomes to high-rise tower apartments. To facilitate and "apples-to-apples" comparison from a real estate investment perspective, the analysis assumes each building type is developed on a two-acre site. Though site-specific conditions and regulations will affect the development economics for any given project (e.g., entitlement costs, site preparation, etc.), for the purposes of this general and comparative analysis, EPS assumes that development costs for a given building types are the same regardless of the site in question (e.g., a wood frame apartment building costs the same to construct on a per square foot basis at all sites).

The subsequent section provides further information on each of the residential building types evaluated in this study.

Table 2. Overview of Residential Building Type and Development Program Studied

Description	For Sale		Rental		
	Townhome	Stacked Flats	Podium	Wrap	Tower
Site Acreage	2.0	2.0	2.0	2.0	2.0
Total Housing Units	40	106	172	172	470
Stories	3	4	7	5	22
Program					
Density (Units per Acre)	20	53	86	86	235
Avg. Net Sq. Ft. per Unit	1,458	1,118	902	902	902
Net Sq. Ft.	58,313	118,533	155,098	155,098	423,815
Gross Sq. Ft.	72,892	139,450	182,469	182,469	529,769
Floor Area Ratio	0.84	1.60	2.09	2.09	6.08
Parking Format	Integ. Garage	Integ. Garage	Podium	Structured	Underground & Podium
Parking Ratio	2.0	2.0	1.0	1.0	0.8
Total Parking Spaces	80	212	172	172	376

Townhome

Townhomes are attached or semi-detached dwelling units of two to three stories that are usually developed as for-sale products but occasionally as rental. Townhomes typically incorporate tuck-under garages and provide a single-family lifestyle. They are often characterized by shallow front yards and stoops, rear vehicular access, and in some cases small rear yards or courts between the garages and main dwelling. This analysis assumes an average density of 20 units per acre parking ratio of 2 spaces per unit.

Example of a townhome project: Haven at Berryessa Crossing, San José (2017)

Stacked Flats

Stacked flats are multifamily buildings where units are stacked vertically, often walk-up or served by a single stairwell or elevator. These are typically lower-rise, wood-frame structures that offer a more cost-efficient alternative to podium construction (see below) and delivered as mid-density units on smaller or mid-sized parcels. As with townhomes, parking for stacked flats is typically not located within a dedicated podium but is instead accommodated in tuck-under garages, surface lots, drive aisles, or setback areas elsewhere on the site.

Example of a stacked - flat project: Onyx, San José (2017)

This analysis assumes an average density of 53 units per acre parking ratio of 2 spaces per unit.

Podium

Podium projects typically place apartments stacked over one or more levels of structured parking. These projects may fit in relatively smaller lots defined in part by the depth of a typical parking bay. Development costs are typically higher than townhomes and stacked flats because the parking and residential portions are mixed into one structure with consequent code-required life safety requirements.

Example of a podium project: 808 West, San José (2016)

Residential podium buildings are typically in between 4 stories to a max allowable 8 stories. Typical densities range from 80-150 units per acre but can get upwards of 200 for smaller sites in dense urban areas. The practical maximum is typically based on a combination of State building code and construction economics. This analysis assumes an average density of 86 units per acre parking ratio of 1 space per unit.

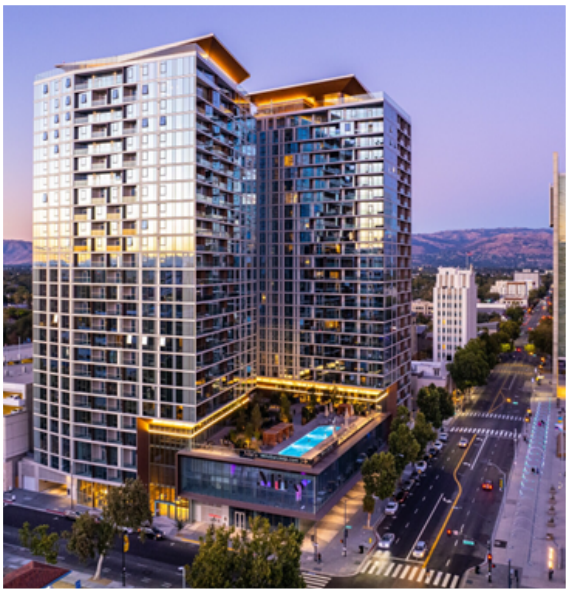
Wrap

Wrap projects consist of stacked apartments constructed around a central parking garage. These projects typically require larger lots because the residential and parking aspects are separate structures. The cost of constructing the residential portion is the same as a podium as they have similar structures, but the parking structure is slightly less expensive to construct than podium parking. These buildings are typically between 4 and 7 stories. This analysis assumes an average density of 86 units per acre parking ratio of 1 space per unit.

Example of a wrap project: Eleanor, Milpitas (2021)

Tower

Towers are the tallest and most dense form of residential development. These buildings are typically found in densely populated urban areas and maximize number of units on smaller lots by building upwards. Development costs are typically the highest for residential towers because they require steel and concrete materials throughout to allow for construction above 8 stories. Construction costs can also be driven upwards do accommodate subterranean parking garages. These are typically a minimum of 12 stories, and the tallest residential tower in San José is Miro at 28 stories. This analysis assumes an average density of 235 units per acre parking ratio of 0.8 space per unit.



Example of a tower project: Miro, San José (2021)

3. Housing Development Financial Analysis

This chapter evaluates the financial feasibility of developing the housing building types described in **Chapter 2** given the current market context in San Jose. The analysis identifies if, and under what circumstances, developers are likely to view the hypothetical projects as attractive from a real estate investment perspective.

In this context, it is important to recognize the degree of economic uncertainty currently affecting real estate investment more generally and housing development, in particular. Among other factors, rising interest rates and construction costs, as well as concerns about a potential economic slowdown, have weakened the climate for housing investment. Accordingly, this Chapter discusses how improved market conditions might affect development prospects in San Jose and provides sensitivity testing of key financial variables.

Overview of Methodology

As part of this study, EPS created a set of cash-flow models to simulate the financial performance of each of the building type and site scenarios described in **Chapter 2**. The pro-forma financial models incorporate data on current rent and sale prices as well as construction costs using both market research and vendor-based data. Additionally, the pro-forma models account for existing City fees.

To test financial feasibility, EPS solved for the *residual land value* (RLV) likely to be achieved under each scenario. The RLV is a financial metric commonly used in the real estate industry to represent the economic value of a project from an investors perspective. RLV is calculated by estimating the finished market value of a project and deducting all costs needed for financing, design, and construction, but excluding the purchase of the land itself. Development cost includes "hard costs" such as labor and materials, as well as "soft costs" such as building permits and fees, planning, architecture and engineering, and financing.

The detailed pro-forma models used in this analysis are provided in **Appendix A**. Additional description of key development cost and revenue assumptions is provided below. Again, it is important to note that actual outcomes for a specific project can differ significantly depending on design considerations, unique site attributes, evolving market trends, project execution, and other factors.

Development Costs

The cost of developing a market rate unit is a key variable in the RLV calculations – projects that are more expensive to build on a per unit basis are likely to be less financially feasible than lower cost projects, all else equal. The EPS assumptions and data sources used to estimate project costs value are summarized below for both project "hard" and "soft" costs respectively.

Hard Costs

Hard cost assumptions are based on other recent Bay Area work, comparative cost factors from published sources (Marshall and Swift), and other San José pro-formas provided by City staff. EPS considers three categories of hard costs: site development, vertical construction costs, and parking construction costs as described below and summarized in **Table 3**.

- Site development is assumed to be the same across all building types in this analysis and includes standard grading and demolition while excluding unique circumstances such as environmental mitigation.

- Vertical construction costs vary across building types, with townhome and stacked flats being the least expensive to construct and tower being the most expensive. Townhomes and stacked flats offer the lowest per square foot vertical construction costs because of their low and simple wood framed structures. Podium and wrap products, while also wood framed, have higher vertical construction costs per square foot because they are taller structures, have smaller unit sizes, and include amenity / lobby spaces. Towers demand the highest cost per square foot because of their steel frames.

- Similarly, parking construction costs per space vary based on the complexity of their structures. Townhomes and stacked flats offer integrated "tuck-under" parking garages with simple wood frames. The more dense podium, wrap, and tower building types require many more parking spaces, with larger concrete parking structures that are more costly to construct.

Table 3. Hard Costs by Building type

Description	For Sale		Rental		
	Townhome	Stacked Flats	Podium	Wrap	Tower
Stories	3	4	7	5	22
Total Housing Units	40	106	172	172	470
Site Improvement - $10/Site sq. ft.[1]	$871,200	$871,200	$871,200	$871,200	$871,200
Hard Costs					
Per GSF (Excludes parking)	$266	$285	$380	$380	$560
Total	$19,389,183	$39,743,357	$69,338,103	$69,338,103	$296,670,752
Parking Hard Costs					
Integrated - $13,793/space	$1,103,440	$2,924,116	$0	$0	$0
Surface - $9,000/space	$0	$0	$309,600	$309,600	$0
Structured - $35,000/space	$0	$0	$0	$4,816,000	$0
Subterranean - $85,000/space	$0	$0	$0	$0	$15,980,000
Above Ground Podium - $50,000/space	$0	$0	$6,880,000	$0	$9,400,000
Total Parking Costs	$1,103,440	$2,924,116	$7,189,600	$5,125,600	$25,380,000
Total Hard Costs per Unit (Excludes Land and Soft Costs)	**$534,096**	**$410,742**	**$449,994**	**$437,994**	**$687,068**

[1] Standard grading and demolition. Excludes unique circumstances such as environmental mitigation.

A comparison of EPS pro-forma hard costs and developer-provided San José pro-formas is summarized in **Table 4**. As shown, EPS pro-forma hard cost estimates are closely in line with those provided by local developers. Differences in costs may arise from factors such as unit sizes, quality of interior finishes, and level of amenities provided. For example, Sample pro-forma 1 has lower per unit hard costs and higher per square foot costs because it offers smaller unit sizes.

Table 4. Summary of San José Pro-Formas

Description	Podium and Wrap					Tower	
	EPS Pro-Forma Podium	EPS Pro-Forma Wrap	Sample Pro-Forma 1	Sample Pro-Forma 2	Sample Pro-Forma 3	EPS Pro-Forma Tower	Sample Pro-Forma 4
Rentable Sq. Ft. to Total Building Sq. Ft. Ratio	85%	85%	85%	85%	85%	80%	80%
Avg. Sq. Ft. per Unit	902	902	519	814	864	902	801
Residential Stories	5	5	7	5	6	20	11
Estimated Hard Costs							
per Unit	**$449,994**	**$437,994**	**$327,338**	**$465,252**	**$319,666**	**$687,068**	**$621,762**
per Sq. Ft.	**$424**	**$413**	**$536**	**$486**	**$315**	**$610**	**$621**

Soft Costs

Soft costs estimates are separated into local city development impact fees that vary across locations within the city, and other soft costs that are estimated as a percentage of hard costs or total development costs. Development impact fees are published by the City of San José and are summarized on a per unit of per square foot basis in **Table 5**. These development impact fees include inclusionary housing in-lieu, parkland in-lieu, and school mitigation fees. Also included are city Construction Taxes, as they are also eligible for waiver under Municipal Code Section 14.10.310.

Below is a description of each fee / tax:

- **Inclusionary Housing in-Lieu**: This analysis assumes that projects will fully utilize the inclusionary housing in-lieu fee and include no inclusionary housing units. There is a strong and moderate level of fee, depending on location. For this analysis, West, Downtown, and Central are in areas with "strong" levels of fees, while North and South / East are moderate.

- **Parkland in-Lieu**: The parkland in-lieu fee is location based and depends on the MLS zone that the project is located in (**Figure 1**). It further assumes a 20 percent reduction for townhome and multifamily (stacked flat, podium, and wrap) building types, and a 25 percent reduction for towers for providing on-site open space amenities (e.g. balconies, rooftop amenities, etc.).

- **School Mitigation:** School mitigation fees are gathered from the individual school districts in each location of the city. While the school district boundaries may not overlap exactly with the MLS zone boundaries used in this analysis, the best fitting school district was selected for each of the locations.

- **Construction Taxes:** There are four city construction taxes. Building & Structure Construction Tax and Commercial, Residential, Mobile Park Construction Tax are assessed as a percentage of building valuation. Building valuation is calculated based on the International Code Council's square foot construction costs available in the City of San José Building and Structure Permits Fee Schedule.[1] City Construction Tax and Residential Construction Tax are assessed on a per unit basis. **Table 5** presents Construction Taxes by building type, which are the same across each district.

[1] City of San José Building and Structure Permits Fee Schedule

Table 5. City Development Impact Fees by District

Description	West	Downtown Tower	Central	North	South and East
Inclusionary in-Lieu					
Amount (per Net Sq. Ft.)	$49.91	$49.91	$49.91	$21.71	$21.71
District	*West Valley*	*Central*	*Central*	*North*	*Evergreen*
Parkland in-Lieu[1]					
Townhome Amount (per Unit)	$21,840	*N/A*	$25,600	$47,040	$14,880
Multifamily Amount (per Unit)	$15,440	*N/A*	$18,080	$18,080	$10,480
Tower Amount (per Unit)	*N/A*	$10,950	$10,950	*N/A*	*N/A*
District (MLS Zone)	*15-Campbell*	*9-Downtown*	*9-Downtown*	*North San José*	*3-Evergreen*
School					
Amount (per Gross Sq. Ft.)	$4.20	$4.79	$4.79	$5.17	$4.47
School District	*Campbell Union School + High School Districts*	*San José Unified School District*	*San José Unified School District*	*Santa Clara Unified School District*	*Evergreen + East Side Union High School Districts*
Construction Taxes (per Unit)					
Townhome	$12,367				
Stacked Flats	$8,974				
Podium	$6,617				
Wrap	$6,617				
Tower	$7,020				

[1] Assumes qualification for 20% Parkland in-Lieu Fee reduction for townhome and multifamily projects, and 25% reduction for Tower projects for providing on-site open space amenities (e.g. balconies, rooftop amenities).

These impact fees calculated as a project total are shown in **Table 6**, along with their percentage of total development costs. On a per-unit basis, townhomes have the highest development impact fees because they have the largest square feet per unit. Impact fees as a percentage of total development costs varies between 7 and 14 percent given differences in their application by within the city.

Table 6. Total Construction Taxes and Development Impact Fees

	West	Tower	Central	North	East
Total Construction Taxes and Impact Fees (2-Acre Site)					
Townhome					
Total Impact Fees	$4,584,843	*N/A*	$4,778,250	$4,019,112	$2,681,688
% of Total Development Costs	*13%*	*N/A*	*14%*	*12%*	*8%*
Stacked Flat					
Total Impact Fees	$9,089,549	*N/A*	$9,451,665	$6,162,031	$5,258,815
% of Total Development Costs	*13%*	*N/A*	*14%*	*9%*	*8%*
Podium					
Total Impact Fees	$12,301,121	*N/A*	$12,862,858	$8,558,421	$7,123,493
% of Total Development Costs	*11%*	*N/A*	*11%*	*8%*	*7%*
Wrap					
Total Impact Fees	$12,301,121	*N/A*	$12,862,858	$8,558,421	$7,123,493
% of Total Development Costs	*11%*	*N/A*	*11%*	*8%*	*7%*
Tower					
Total Impact Fees	*N/A*	$32,136,202	$32,136,202	*N/A*	*N/A*
% of Total Development Costs	*N/A*	*7%*	*7%*	*N/A*	*N/A*

*Includes Construction Taxes and Inclusionary, Parkland, Transportation, and School Impact Fees

Aside from City development impact fees, this analysis makes assumptions around several other soft costs that are calculated as a percentage of hard costs or total development costs. These other soft cost assumptions are estimated based on other recent pro-formas and input from developers, as summarized in **Table 7**. While EPS uses the same assumption for all product types for soft costs as a percentage of hard costs, it is likely that some categories may experience economies of scale (e.g., architecture and engineering services may be lower for high density projects).

Table 7. Other Soft Cost Assumptions

Soft Cost Category	Assumption	Average Soft Costs per Unit				
		For Sale		Rental		
		Townhome	Stacked Flats	Podium	Wrap	Tower
Architecture and Engineering	4% of Hard Cost	$21,364	$16,430	$18,000	$17,520	$27,483
Other Soft Costs	2% of Hard Cost	$10,682	$8,215	$9,000	$8,760	$13,741
Permits and Fees	1% of Hard Cost	$5,341	$4,107	$4,500	$4,380	$6,871
Taxes	1% of Hard Cost	$5,341	$4,107	$4,500	$4,380	$6,871
Financing	8% of Hard Cost	$40,057	$30,806	$33,750	$32,850	$51,530
Insurance						
For-Sale	4% of Hard Cost	$21,364	$16,430	*N/A*	*N/A*	*N/A*
For-Rent	2% of Hard Cost	*N/A*	*N/A*	$9,000	$8,760	$13,741
Marketing/Leasing						
For-Sale	5% of Hard Cost	$26,705	$20,537	*N/A*	*N/A*	*N/A*
For-Rent	2% of Hard Cost	*N/A*	*N/A*	$9,000	$8,760	$13,741
Developer Fee	4% of Total Development Cost	$30,352	$23,298	$23,778	$23,204	$35,577
Developer Contingency	5% of Total Development Cost	$37,940	$29,123	$29,722	$29,005	$44,471

Market Value Analysis

The finished market value of a residential project is a key variable in the RLV calculation – projects that can achieve higher market values on a per unit basis are likely to be more financially feasible, all else equal. **Table 8** compares the market value assumptions used in this analysis for each MLS zone as well as the San José citywide average, according to the *City of San José Department of Housing Q2 2025 San José Housing Market Update*. The assumptions and data sources are further summarized below for both for-sale and rental building types respectively.

For Sale

Townhome and Stacked Flat building types are assumed to be for sale in this analysis. Sale prices vary across MLS zone in the city, and estimates are based on data publicly available from Redfin. Each zone's estimated sale price per square foot is the zone's average sale price plus 10 percent. This is because the data is composed of several resale homes, and this analysis focuses on newly constructed buildings, which generally sell at about a 10 percent premium. The citywide average combines townhome and condo sales into one average, so the true townhome average is likely higher than presented, and the true condo average is likely lower. This is consistent with EPS price estimates.

For Rent

Podium, Wrap, and Tower building types are assumed to be for rent in this analysis. Rents are estimated based on data acquired from CoStar and represent the average rent of buildings built in the last 10 years in each location in the city. Podium and Wrap are assumed to have the same rent. For Tower rents, data was collected on buildings 12 stories or taller. Rent estimates are similarly compared to the San José citywide average according to the *City of San José Department of Housing Q2 2025 San José Housing Market Update*. In this case, the citywide average combines all multifamily (podium, wrap, and tower) rents together. Still, the reported citywide average falls within the range of EPS estimates across zone and building type.

Table 8. Average Rents and Sale Prices by MLS Zone

	Central	West	Downtown Tower	North	South and East	Citywide Q2 2025 Average
Sale Price per Net Sq. Ft.[1]						
Townhome	$730	$1,100	$730	$870	$745	
Stacked Flat	$710	$760	$710	$820	$665	
Typical Sale Price						
Townhome (1,500 Net Sq. Ft.)	$1,095,000	$1,650,000	$1,095,000	$1,305,000	$1,117,500	$810,000
Stacked Flat (1,100 Net Sq. Ft.)	$781,000	$836,000	$781,000	$902,000	$731,500	
Monthly Rent per Net Sq. Ft.[2]						
Tower	$4.30	-	$4.30	-	-	$3.82
Podium / Wrap	$3.89	$4.02	$3.89	$3.66	$3.45	
Typical Monthly Rents						
Tower (800 sq. ft.)	$3,440	-	$3,440	-	-	$2,890
Podium / Wrap (800 sq. ft.)	$3,112	$3,216	$3,112	$2,928	$2,760	

[1] For-sale prices relfects past year average sale price plus 10% new construction premium.
[2] Rents reflect units built in last 10 years.

Source: CoStar, Redfin, City of San José Department of Housing Q2 2025 San José Housing Market Update, Economic & Planning Systems

Results and Sensitivity Analysis

As described above, RLV is calculated as the difference between project costs (excluding land) and project value. The RLV can be compared against the typical cost of acquiring vacant or developable land to obtain a general sense of whether certain residential building types are likely to be viable investment opportunities in the current market.

Table 9 summarizes the results of the RLV by location and building type. As shown, Townhome and Stacked Flat building types are feasible under current market conditions while for rent Podium, Wrap, and Tower building types are not. Generally, Stacked Flats generate the highest residual land value because of their low hard costs and relatively high market value. Only in West San José where townhomes have especially high sale prices are Townhomes more profitable than Stacked Flats. On the rental side, Wrap buildings, while still negative, generate slightly more RLV than podiums because while they achieve the same market value, the Wrap's structured parking garage is slightly less expensive to construct.

Table 9. Results by Building Type and Location (Hypothetical 2-Acre Site)

Location	For Sale		Rental		
	Townhome 40 Units	Stacked Flats 106 Units	Podium 172 Units	Wrap 172 Units	Tower 470 Units
Residual Land Value [1]					
West	$20,952,000	$8,168,000	($6,677,000)	($3,988,000)	*N/A*
Downtown Tower	*N/A*	*N/A*	*N/A*	*N/A*	($134,754,000)
Central	$2,261,000	$2,697,000	($11,879,000)	($9,191,000)	($134,754,000)
North	$10,081,000	$17,450,000	($15,309,000)	($12,620,000)	*N/A*
South and East	$5,295,000	$2,698,000	($21,160,000)	($18,471,000)	*N/A*
Residual Land Value (Full Fee Waivers) [2]					
West	$25,231,000	$16,672,000	$4,858,000	$7,547,000	*N/A*
Downtown Tower	*N/A*	*N/A*	*N/A*	*N/A*	($105,156,000)
Central	$6,690,000	$11,481,000	$110,000	$2,798,000	($105,156,000)
North	$13,723,000	$22,892,000	($7,694,000)	($5,005,000)	*N/A*
South and East	$7,651,000	$7,334,000	($14,852,000)	($12,164,000)	*N/A*

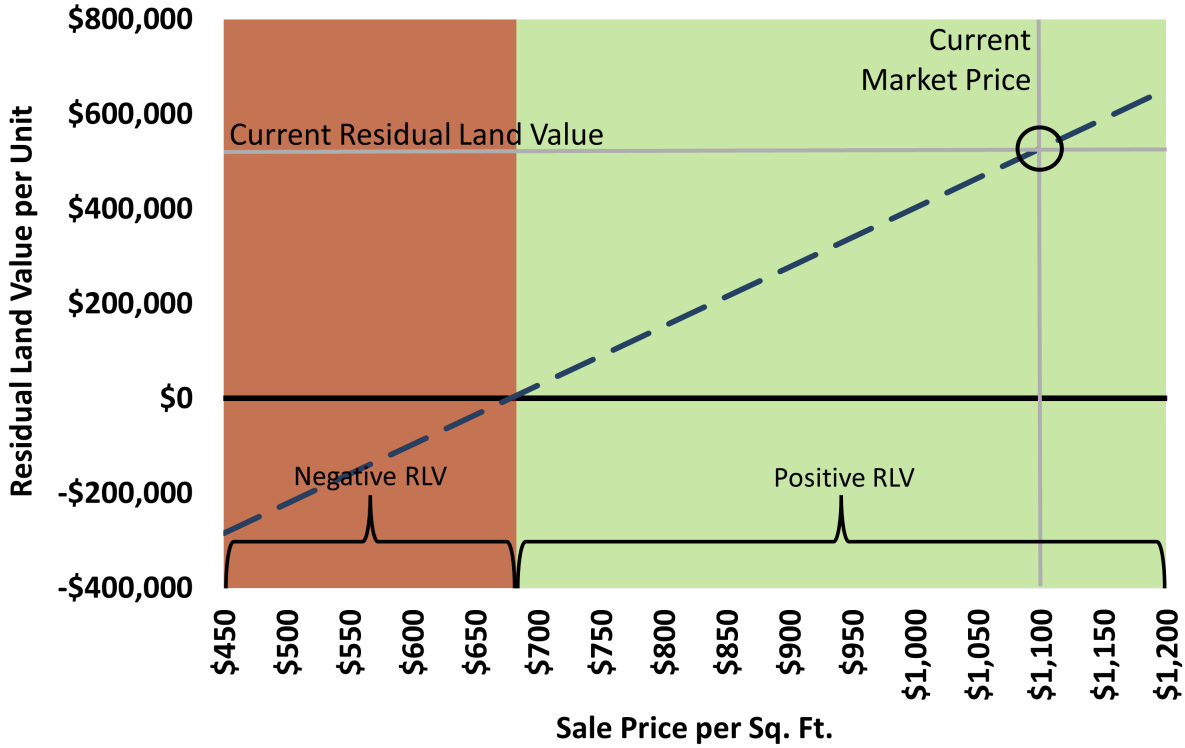
Note: Values rounded to nearest 1,000

[1] Residual Land Value is a commonly used measure of the financial performance of a real estate project from an investment perspective (a negative residual land value indicates a project is not financially viable). The residual land value concept is described further in Chapter 3 of this report.
[2] Assumes 100% Waiver of: Construction Taxes and Inclusionary and Parkland Impact Fees

Because market conditions are constantly evolving, shifts in rents, pricing, development costs, and other factors can improve the feasibility of various building typologies over time and by location. To demonstrate these dynamics, EPS has conducted a series of sensitivity tests on market values and costs. These variables can serve as a proxy for, or include, other market factors such as interest and capitalization rates, labor agreements, fees and taxes, among other factors.

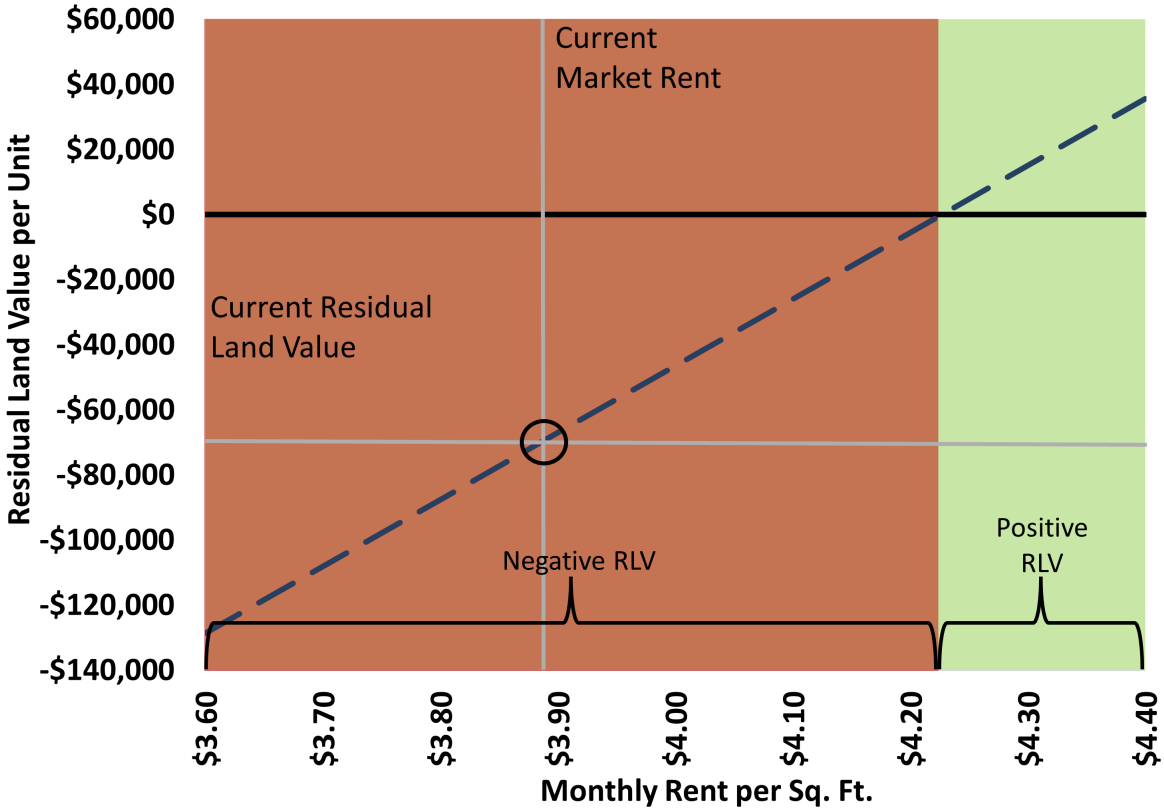
Figure 2 illustrates the RLV of a Townhome project in West San José across a range of sale price points and shows that as prices go up, so does RLV. Sale price points in the green area have positive RLV while those in the red area have negative RLV. In this scenario, the current market price of $1,100 per square foot is associated with approximately $525k RLV per unit. Given this significantly positive RLV, it would take a large drop in prices (to about $670 per square foot) to become infeasible. Stacked Flats have similar results; the current market price of $760 per square foot is associated with approximately $80k RLV per unit, and prices would have to drop to about $670 per square foot to become infeasible.

Figure 2. Townhome Results by Price Point – West San José (No Fee Waivers)



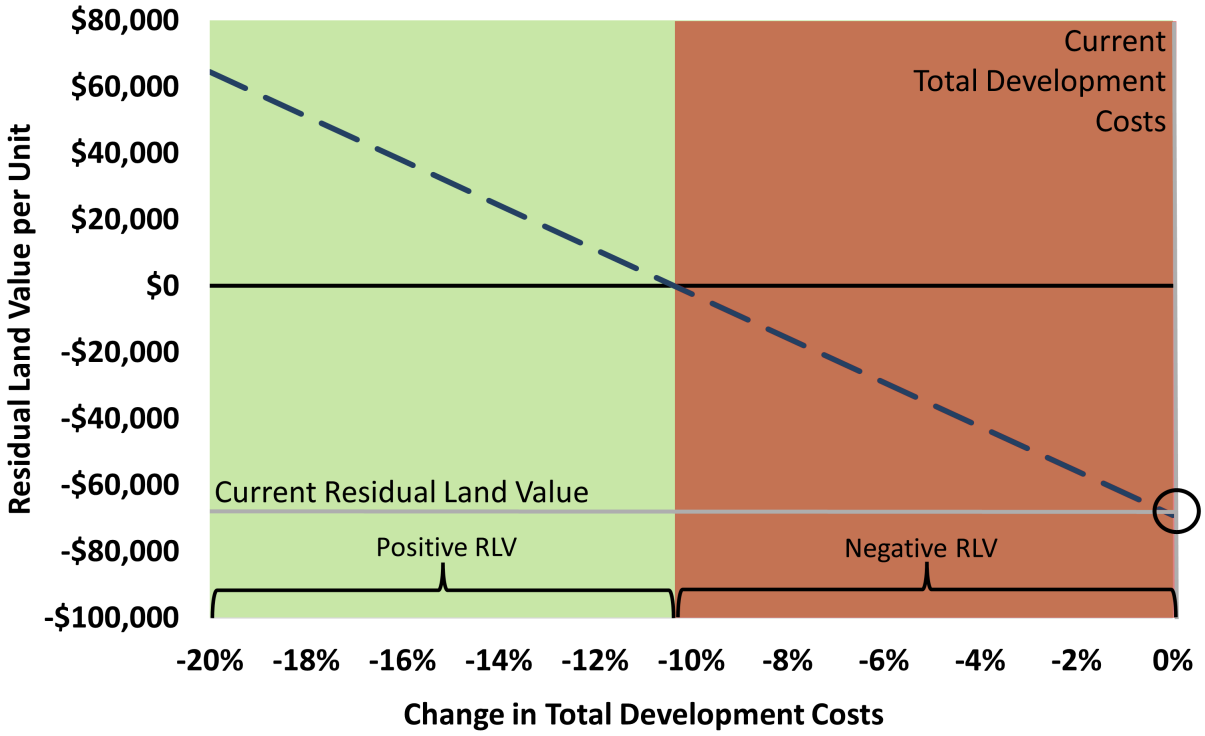
On the rental side, where projects are not currently feasible, feasibility would require an upward shift in rent. **Figure 3** illustrates RLV of a Podium project in Central San José, where the current market rent of $3.89 per square foot is associated with approximately -$70k RLV per unit. Podium rents would have to increase about 10 percent, or $4.30 per square foot, to achieve feasibility. With the same rent and slightly lower development costs, Wrap buildings would have to increase to about $4.10 per square foot to achieve feasibility. Towers, though they have higher rents at $4.30 per square foot, also have much higher development costs and therefore have much lower RLV at approximately -$285k per unit. These would have to raise approximately 30 to 35 percent to $5.70 per square foot to achieve feasibility.

Figure 3. Podium Results by Rental Rate – Central San José (No Fee Waivers)



Similarly, feasibility can be changed by shifts in development costs. **Figure 4** illustrates the RLV of a Podium project in Central San José across a range of total development costs. Only decreases in total development costs are shown because RLV is already negative and increases in total development costs would only make RLV more negative. As seen, a decrease of approximately 12 percent in total development costs could lead to feasibility in this scenario. This parallels roughly the same percentage increase in sale price that would be needed to achieve feasibility. Having slightly lower total costs, Wrap buildings would require an approximately 10 percent decrease in total development costs to reach feasibility. Towers, again having much higher costs, would require total development costs to decrease by approximately 30 to 35 percent to achieve feasibility.

Figure 4. Podium Results by Total Development Costs – Central San José (No Fee Waivers)



4. Additional Market Considerations

This Chapter discusses additional considerations relevant to the performance of San Jose's housing market. These include the potential for of office to residential conversions to increase the San Jose's housing supply as well as the performance of the City's housing market relative to nearby jurisdictions.

Office to Residential Conversion

Like many downtowns, San Jose's office market has struggled in the post-pandemic era due to increased remote work trends, evolving location preferences of commercial tenants, decline in several professional service-related sectors, among other factors. This trend has sparked interest in office-to-residential conversions as a potential strategy to boost housing supply and revitalize commercial districts. It has also raised the question of whether such projects might benefit from various policy incentives, including fee waivers.

As part of the Cost of Development study, EPS reviewed regional and national trends in office-to-residential conversions to identify lessons that might be applicable to San Jose, particularly downtown. While EPS did not conduct a detailed review of San Jose's office inventory, our research found that in general only a narrow subset of buildings can feasibly support the level of investment needed to convert to housing. In particular, the core factors influencing the feasibility of office to residential conversion include: (1) a building's physical attributes, (2) local and property specific market and financial conditions, and (3) the regulatory framework that can help close remaining financial gaps. Each element is described separately below.

Physical Determinants of Feasibility

The physical attributes of a building largely determine whether conversion is possible before financial feasibility is even tested. Floorplate depth is the single most decisive variable: buildings with 40- to 60-foot plates allow most units to have window exposure and natural light, while deeper center-core plates produce large interior zones that cannot be converted into habitable space without costly carve-outs. Ceiling height is also critical; pre-war and mid-century structures with 11- to 14-foot floors provide room for mechanical, electrical, and plumbing systems, acoustic assemblies, and ducting required for residential standards.

Equally important are structural regularity and façade type. A consistent column grid enables efficient unit stacking and vertical plumbing alignment, whereas irregular framing complicates layouts and increases design costs. Punched or operable windows across multiple façades allow natural ventilation and compliance with light-and-air standards at reasonable cost.

By contrast, curtain-wall glass façades common in post-1980s office towers are expensive to modify and typically lack operable openings. The building's street interface and ground-floor configuration also influence marketability: structures that support active, transparent retail or amenity edges command higher residential rents and accelerate lease-up. Error! Not a valid bookmark self-reference. illustrates how these factors distinguish strong candidates such as the Bank of Italy Building from more challenging examples like the Sobrato Tower.

Figure 5. Good vs Challenging Candidates

Good Candidate
Bank of Italy Building
12 S 1st St

Bad Candidate
Sobrato Tower
488 Almaden Blvd

Market and Financial Considerations

Local and project specific market and financial circumstances also play a critical role in the feasibility of a conversion project. In San José and peer Bay Area markets, persistent office vacancy has depressed net operating income, and thus the market value, of many office buildings. Bur asset pricing for many of these buildings has not yet fallen enough to meet the residual land values supported by new residential development. This disconnect means that owners remain anchored to office-era valuations while residential investors must contend with a high cost of conversion (in most cases) and financing challenges. Because adaptive

reuse projects require selective demolition, systems replacement, and extensive tenant improvements, the cost differential between conversion and ground-up development is often narrower than expected.

The capital market further constrains feasibility. Lenders and equity partners view office conversions as atypical, with few comparable transactions to benchmark. Unknown structural conditions, seismic upgrades, and irregular floorplates introduce contingency costs and risk premiums that elevate required returns. Even well-located projects face elevated underwriting hurdles, especially when net rentable area shrinks after inserting residential cores, light wells, or required amenities. In short, the current capital environment rewards projects with low acquisition basis and simple geometry while penalizing complex towers requiring heavy intervention.

Within San José, these national dynamics are amplified by the city's block-by-block variation in street activation, transit access, and adjacent land uses. While Class A vacancy exceeds historical norms, transaction pricing has been slow to adjust, and institutional owners often prefer to hold rather than sell below value. Consequently, only a small number of older or mid-rise buildings have both the physical characteristics and price basis to warrant exploration.

Regulatory Levers and Policy Implications

Although most determinants of feasibility are inherent to the building and market context, local policy can meaningfully "move the needle" for projects that fall near the margin. The most effective levers tend to reduce upfront cost or time rather than alter building form. Cities can temporarily reduce or defer impact and linkage fees, allow school and utility fees to be paid at certificate of occupancy, and / or provide parking ratio flexibility to reflect reduced demand for many residential uses. Additional flexibility in open space, private balcony, and amenity requirements can also allow conversions to proceed within existing envelopes without triggering costly structural changes.

Zoning adjustments can further close the gap. Allowing residential uses by right in office districts, expanding density or height allowances where floor area already exists, and streamlining design review can all shorten entitlement timelines and improve project certainty. Process predictability is equally important; establishing a ministerial or expedited review track for qualifying conversions can substantially reduce holding costs and increase lender confidence.

At the same time, many fundamental constraints, particularly those tied to seismic performance, life safety, accessibility, and energy code compliance, are governed by state building codes and cannot be modified locally. Municipal programs should therefore focus on offsetting these immovable costs through fee relief, permit coordination, and predevelopment assistance rather than attempting to waive core safety requirements. Coordinated partnerships between city staff, code officials, and developers will be critical to identify candidate buildings that are both physically convertible and aligned with broader housing and downtown revitalization goals.

Key Takeaways

Feasibility begins with form: geometry and daylight access determine whether a conversion is technically achievable. Among buildings that meet these thresholds, market and capital conditions remain the principal barriers to execution. Policy can help, but it cannot overcome poor fundamentals. Only a small subset of structures, typically pre-1960 or small post-1960 mid-rises with narrow plates, operable windows, and higher ceilings, offer realistic potential for adaptation. These buildings represent limited but promising opportunities where thoughtful policy support can align private feasibility with public objectives for downtown revitalization.

Given the high degree of variation in potential outcomes, generalized "rule-of-thumb" estimates related to typical conversion costs per square foot are hard to come by. That said, additional research and data on the composition of San Jose's office stock, including metrics like year built, building dimensions, parking ratios, debt, and other salient factors, would likely facilitate "ball-park" estimates of the potential for these types of projects to increase the City's long-term housing supply.

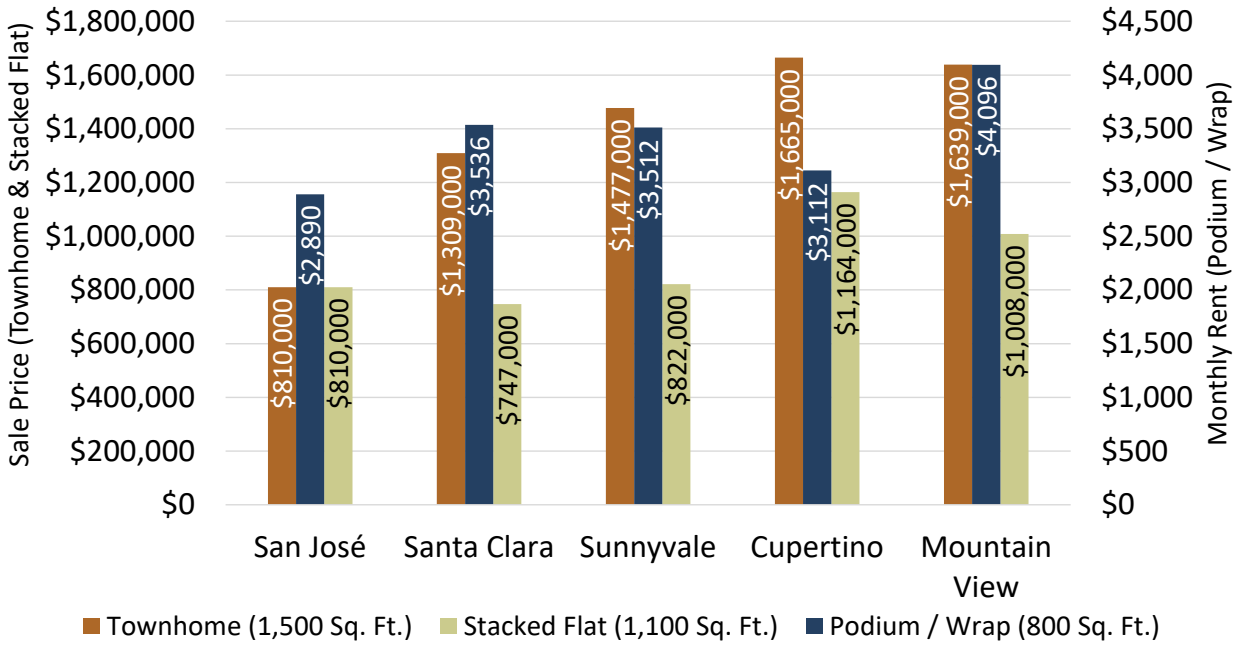
Regional Market Comparisons

This section provides data on how San José housing market compares to neighboring jurisdictions from the perspective of both consumers and developers. Specifically, in compares San Jose to its neighbors in terms of market value and development impact fee rates. While other cities may not directly affect a project's market valuation or costs, they can influence consumer demand and developer investment decisions.

Market Value Comparisons

San José sale prices and rents are compared to those in the neighboring cities of Santa Clara, Sunnyvale, Cupertino, and Mountain View in **Figure 6**. As seen, San José sale prices and rents are generally lower in comparison. While this makes San José more competitive to the potential buyer or renter, projects will be more challenged for feasibility if they are unable to attain sufficiently high rents to cover their development costs.

Figure 6. Citywide Sale Price and Rent Comparison



Development Impact Fee Comparison

In the broader context of development impact fees, it is important to consider how a city's fees compare to its neighboring cities, as they will influence developer decisions on where to build. EPS has collected the development impact fees from the cities of Santa Clara, Sunnyvale, Cupertino, and Mountain View for both townhome and multifamily projects. Each city collects different categories of fees, but this analysis compares the total burden per unit. This analysis further does not consider inclusionary housing in-lieu fees or water meter fees as these can vary significantly with each individual project. Additionally, this analysis does not consider Countywide fees (all selected cities are in Santa Clara County) or area plan fees.

Table 10 summarizes development impact fees per unit for the selected cities. These estimates assume a standard 1,500 square foot townhome prototype and a 900 square foot multifamily prototype. San José has the lowest development impact fees of the cities compared, as it only includes a parks fee which is lower than all cities other than Mountain View. In school mitigation fees, *San José Unified School District* is lower than only *Santa Clara Unified School District*.[2] Still, San José offers the lowest total fee burden among the cities compared, making it a more attractive location for developers.

[2] There are several other school districts with different mitigation fees in the City of San José. For presentation purposes, only *San José Unified School District* was chosen for this comparison. A selection of other San José school district fees can be seen in **Table 4**.

Table 10. Development Impact Fee per Unit Comparison

Description	San José[1]	Mountain View	Cupertino	Sunnyvale	Santa Clara
Townhome					
Development Impact Fees[2]					
Parks	$25,600	$10,676	$60,000	$50,965	$64,606
Transportation	-	$6,126	$4,215	$3,037	-
Water	-	$7,335	-	-	-
Sewer	-	$6,963	-	-	-
Drainage	-	-	$572	$9,796	-
Impact Fees Subtotal	**$25,600**	**$31,100**	**$64,787**	**$63,798**	**$64,606**
School Mitigation Fees					
Per Sq. Ft.	$4.79	$3.45	$3.10	$3.20	$5.17
Total	$7,185	$5,175	$4,650	$4,800	$7,755
School District	*San José Unified School District*	*Mountain View Whisman School District*	*Cupertino Union School District*	*Sunnyvale School District*	*Santa Clara Unified School District*
Total Fees per Unit	**$32,785**	**$36,275**	**$69,437**	**$68,598**	**$72,361**
Multifamily					
Development Impact Fees[2]					
Parks	$18,080	$8,568	$54,000	$50,965	$47,076
Transportation	-	$3,431	$4,215	$3,037	-
Water	-	$5,501	-	-	-
Sewer	-	$5,416	-	-	-
Drainage	-	-	$398	$9,796	-
Impact Fees Subtotal	**$18,080**	**$22,916**	**$58,613**	**$63,798**	**$47,076**
School Mitigation Fees					
Per Sq. Ft.	$4.79	$3.45	$3.10	$3.20	$5.17
Total	$4,311	$3,105	$2,790	$2,880	$4,653
School District	*San José Unified School District*	*Mountain View Whisman School District*	*Cupertino Union School District*	*Sunnyvale School District*	*Santa Clara Unified School District*
Total Fees per Unit	**$22,391**	**$26,021**	**$61,403**	**$66,678**	**$51,729**

[1] Central San José fee amounts.
[2] Excludes inclusionary housing in-lieu fees and water meter fees.

Appendix

Appendix Table 1: Full Cash Flow Model – West San José Townhome

Description		Assumption / Factor	Total
Site Acreage			2
Stories			3
Program			
Density (Units per Acre)			20
Total Housing Units			40
Avg. Net Sq. Ft. per Unit			1,458
Net Sq. Ft.			58,313
Gross Sq. Ft.			72,892
Floor Area Ratio			1
Parking Format			Integ. Garage
Parking Ratio			2
Total Parking Spaces			80
Project Value			
Market Rate Sale Value	$1,100	per NSF	$64,144,667
Sale Cost	1.5%	per DU	-$962,170
Net Building Value			$63,182,497
Supportable Development Value	**15%**	Return on Cost (Unlevered, exlcudes land)	**$54,941,301**
Project Cost			
Construction Costs			
Site Work	$10	per Land Sq. Ft.	$871,200
Building Direct Cost	$266	per GSF	$19,389,183
Parking Costs			
Integrated Garage	$13,793	per Parking Spot	$1,103,440
Parking Direct Costs			$1,103,440
Total Construction Costs			*$21,363,823*
Soft Costs			
Park Impact Fees	$21,840	per DU	$873,600
Inclusionary in-Lieu Fees	$49.91	per NSF	$2,910,418
School Impact Fees	$4.20	per GSF	$306,145
City Construction Taxes			
Building & Structure	1.54%	of Building Valuation	$189,809
Commercial Residential, Mobile Home Park Construction	2.42%	of Building Valuation	$298,271
Construction	$75	per Unit	$3,000
Residential Construction	$90	per Unit	$3,600
Architecture and Engineering	4%	of Construction Cost	$854,553
Other Soft Costs	2%	of Construction Cost	$427,276
Permits and Fees	1%	of Construction Cost	$213,638
Taxes	1%	of Construction Cost	$213,638
Insurance	4%	of Construction Cost	$854,553
Financing	8%	of Construction Cost	$1,602,287
Marketing/Leasing	5%	of Construction Cost	$1,068,191
Total Soft Costs			*$9,818,980*
Other Project Costs			
Builder Fee	4%	of All Costs	$1,247,312
Development Contingency	5%	of All Costs	$1,559,140
Total Project Costs			**$33,989,256**
Residual Land Value			**$20,952,046**
RLV per Unit			$523,801
RLV per Land Sq. Ft.			$10,476,023

Appendix Table 2: Full Cash Flow Model – West San José Stacked Flats

Description		Assumption / Factor	Total
Site Acreage			2
Stories			4
Program			
Density (Units per Acre)			53
Total Housing Units			106
Avg. Net Sq. Ft. per Unit			1,118
Net Sq. Ft.			118,533
Gross Sq. Ft.			139,450
Floor Area Ratio			2
Parking Format			Integ. Garage
Parking Ratio			2
Total Parking Spaces			212
Project Value			
Market Rate Sale Value	$760	per NSF	$90,084,943
Sale Cost	1.5%	per DU	-$1,351,274
Net Building Value			$88,733,668
Supportable Development Value	**15%**	Return on Cost (Unlevered, exlcudes land)	**$77,159,712**
Project Cost			
Construction Costs			
Site Work	$10	per Land Sq. Ft.	$871,200
Building Direct Cost	$285	per GSF	$39,743,357
Parking Costs			
Integrated Garage	$13,793	per Parking Spot	$2,924,116
Parking Direct Costs			$2,924,116
Total Construction Costs			*$43,538,673*
Soft Costs			
Park Impact Fees	$15,440	per DU	$1,636,640
Inclusionary in-Lieu Fees	$49.91	per NSF	$5,915,973
School Impact Fees	$4.20	per GSF	$585,692
City Construction Taxes			
Building & Structure	1.54%	of Building Valuation	$363,127
Commercial Residential, Mobile Home Park Construction	2.42%	of Building Valuation	$570,628
Construction	$75	per Unit	$7,950
Residential Construction	$90	per Unit	$9,540
Architecture and Engineering	4%	of Construction Cost	$1,741,547
Other Soft Costs	2%	of Construction Cost	$870,773
Permits and Fees	1%	of Construction Cost	$435,387
Taxes	1%	of Construction Cost	$435,387
Insurance	4%	of Construction Cost	$1,741,547
Financing	8%	of Construction Cost	$3,265,400
Marketing/Leasing	5%	of Construction Cost	$2,176,934
Total Soft Costs			*$19,756,524*
Other Project Costs			
Builder Fee	4%	of All Costs	$2,531,808
Development Contingency	5%	of All Costs	$3,164,760
Total Project Costs			**$68,991,765**
Residual Land Value			**$8,167,947**
RLV per Unit			$77,056
RLV per Land Sq. Ft.			$4,083,973

Appendix Table 3: Full Cash Flow Model – Central San José Podium

Description		Assumption / Factor	Total
Site Acreage			2
Stories			7
Program			
Density (Units per Acre)			86
Total Housing Units			172
Avg. Net Sq. Ft. per Unit			902
Net Sq. Ft.			155,098
Gross Sq. Ft.			182,469
Floor Area Ratio			2.09
Parking Format			Podium
Parking Ratio			1.0
Total Parking Spaces			172
Project Value			
Monthly Rent	$3.89	per NSF	$7,239,993
Losses to Vacancy	7.00%		-$506,799
Other Revenues (Parking, storage, pets, other misc.)	2%		$134,664
Gross Residential Revenue			**$6,867,857**
Operating Expenses	$10,000	per DU	-$1,720,000
Net Operating Income (NOI)			**$5,147,857**
Estimated Development Value	**5%**	**Cap Rate**	**$102,957,142**
Project Costs			
Construction Costs			
Site Work	$10	per Land Sq. Ft.	$871,200
Building Direct Cost	$380	per GSF	$69,338,103
Parking Costs			
Surface	$9,000	per Parking Spot	$309,600
A.G. Podium	$50,000	per Parking Spot	$6,880,000
Parking Direct Costs			$7,189,600
Total Construction Costs			*$77,398,903*
Soft Costs			
Park Impact Fees	$18,080	per DU	$3,109,760
Inclusionary in-Lieu Fees	$49.91	per NSF	$7,740,961
School Impact Fees	$4.79	per GSF	$874,025
City Construction Taxes			
Building & Structure	1.54%	of Building Valuation	$431,563
Commercial Residential, Mobile Home Park Construction	2.42%	of Building Valuation	$678,170
Construction	$75	per Unit	$12,900
Residential Construction	$90	per Unit	$15,480
Architecture and Engineering	4%	of Construction Cost	$3,095,956
Other Soft Costs	2%	of Construction Cost	$1,547,978
Permits and Fees	1%	of Construction Cost	$773,989
Taxes	1%	of Construction Cost	$773,989
Insurance	2%	of Construction Cost	$1,547,978
Financing	8%	of Construction Cost	$5,804,918
Marketing/Leasing	2%	of Construction Cost	$1,547,978
Total Soft Costs			*$27,955,644*
Other Project Costs			
Builder Fee	4%	of All Costs	$4,214,182
Development Contingency	5%	of All Costs	$5,267,727
Total Project Costs			**$114,836,455**
Residual Land Value			**-$11,879,314**
RLV per Unit			-$69,066
RLV per Land Sq. Ft.			-$5,939,657

Appendix Table 4: Full Cash Flow Model – Central San José Wrap

Description		Assumption / Factor	Total
Site Acreage			2
Stories			5
Program			
Density (Units per Acre)			86
Total Housing Units			172
Avg. Net Sq. Ft. per Unit			902
Net Sq. Ft.			155,098
Gross Sq. Ft.			182,469
Floor Area Ratio			2.09
Parking Format			Structured
Parking Ratio			1.0
Total Parking Spaces			172
Project Value			
Monthly Rent	$3.89	per NSF	$7,239,993
Losses to Vacancy	7.00%		-$506,799
Other Revenues (Parking, storage, pets, other misc.)	2%		$134,664
Gross Residential Revenue			**$6,867,857**
Operating Expenses	$10,000	per DU	-$1,720,000
Net Operating Income (NOI)			**$5,147,857**
Estimated Development Value	**5%**	**Cap Rate**	**$102,957,142**
Project Costs			
Construction Costs			
Site Work	$10	per Land Sq. Ft.	$871,200
Building Direct Cost	$380	per GSF	$69,338,103
Parking Costs			
Surface	$9,000	per Parking Spot	$309,600
Structured	$35,000	per Parking Spot	$4,816,000
Parking Direct Costs			$5,125,600
Total Construction Costs			*$75,334,903*
Soft Costs			
Park Impact Fees	$18,080	per DU	$3,109,760
Inclusionary in-Lieu Fees	$49.91	per NSF	$7,740,961
School Impact Fees	$4.79	per GSF	$874,025
City Construction Taxes			
Building & Structure	1.54%	of Building Valuation	$431,563
Commercial Residential, Mobile Home Park Construction	2.42%	of Building Valuation	$678,170
Construction	$75	per Unit	$12,900
Residential Construction	$90	per Unit	$15,480
Architecture and Engineering	4%	of Construction Cost	$3,013,396
Other Soft Costs	2%	of Construction Cost	$1,506,698
Permits and Fees	1%	of Construction Cost	$753,349
Taxes	1%	of Construction Cost	$753,349
Insurance	2%	of Construction Cost	$1,506,698
Financing	8%	of Construction Cost	$5,650,118
Marketing/Leasing	2%	of Construction Cost	$1,506,698
Total Soft Costs			*$27,553,164*
Other Project Costs			
Builder Fee	4%	of All Costs	$4,115,523
Development Contingency	5%	of All Costs	$5,144,403
Total Project Costs			**$112,147,992**
Residual Land Value			**-$9,190,850**
RLV per Unit			-$53,435
RLV per Land Sq. Ft.			-$4,595,425

Appendix Table 5: Full Cash Flow Model – Downtown San José Tower

Description		Assumption / Factor	Total
Site Acreage			2
Stories			22
Program			
Density (Units per Acre)			235
Total Housing Units			470
Avg. Net Sq. Ft. per Unit			902
Net Sq. Ft.			423,815
Gross Sq. Ft.			529,769
Floor Area Ratio			6.08
Parking Format			Underground & Podium
Parking Ratio			0.8
Total Parking Spaces			376
Project Value			
Monthly Rent	$4.30	per NSF	$21,868,873
Losses to Vacancy	7.00%		-$1,530,821
Other Revenues (Parking, storage, pets, other misc.)	2%		$406,761
Gross Residential Revenue			**$20,744,813**
Operating Expenses	$10,000	per DU	-$4,700,000
Net Operating Income (NOI)			**$16,044,813**
Estimated Development Value	**5%**	**Cap Rate**	**$320,896,251**
Project Costs			
Construction Costs			
Site Work	$10	per Land Sq. Ft.	$871,200
Building Direct Cost	$560	per GSF	$296,670,752
Parking Costs			
Subterranean	$85,000	per Parking Spot	$15,980,000
A.G. Podium	$50,000	per Parking Spot	$9,400,000
Parking Direct Costs			$25,380,000
Total Construction Costs			*$322,921,952*
Soft Costs			
Park Impact Fees	$10,950	per DU	$5,146,500
Inclusionary in-Lieu Fees	$49.91	per NSF	$21,152,625
School Impact Fees	$4.79	per GSF	$2,537,594
City Construction Taxes			
Building & Structure	1.54%	of Building Valuation	$1,252,974
Commercial Residential, Mobile Home Park Construction	2.42%	of Building Valuation	$1,968,959
Construction	$75	per Unit	$35,250
Residential Construction	$90	per Unit	$42,300
Architecture and Engineering	4%	of Construction Cost	$12,916,878
Other Soft Costs	2%	of Construction Cost	$6,458,439
Permits and Fees	1%	of Construction Cost	$3,229,220
Taxes	1%	of Construction Cost	$3,229,220
Insurance	2%	of Construction Cost	$6,458,439
Financing	8%	of Construction Cost	$24,219,146
Marketing/Leasing	2%	of Construction Cost	$6,458,439
Total Soft Costs			*$95,105,983*
Other Project Costs			
Builder Fee	4%	of All Costs	$16,721,117
Development Contingency	5%	of All Costs	$20,901,397
Total Project Costs			**$455,650,450**
Residual Land Value			**-$134,754,199**
RLV per Unit			-$286,711
RLV per Land Sq. Ft.			-$67,377,099

PART II.

Presented to: City of San José

Affordable Housing Development Cost Study

CSG ADVISORS

TABLE OF CONTENTS

Executive Summary

This 2025 Affordable Housing Development Cost Study for the City of San José provides an updated analysis of affordable housing development costs, drawing from a significantly expanded dataset of 194 projects comprising over 22,000 housing units across California. The report identifies stabilization in construction costs following the sharp increases observed during the pandemic years, while also highlighting continued challenges driven by financing costs, deeper affordability requirements, and regulatory complexity.

Key findings include convergence of San José's cost levels with regional peers average costs relative to 2023 and improved cost efficiency in larger projects. Despite this moderation, total development costs remain elevated due to high land and financing costs as well as deep affordability and service-enriched housing types.

Introduction

The City of San José (the "City") engaged CSG Advisors to prepare an update to the prior Affordable Housing Development Cost Study ("2025 Study") to evaluate the current cost of developing affordable housing within the City. As San José continues to experience persistent demand for affordable housing amid rising development costs, this update provides an in-depth assessment of evolving cost structures, key cost drivers, and opportunities for improved efficiency in project delivery. The analysis draws upon data from California Tax Credit Allocation Committee (CTCAC) applications for projects initiated between 2023 and 2025, reflecting the most current and comprehensive dataset available for affordable housing developments statewide.

Construction costs in San José and the broader Bay Area have continued to climb since the onset of the COVID-19 pandemic in 2020, though recent indicators suggest a gradual moderation in escalation rates. Between 2018 and 2022, costs rose sharply due to labor shortages, supply chain disruptions, and sustained increases in material prices. The most significant spike occurred in 2021, when average construction costs surged by roughly 15 percent.

Figure 1. Year Over Year Construction Cost Increases

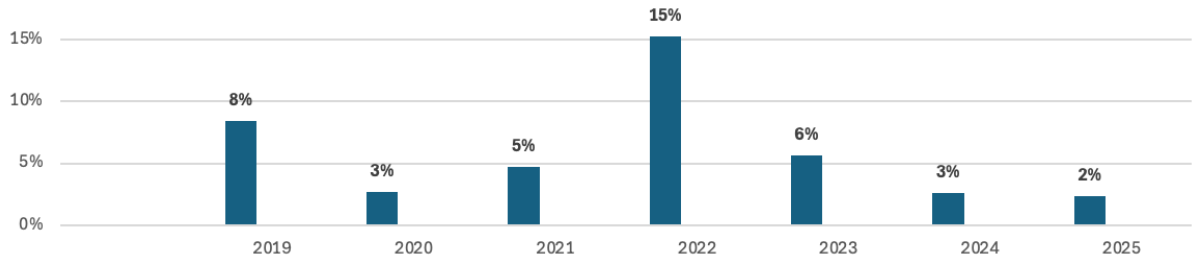


Figure 1 illustrates year-over-year construction cost increases from 2019 through 2025, highlighting the volatility and sustained escalation that continue to shape housing development feasibility. After a significant 8% rise in 2019, cost growth briefly cooled to 3% in 2020 before climbing again to 5% in 2021. The most dramatic spike occurred in 2022, when construction costs surged by 15%—a reflection of acute supply-chain disruptions, labor shortages, and inflationary pressures that defined the post-pandemic building environment. Although increases moderated in subsequent years, rising by 6% in 2023 and 3% in 2024, costs continue to inch upward into 2025 with an additional 2% increase. While the recent trend suggests stabilization rather than continued acceleration, the cumulative effect of several years of steep growth has elevated baseline construction pricing far above pre-pandemic levels, contributing to persistent feasibility challenges for both market-rate and affordable projects.

This report examines the factors influencing affordable housing construction costs in San José and evaluates changes in cost patterns since the prior study. The analysis is based on detailed CTCAC application data, which include comprehensive development budgets, funding structures, and operating assumptions for projects expected to begin construction within 180 days of award. These data were compared with market-rate development benchmarks to identify structural differences in cost composition, financing, and project economics between affordable and market-rate housing, providing an evidence-based foundation for future policy and investment decisions.

Methodology and Approach

Data Sources and Scope of Analysis

The 2025 Affordable Housing Development Cost Study draws on publicly available data from the California Tax Credit Allocation Committee (CTCAC) and the California Debt Limit Allocation Committee (CDLAC). CTCAC accepts applications for federal and state Low-Income Housing Tax Credits (LIHTCs) two to three times per year, and CDLAC publishes awarded projects within roughly 90 days of each round.

This study begins with the March 2023 application cycle; the first full round following completion of the 2023 Cost Study and includes all new-construction affordable housing projects that received tax-credit awards through the end of 2025. Each CTCAC application provides detailed development budgets, funding sources, and operating assumptions for projects expected to commence construction within 180 days of award, creating a consistent basis for analyzing current cost trends.

Dataset Composition and Project Characteristics

The dataset includes 194 affordable housing projects totaling 22,574 units statewide, of which 19 projects (3,287 units) are located within the City of San José. Compared to the 2023 Study's 8 projects (987 units), this represents a more than threefold increase in project coverage, improving the reliability of cost comparisons and trend analysis.

Figure 2. San José Projects - 2025 Study Has a Larger Sample Size and Slightly Broader Housing Mix

	2025 Study			2023 Study		
Housing Type	Number of Projects	Number of Units	% of Total	Number of Projects	Number of Units	% of Total
Special Needs	5	49	1%	3	294	30%
Large Family	12	1,197	36%	4	422	43%
Non-Targeted	1	1,848	56%	1	271	27%
Seniors	1	193	6%	0	0	0%
SRO	0	0	0%	0	0	0%
Total	**19**	**3,287**	**100%**	**8**	**987**	**100%**
Avg. Building Height		***5***			***6***	

As shown in Figure 2 above, the composition of San José projects has shifted notably since 2023:

- Large Family housing accounts for 12 projects (36 percent of units), up from 4 projects (43 percent) in 2023.
- Non-Targeted projects, qualifying through geographic rather than population set asides, is still consistent at 1 project (56 percent of units) in the 2025 study, compared with 1 project (27 percent) previously.
- Special Needs housing now represents 5 projects (1 percent), up from 3 projects (30 percent) in the prior study.
- Senior housing accounts for only 1 project (6 percent) in the current study, compared to none in the previous study.
- No Single-Room Occupancy (SRO) projects received tax-credit allocations during this period.
- The average building height of San José projects declined from six stories in 2023 to five stories in 2025.

Figure 3. San José Applications Skew Toward Non-Targeted & Large Family

	San José Projects			Bay Area			Non-Bay Area		
Housing Type	Number of Projects	Number of Units	% of Total	Number of Projects	Number of Units	% of Total	Number of Projects	Number of Units	% of Total
Special Needs	5	49	1%	7	599	8%	31	2,830	23%
Large Family	12	1,197	36%	47	4,647	60%	35	4,421	35%
Non-Targeted	1	1,848	56%	10	2,067	27%	35	4,563	36%
Seniors	1	193	6%	5	487	6%	8	649	5%
SRO	0	0	0%	1	35	0%	1	60	0%
Total	**19**	**3,287**	**100%**	**70**	**7,835**	**100%**	**110**	**12,523**	**100%**

Regional Distribution and Comparative Context

To place the San José projects within a broader context, the study classifies projects into Bay Area and Non-Bay Area groups for comparison of housing-type distribution and relative production scale. As summarized in Figure 3 above, the Bay Area portion of the dataset includes 70 projects totaling 7,835 units, while the non-Bay Area regions account for 110 projects and 12,523 units.

Because the 2023 tax credit applications applied only to the Bay Area, these were excluded to ensure both the Bay Area and Non-Bay Area comparisons reflect the same 2024–2025 time period.

Across the Bay Area, Large Family housing dominates the pipeline, 47 projects (60 percent of units), with smaller but significant shares of Special Needs (8 percent) and non-targeted (27 percent) projects. Outside the Bay Area, Special Needs, Large Family, and Non-Targeted developments remain the most prevalent, comprising 23 percent, 35 percent, and 36 percent of total units, respectively.

This geographic breakdown reflects San José's current portfolio, which is heavily weighted toward Non-Targeted and Large Family projects. This aligns with the regional production pattern but remains distinct in its building scale and typology.

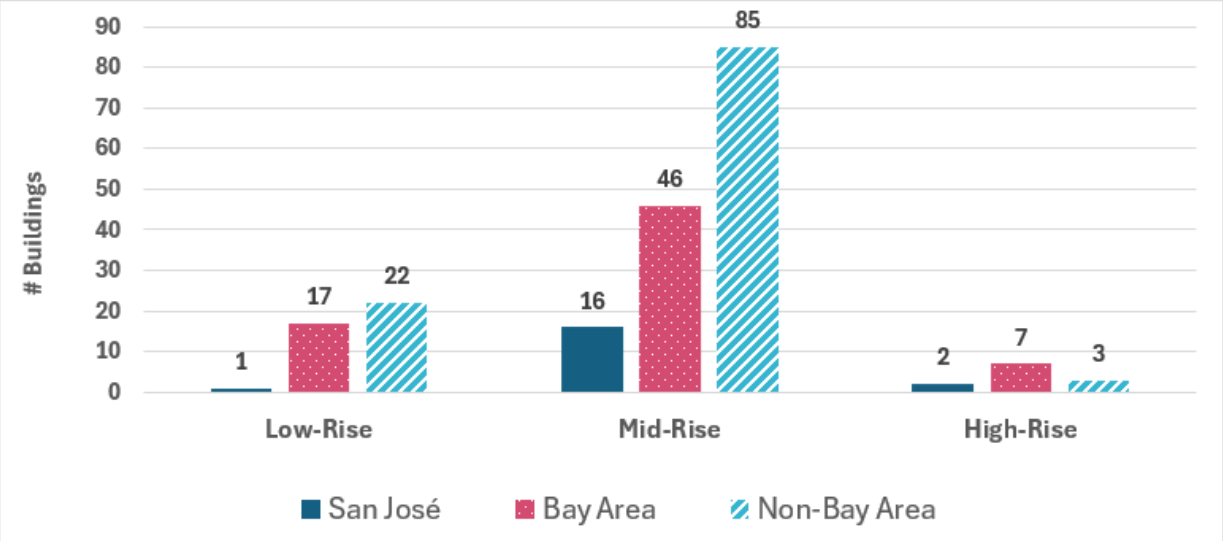
Comparative Framework and Analytical Approach

Given San José's distinct project profile, which is characterized by mid-rise, high-density developments with smaller unit sizes and complex financing structures, this analysis compares cost outcomes with similar projects across major California urban counties, including Santa Clara, Los Angeles, Alameda, and San Francisco. These jurisdictions were also evaluated in the 2023 Study to maintain consistency in methodology and benchmarking.

A total of 194 affordable housing projects received tax credit allocations during the study period statewide, excluding those within the City of San José. Of these, 43 projects were in the comparison jurisdictions, and 21 mid-rise developments defined as buildings between four and nine stories, were identified as typologically comparable to San José's portfolio. These "Other City Projects" form the benchmark group for evaluating differences in total development cost (TDC), unit size, and building program characteristics.

As illustrated in Figure 4 below, San José's affordable housing stock is overwhelmingly mid-rise in character, with 16 of 19 projects (approximately 84 percent) falling within the four-to-nine-story range. Only one San José project is classified as low-rise (three stories or fewer), and two projects qualify as high-rise (ten or more stories). This marks a notable shift from prior study periods most notably the 2023 Study, when the City's portfolio included a broader range of building heights, including more high-rise Type I construction.

Figure 4. Mid-Rise Buildings Dominate Across Regions, Especially Outside the Bay Area



The average building height for San José projects is approximately five stories, a modest reduction from the six-story average reported in 2023. These building types achieve economies of scale while avoiding the elevated costs associated with concrete or steel high-rise construction.

By comparison, Bay Area jurisdictions outside San José exhibit a more diverse range of building typologies: 17 low-rise, 46 mid-rise, and 7 high-rise projects. Non-Bay Area jurisdictions are more heavily weighted toward low- and mid-rise construction, with 22 low-rise, 85 mid-rise, and only 3 high-rise developments. This distribution highlights that while San José's project scale is consistent with other urban centers, its portfolio remains concentrated in the mid-rise category, with limited participation in low-rise suburban prototypes or very tall high-rise developments.

The uniformity of San José's project typology suggests a development pattern that balances cost containment with land-use efficiency. By emphasizing mid-rise forms, San José is achieving

densities sufficient to meet housing-production goals while mitigating the premium costs associated with high-rise construction. This shift also reflects both market realities and policy intent: developers continue to target building types that can compete effectively for tax-credit allocations while remaining feasible within current cost and financing constraints.

The dominance of mid-rise construction in San José's affordable housing portfolio has important cost implications. While mid-rise buildings are generally more economical than high-rise developments, they still incur significant per-unit costs due to structural complexity, parking integration, and podium construction requirements. These costs are further elevated by prevailing wage obligations and higher labor and material prices in the Bay Area, compared to non-Bay Area developments.

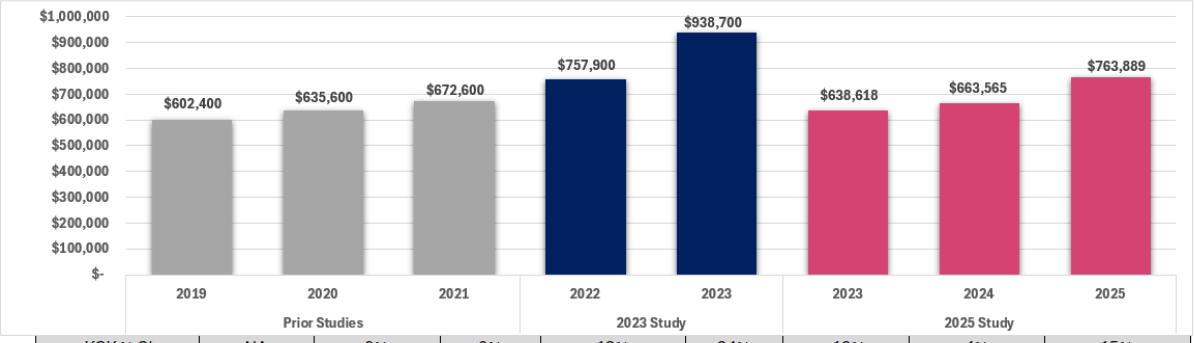
Conversely, the shift away from high-rise construction has tempered cost escalation by avoiding the additional expense of concrete framing, deep foundations, and high-rise building systems. As a result, San José's 2025 projects demonstrate improved cost alignment with other large urban markets, even as total development costs remain above statewide averages. The following section examines these trends in detail, comparing total development costs by housing type and region.

See Appendix I for further details on all of the projects evaluated during the 2025 development cost study.

Trends in Total Development Costs

Total development costs for San José affordable housing projects have continued to evolve since the last study period, reflecting both cyclical and structural forces shaping the housing development market. Following the rapid escalation in 2021–2022 driven by material shortages, supply-chain disruptions, and inflationary pressures, costs in 2023 and 2024 moderated but remained elevated relative to historical norms. While construction activity slowed slightly amid higher interest rates, rising financing and labor expenses prevented a full reversion to pre-pandemic levels. The 2025 dataset indicates that costs have begun trending upward again, suggesting a return to moderate escalation as market stabilization gives way to renewed demand and persistent inflation in key construction inputs.

Figure 5. Narrow Data Constrains Year Over Year Conclusions About Development Costs



YOY % Change	*NA*	*6%*	*6%*	*13%*	*24%*	*-16%*	*4%*	*15%*
# of Projects	*2*	*6*	*4*	*6*	*2*	*10*	*4*	*5*

As illustrated in Figure 5 above, total development costs for San José projects averaged approximately $763,889 per unit in 2025, representing a 15 percent increase over 2024 levels. This follows two years of relative stability, with modest year-over-year changes of 4 percent in 2024 and –16 percent in 2023 after the prior study's peak. While the 2023 Study found that projects applying for tax credits in San José that year averaged $938,700 per unit, that information was drawn from a small sample size of 2 projects and was not representative of a full year of data. The broader trend since 2019 indicates that per-unit costs have risen from a range of $602,000-$673,000 in 2019-2021 to $634,000 to $764,000 in 2023-2025.

The year-over-year cost fluctuations reflect a confluence of factors, including changes in building typology, project mix, and financing conditions. The sharp increase from 2021 to 2022 was primarily driven by projects incorporating larger family units and higher service components, while the 2023 decline corresponded with a greater share of smaller, mid-rise developments achieving cost efficiencies.

When evaluated on a per-square-foot basis, however, the escalation trend is more measured. Between 2023 and 2025, total development costs per square foot increased by an estimated 4 to 5 percent annually, consistent with long-term regional construction cost indices. This suggests that while project-level total costs have risen, much of the increase is attributable to changes in project composition, particularly the growing prevalence of larger family-oriented projects, rather than broad-based cost inflation.

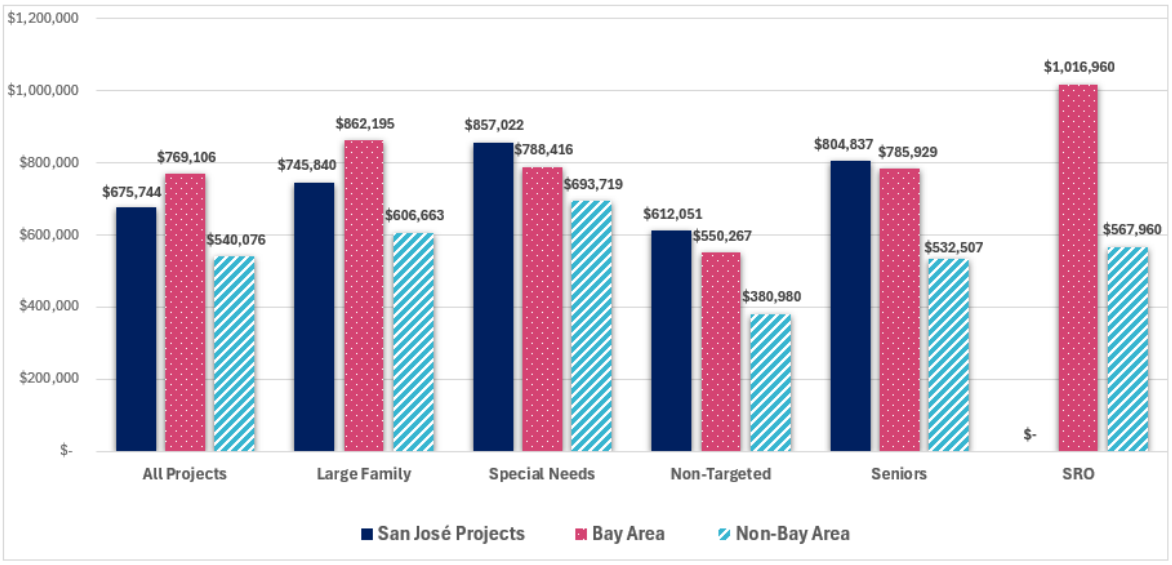
Affordable Housing Developments Costs by Housing Type

As illustrated in Figure 6 below, the 2025 analysis finds that total development costs for San José projects average approximately $675,744 per unit, which is consistent with Bay Area averages. The focus on mid-rise development in the City as well as continued use of streamlined funding and permitting processes have helped stabilize costs even amid elevated construction and financing conditions.

Among the San José project types, Special Needs housing exhibits the highest total development costs, averaging approximately $857,022 per unit, followed by Large Family projects at roughly $745,840 per unit. Senior housing averages $804,837 per unit, while non-targeted projects, which are typically general occupancy or mixed-population developments, average approximately $612,051 per unit. No single-room occupancy (SRO) projects were included in the San José dataset for this study period.

Figure 6. San José Development Costs Are Higher Than Other City Averages Across Most Housing Types

Housing Type	San José Projects	Bay Area	Non-Bay Area	San José Cost Difference vs. Other Regions
All Projects	$675,744	$770,214	$540,076	7%
Large Family	$745,840	$862,195	$606,663	1%
Special Needs	$857,022	$788,416	$693,719	21%
Non-Targeted	$612,051	$550,267	$380,980	41%
Seniors	$804,837	$785,929	$532,507	26%
SRO	$0	$1,016,960	$567,960	-100%



Development costs among San José projects are consistent with the Bay Area overall. Across the Bay Area, average total development costs reach $770,214 per unit, while projects in non–Bay Area regions average $540,076 per unit. The higher relative costs for San José's Special Needs and Senior projects reflect the complex design, service coordination, and programmatic space requirements typical of these developments. Both housing types frequently include case management offices, community facilities, and supportive service areas that expand gross

building area and reduce overall efficiency ratios. However, the narrowing gap between San José and its peer jurisdictions particularly for Large Family and Non-Targeted projects indicates measurable progress toward cost convergence and efficiency gains.

Unit Size and Development Efficiency

As shown in Figure 7 below, developer costs per net square foot are highly correlated with average unit sizes, with smaller average unit sizes associated with higher development costs per square foot. This trend is expected, as fixed components of a unit — kitchens, bathrooms, mechanical systems, and circulation — do not scale down proportionally when the overall square footage shrinks. In practice, this means that projects composed largely of studios and one-bedroom units carry higher per-square-foot costs even when total per-unit costs remain in line with regional norms.

Average unit sizes for San José projects are squarely in range with those of other Bay Area jurisdictions. The same holds true for total development costs per net square foot. San José's costs—at roughly $1,050 per net square foot—sit comfortably within the Bay Area cluster, which ranges from the high $900s to the low $1,400s depending on county. In other words, San José neither over-performs nor under-performs its peers: its unit sizes are similar, and its per-square-foot costs track the same regional pattern, with higher costs in counties with smaller average unit sizes and lower costs where units tend to be larger.

Figure 7. Cost per Net Square Foot and Average Unit Size

Housing Type	San Jose Projects Average Unit Size (NSF)	Bay Area	Non-Bay Area
All Projects	644	659	629
Large Family	795	792	834
Special Needs	658	564	506
Non-Targeted	556	441	519
Seniors	537	450	569
SRO	0	325	368

Figure 8. Average Unit Sizes by Housing Type Show Variation Across Regions

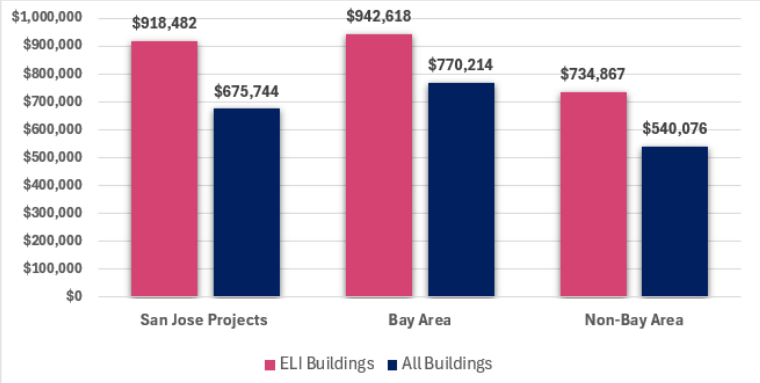
San José's average unit sizes are generally comparable to other jurisdictions, but in several housing types they are meaningfully larger. Special Needs and Non-Targeted units in particular are substantially larger for San José than those built elsewhere in the Bay Area — by 17 to 26 percent — reflecting the inclusion of service space, accessibility features, and program-driven design requirements. Senior units in San José are also larger than those in the Bay Area as a whole. Large Family units are roughly in line with regional norms. Taken together, the data shows that while San José's overall average unit size falls near regional averages, certain program types produce larger units, which contributes to higher total development costs.

Affordability Levels and Cost Implications

As illustrated in Figure 9 below, the depth of affordability remains one of the most significant cost drivers. Approximately 17 percent of all units in San José's affordable housing projects are located within Extremely Low-Income (ELI) buildings, where at least half of all units serve households earning 30 percent or less of AMI. These developments are consistently more expensive to build because they require additional service space, higher operating reserves, and deeper subsidy layering to support the much lower rents. In San José, ELI buildings average roughly $918,000 per unit — nearly 36 percent higher than the average cost across all affordable projects in the City. This same pattern appears statewide: ELI buildings in the Bay Area and non–Bay Area regions are substantially more expensive than mixed-income projects. This consistent statewide trend highlights that deeper affordability levels can be a significant factor in total development costs for affordable units.

Figure 9. San José's ELI Developments Exhibit the Highest Average Per-Unit Costs Among All Regions

	San Jose Projects	Bay Area	Non-Bay Area
ELI Projects	5	12	27
ELI Building Units	552	1,050	2,212
Total Projects	19	70	110
All Building Units	3,287	7,835	12,523



The Components of Development Costs

Developing affordable housing requires the coordination of multiple funding sources and the management of diverse cost elements. Total development costs (TDC) can be grouped into three principal components:

- Land or property acquisition costs,
- Direct or "hard" construction costs, and
- Indirect "soft" costs such as design, permitting, professional services, and impact fees.

Each component plays a distinct role in shaping the overall feasibility of affordable housing projects, and together they reflect the challenges of delivering high-quality, deeply affordable housing within the Bay Area's cost environment.

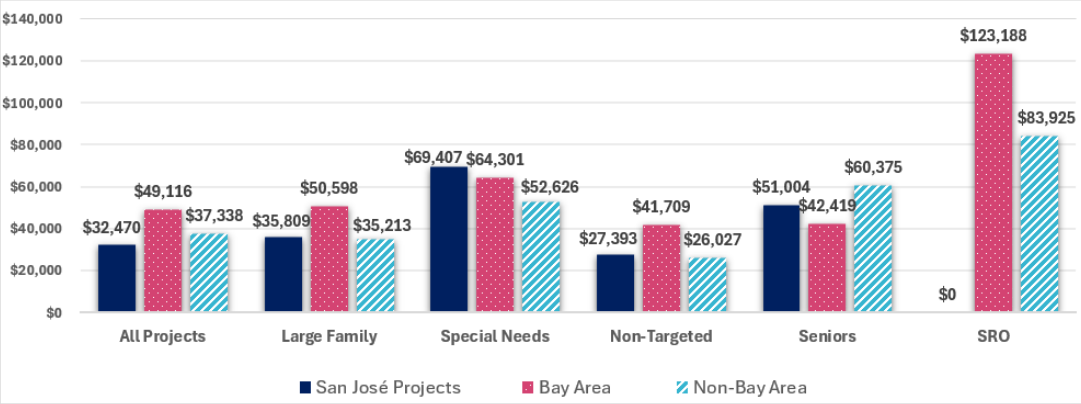
Site Acquisition Costs by Housing Type

Land acquisition continues to represent a relatively small but influential component of overall development costs. As illustrated in Figure 10, average site acquisition costs for San José projects total approximately $32,500 per unit, roughly 22 percent lower than the Bay Area average of $49,000 per unit and comparable to the non-Bay Area average of $37,300 per unit. The lower average reflects San José's successful use of publicly owned or contributed land and the City's ability to structure deals through ground leases or discounted site transfers that reduce or eliminate direct acquisition costs for many affordable housing developments.

When disaggregated by housing type, the differences become more pronounced. Large Family projects in San José average approximately $35,800 per unit, about 17 percent lower than comparable Bay Area and Non-Bay Area projects. Special Needs projects report significantly higher land costs, averaging $69,400 per unit, or roughly 27 percent higher than Bay Area peers, reflecting the scarcity of suitably zoned and service-proximate sites for supportive housing. Non-Targeted projects average $27,400 per unit, approximately 11 percent below regional counterparts, while Senior housing averages $51,000 per unit, in line with both Bay Area and non-Bay Area averages. No Single-Room Occupancy (SRO) projects were included in the San José dataset for this study period.

Figure 10. Average Acquisition Costs in San José Are Below Bay Area Averages and Comparable to Non-Bay Area Projects

Housing Type	San José Projects	Bay Area	Non-Bay Area	San José Cost Difference vs. Other Regions
All Projects	$32,470	$49,116	$37,338	-22%
Large Family	$35,809	$50,598	$35,213	-17%
Special Needs	$69,407	$64,301	$52,626	27%
Non-Targeted	$27,393	$41,709	$26,027	-11%
Seniors	$51,004	$42,419	$60,375	-3%
SRO	$0	$123,188	$83,925	-100%

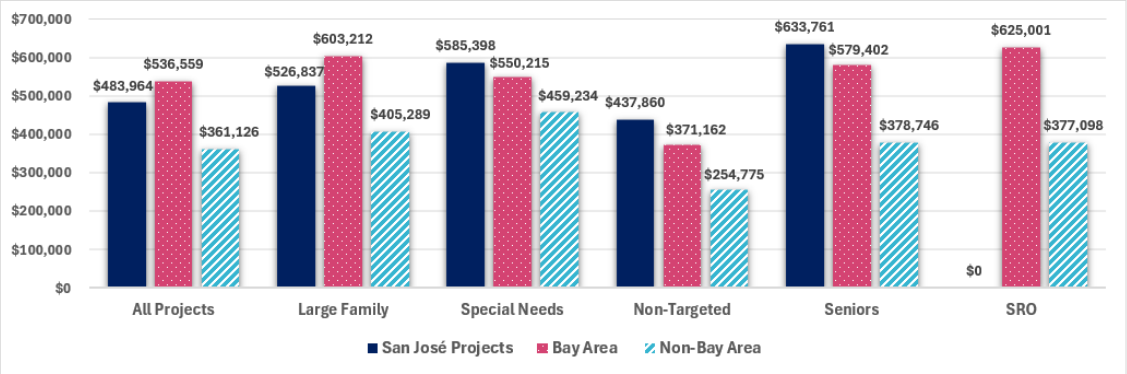


Direct Construction Costs by Housing Type

Direct or "hard" construction costs which encompass site preparation, structural framing, parking facilities, and building systems remain the single largest component of total development costs. As shown in Figure 11 below, these costs account for approximately 68 percent of total development costs for San José projects, consistent with both the 2023 Study and regional averages. For comparison, Other City projects report construction costs equal to 66 percent of total development costs, indicating minimal variation in proportional cost structure despite differences in location and project scale.

Figure 11. San José Projects Have Higher Hard Costs Per Unit Than Other Regions

Housing Type	San José Projects	Bay Area	Non-Bay Area	San José Cost Difference vs. Other Regions
All Projects	$483,964	$536,559	$361,126	13%
Large Family	$526,837	$603,212	$405,289	4%
Special Needs	$585,398	$550,215	$459,234	23%
Non-Targeted	$437,860	$371,162	$254,775	50%
Seniors	$633,761	$579,402	$378,746	36%
SRO	$0	$625,001	$377,098	-100%



Across housing types, San José's construction costs are generally higher than those of comparable projects in other urban jurisdictions, except for non-targeted developments, which tend to employ smaller footprints and less complex construction systems. Non-Targeted housing projects exhibit the most significant variance, with San José averaging roughly 50 percent higher construction costs than the Bay Area & Non-Bay Area. When normalized on a per-square-foot basis, however, this differential narrow to approximately 34 percent, suggesting that the higher per-unit costs stem primarily from larger unit sizes, integrated service areas, and enhanced building amenities rather than inflated base pricing.

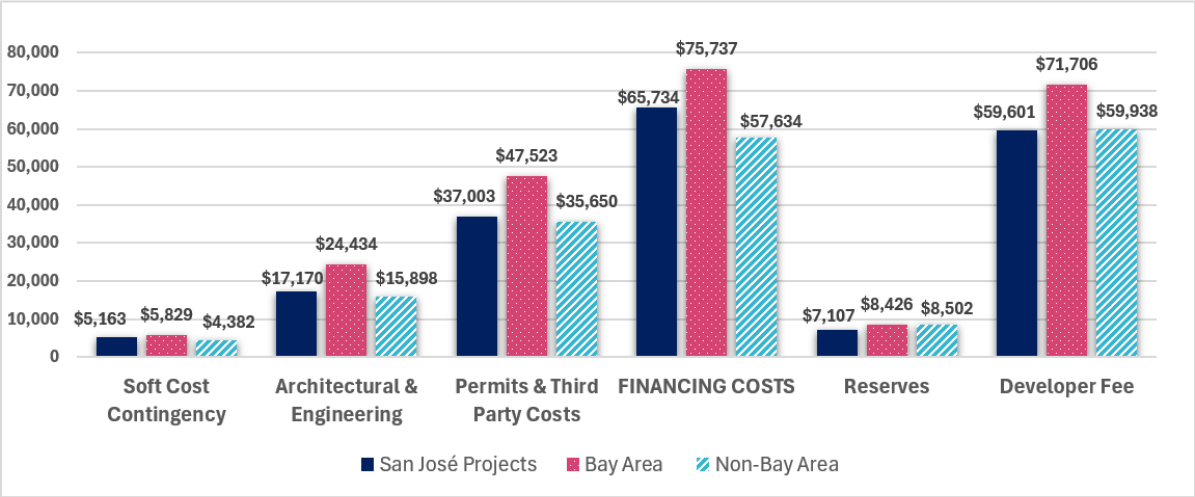
Although only a subset of CTCAC applications explicitly identify prevailing wage costs, qualitative feedback from developers and general contractors consistently highlights compliance with state and federal wage standards as a major cost driver. Furthermore, as construction activity across the Bay Area has rebounded in 2024–2025, competition for skilled labor has intensified, reinforcing upward pressure on bids even as material prices stabilize.

Indirect Soft Costs

Indirect or "soft" costs, which include design, professional services, permitting, financing, reserves, and developer fees, continue to represent a substantial share of total development expenses for affordable housing projects in San José. As illustrated in Figure 12, San José projects average approximately $192,000 in soft costs per unit, a level generally consistent with regional

norms and reflective of the City's complex regulatory environment and layered financing structure.

Figure 12. Average Soft Costs in San José Are Below Bay Area Averages and Comparable to Non-Bay Area Projects



Among individual categories, architectural and engineering fees average $17,200 per unit, lower than the Bay Area's $24,400 average but higher than the $15,900 seen in non–Bay Area regions—an indication of the efficiencies gained through standardized mid-rise design typologies in San José. Permitting and third-party consultant costs average $37,000 per unit, below the Bay Area average of $47,500 but slightly higher than the $35,700 observed in other California markets, suggesting that while San José's permitting reforms have improved timelines, entitlement and review costs remain a significant expense. Financing costs average $65,700 per unit, notably below the Bay Area's $75,700 average, due to improved coordination of local, state, and federal funding sources; however, persistently high interest rates continue to exert upward pressure on total borrowing costs.

Other soft-cost categories remain relatively stable. Soft cost contingencies average $5,200 per unit, while reserves total $5,800 per unit, both slightly below Bay Area averages. Developer fees, averaging $59,600 per unit, are nearly identical to non–Bay Area levels and below the Bay Area's $71,700. Collectively, these categories account for approximately 25 to 30 percent of total development costs, underscoring the continued impact of soft costs on overall project feasibility.

Impact Fees

Impact fees continue to play a significant role in shaping the overall cost profile of affordable housing development across California's major metropolitan areas. These fees, typically levied to fund public infrastructure such as parks, transportation, and schools, vary widely by

jurisdiction and can represent a considerable portion of total soft costs. As shown in Figure 13, San José projects report average impact fees of approximately $19,386 per unit, consistent with prior studies and below the Bay Area and statewide averages for comparable urban markets.

Figure 13. San José Impact Fees Are Below Most Peer Cities but Higher Than Los Angeles

For comparison, affordable projects in Los Angeles average only $7,716 per unit in reported impact fees, largely due to the city's larger project sizes, which distribute similar total fee burdens across more units. Based on submitted tax credit applications, San José and Los Angeles each collected roughly $63 million in total fees for projects awarded during the study period. However, Los Angeles delivered approximately twice as many total units, effectively halving its per-unit cost relative to San José. This highlights how project scale and density significantly influence the apparent fee burden when measured on a per-unit basis.

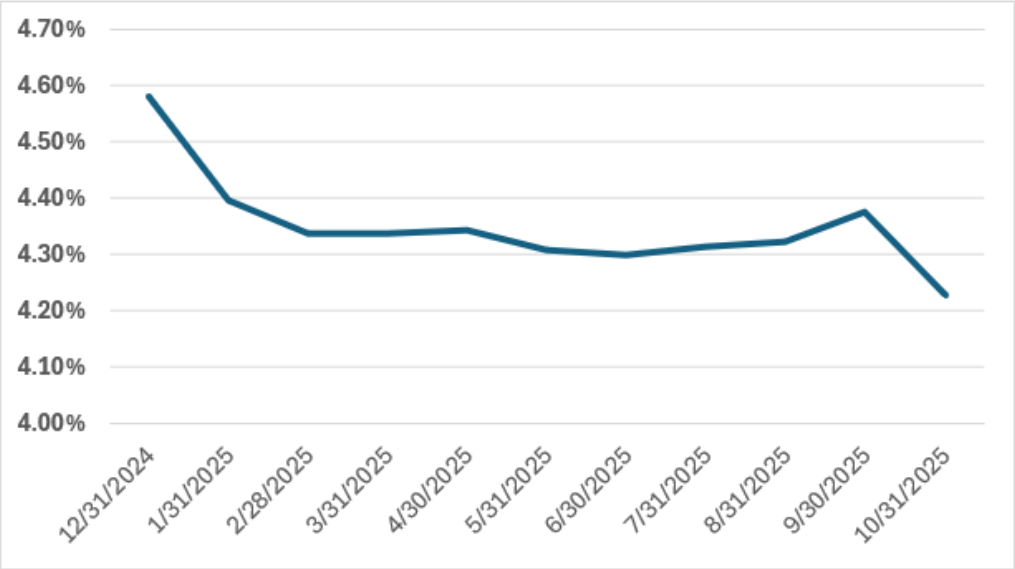
Across other jurisdictions, Santa Clara County (outside San José) averages $22,700 per unit, while Sacramento and San Diego report $24,006 and $19,331 per unit, respectively. The Bay Area average for all other cities stands at $23,941 per unit. These figures confirm that while San José's affordable housing fee levels remain relatively consistent on a per-unit basis, the City still contributes to the overall fee burden for affordable housing developments.

While San José's per-unit fee burden compares favorably to its peers, the City's total fee volume remains substantial. As construction and financing costs continue to rise, impact fee relief remains a key mechanism for maintaining affordability and development feasibility. Streamlined fee structures, predictable schedules, and additional credits for deeply affordable or service-enriched housing could further enhance project viability while preserving the City's ability to fund essential infrastructure improvements.

Financing Costs

Financing costs continue to represent a growing share of overall affordable housing development expenses, reflecting both higher interest rate environments and the increasingly complex capital stacks required to fund projects. These costs include capitalized construction interest, origination and bond issuance fees, tax credit syndication costs, and legal expenses associated with financing multiple funding sources.

Figure 14. SOFR Rates Held Steady for Much of 2025, Ending with a Modest Drop in October



As illustrated in Figure 14, the Secured Overnight Financing Rate (SOFR)—a key benchmark for construction and permanent loan pricing—has shown modest stabilization throughout 2025 following a period of volatility and sustained rate increases over the past two years. After reaching nearly 4.6 percent at the close of 2024, SOFR declined gradually to approximately 4.2 percent by October 2025, marking the first year of slight downward pressure on borrowing costs since the Federal Reserve began its rate hikes in March 2022. While this decline has eased some cost escalation pressures, borrowing remains substantially more expensive than in the pre-2022 period.

Figure 15. Comparison of Financing Costs per Unit: 2023 vs. 2025 Studies

	San José Projects	Other City Projects
2023 Study	$103,800	$65,400
2025 Study	$65,734	$64,958

Figure 15 compares financing costs per unit for San José Projects and Other City Projects in the 2023 and 2025 studies. As shown, San José's projected financing costs average $65,734 per unit, which is comparable to the average for Other City Projects of $64,958 per unit.

While the recent moderation in SOFR suggests gradual relief, total borrowing costs remain high relative to long-term norms. Construction loan interest rates for affordable housing projects typically remain in the 7.5 to 8.0 percent range due to elevated risk premiums and tighter credit standards among private lenders. The persistence of higher rates, combined with the extended timelines and layered capital structures characteristic of affordable housing finance, continues to drive financing costs upward as a proportion of total project budgets.

Financing costs now account for roughly 9 percent of total development costs for both San José and Other City Projects. The disparity between San José and peer jurisdictions primarily reflects differences in project size and complexity—San José developments frequently layer six or more funding sources, including tax credit equity, city subsidies, and project-based vouchers, each with unique compliance and closing requirements. This complexity, coupled with rising interest rates and prolonged construction timelines, underscores the central role financing costs play in shaping the total cost of affordable housing delivery across the region.

Tax Credit Pricing

Investor equity generated through the Low-Income Housing Tax Credit (LIHTC) program continues to serve as the primary source of capital for affordable housing development, but recent data indicate a modest decline in pricing for both federal and state tax credits. These shifts, though moderate, have direct implications for project feasibility and the overall amount of local subsidy required to close financing gaps.

Figure 16. Tax Credit Pricing Slightly Lower in 2025 Across All Regions

	San José Projects	Other City Projects
Federal Tax Credits		
2023 Study	$0.90	$0.89
2025 Study	$0.88	$0.87
State Tax Credits		
2023 Study	$0.86	$0.88
2025 Study	$0.83	$0.85

As shown in Figure 16, federal tax credit pricing for San José Projects averaged $0.88 per credit dollar in 2025, a slight decrease from $0.90 reported in the 2023 Study. Other City Projects reported a similar trend, averaging $0.87 in 2025 compared to $0.89 in 2023. While this decline of approximately two cents per credit may appear minor, it can represent hundreds of thousands

of dollars in reduced equity for a single project, particularly for larger developments exceeding 100 units.

State tax credit pricing has followed a similar trajectory. San José Projects averaged $0.83 per credit dollar in 2025, down from $0.86 in 2023. For comparison, Other City Projects averaged $0.85 in 2025, reflecting a slightly stronger investor appetite in other regions. The narrowing spread between jurisdictions suggests that local factors such as project pipeline stability, developer experience, and geographic CRA (Community Reinvestment Act) investment patterns continue to influence investor demand more than regional macroeconomic conditions alone.

Overall, both federal and state credit markets show signs of stabilization following the volatility of 2020–2022, when rapid shifts in investor sentiment and interest rates affected pricing. However, credit values remain below pre-pandemic levels, reducing the total equity available to projects. This underscores the continued importance of local and state subsidy participation, particularly gap financing tools, to sustain affordable housing production at current cost levels.

Share of Development Costs Funded by City Subsidies and Other Sources

Affordable housing development continues to require a complex layering of public and private funding sources to bridge the gap between total development costs and limited permanent debt capacity. Unlike market-rate developments—which typically depend on developer equity and conventional loans—affordable projects combine numerous funding sources, including Low-Income Housing Tax Credits (LIHTC), state and local subsidies, tax-exempt bond financing, and project-based rental assistance.

In 2025, San José projects relied on an average of six distinct funding sources per development, with some utilizing as many as eight. Each additional source adds administrative and transactional complexity, often leading to longer predevelopment timelines, extended financial closings, and increased soft costs such as legal and consultant fees. Market participants consistently note that the need to align multiple funding programs remains one of the largest contributors to cost escalation, particularly in high-cost markets like the Bay Area where construction costs can fluctuate rapidly.

Local Subsidy Participation and Scale

Local subsidy participation continues to play an essential role in making deeply affordable and special-needs projects feasible. As illustrated in Figure 17, City of San José contributions vary by housing type but remain a critical source of gap financing across all project categories.

Across all San José projects in the 2025 dataset, the average City subsidy is $28,605 per unit, representing a 31 percent higher per-unit contribution than the combined Bay Area and non–Bay Area averages. This support reflects the City's proactive role in leveraging limited local

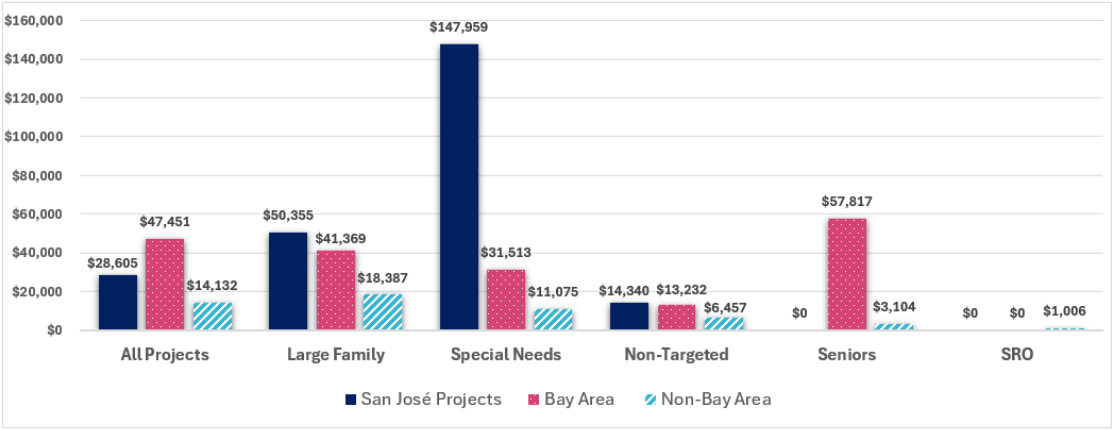
resources to sustain affordable housing delivery despite rising development costs and constrained federal funding.

Subsidy levels vary significantly by housing type. Special Needs projects received the highest per-unit City funding, averaging $147,959, or more than six times the average subsidy in other jurisdictions ($31,513 in the Bay Area and $11,075 in non–Bay Area regions). This reflects the higher operating and service requirements typical of supportive housing developments. Large Family projects averaged $50,355 per unit, exceeding both the Bay Area average of $41,369 and the non–Bay Area average of $18,387, while non-targeted projects averaged $14,340 per unit, slightly above peer averages.

In contrast, no City funds were allocated to Senior or SRO projects during the current study period for San José. This absence likely reflects both limited available local resources and the lack of new senior or SRO projects receiving allocations during the 2025 cycle.

Figure 17. San José's Special Needs Projects Receive Significantly Higher City Subsidies Than Other Regions

Housing Type	San José Projects	Bay Area	Non-Bay Area	San José Cost Difference vs. Other Regions
All Projects	$28,605	$47,451	$14,132	31%
Large Family	$50,355	$41,369	$18,387	67%
Special Needs	$147,959	$31,513	$11,075	648%
Non-Targeted	$14,340	$13,232	$6,457	-38%
Seniors	$0	$57,817	$3,104	-100%
SRO	$0	$0	$1,006	-100%



Composition of Project Funding Sources

Affordable housing in San José continues to rely on a complex mix of public and private funding sources to bridge the gap between high development costs and limited debt capacity. Unlike market-rate projects, typically financed with 70–80 percent private debt and 20–30 percent

equity, affordable projects require multiple funding layers, each with distinct regulatory and timing requirements that add administrative cost and delay.

As shown in Figure 18, tax credit equity remains the largest funding source, averaging $300,974 per unit across all San José projects, or roughly 44 percent of total development costs. Among housing types, Special Needs projects receive the most tax credit equity ($564,480 per unit), followed by Large Family projects ($351,719) and non-targeted projects ($269,577).

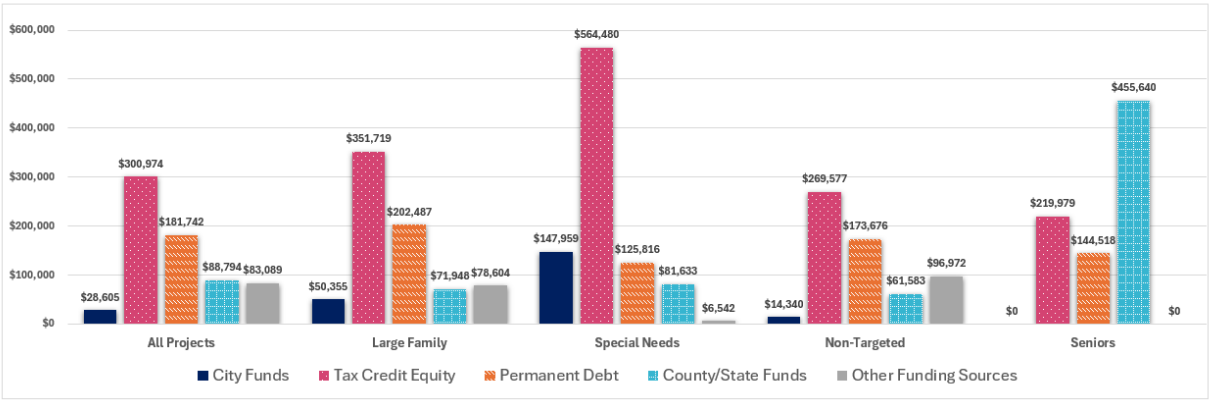
Permanent debt represents about 27 percent of total costs, averaging $181,742 per unit, with the highest levels in Large Family projects and the lowest in Special Needs projects due to lower rental revenues. County and State funds provide an average of $88,794 per unit (about 13 percent of costs), supporting deeper affordability levels and special needs housing.

City of San José subsidies average $28,605 per unit, accounting for roughly 4 percent of total project funding, with particularly high contributions to Special Needs ($147,959) and Large Family ($50,355) projects. Additional sources such as deferred developer fees and smaller grants, average $83,089 per unit.

The 2025 funding profile highlights San José's continued use of a balanced, multi-source capital structure. City participation remains a critical catalyst, leveraging external resources and ensuring the financial feasibility of deeply affordable projects despite elevated construction and financing costs.

Figure 18. In San José, Tax Credit Equity Dominates Total Funding Sources, with City and State Contributions Varying by Housing Type

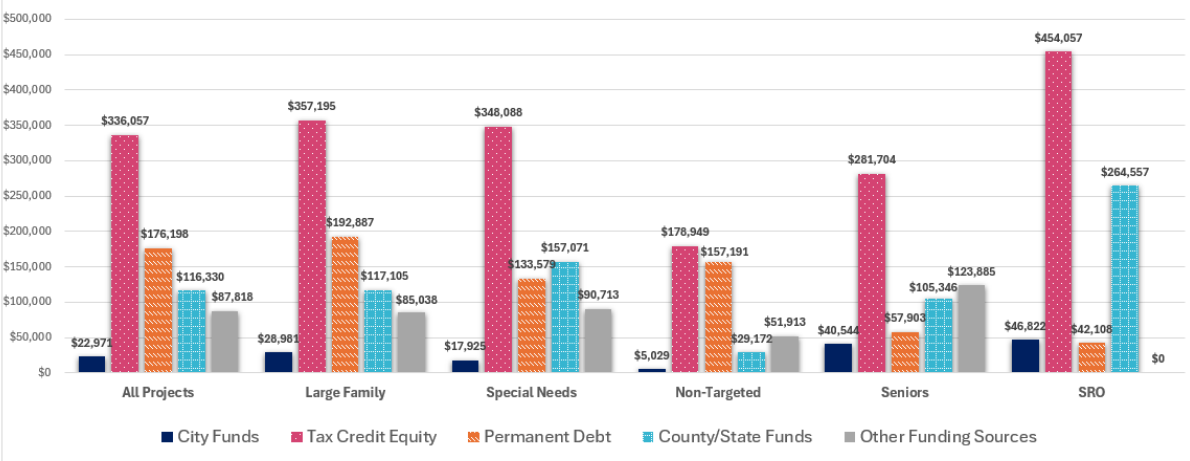
	City Funds	Tax Credit Equity	Permanent Debt	County/State Funds	Other Funding Sources
All Projects	$28,605	$300,974	$181,742	$88,794	$83,089
Large Family	$50,355	$351,719	$202,487	$71,948	$78,604
Special Needs	$147,959	$564,480	$125,816	$81,633	$6,542
Non-Targeted	$14,340	$269,577	$173,676	$61,583	$96,972
Seniors	$0	$219,979	$144,518	$455,640	$0
SRO	$0	$0	$0	$0	$0



The funding composition for Other City Projects closely parallels that of San José developments but reflects a slightly greater reliance on private and credit-based financing. As shown in Figure 19, public funded tax credit equity remains the dominant funding source, averaging $336,057 per unit in public subsidy, supplemented by permanent debt averaging $176,198 per unit, which represents a lower leverage ratio than observed in San José projects. County and State funds contribute approximately $116,330 per unit, providing critical gap financing but at lower levels than those supporting San José's deeper affordability projects. Local city funding averages $22,971 per unit, a modest share compared to San José's higher per-unit contributions, indicating a broader but less intensive municipal participation model. Other funding sources, such as deferred developer fees and smaller subsidy programs, account for an additional $87,818 per unit, aligning with San José's averages. Overall, while the structure of Other City Projects' capital stacks remains similar, these developments depend more heavily on tax credit equity and debt financing, whereas San José projects rely more on layered public subsidies to achieve deeper affordability targets.

Figure 19. Tax Credit Equity Dominates Funding in Other Cities, With Permanent Debt Second Overall

	City Funds	Tax Credit Equity	Permanent Debt	County/State Funds	Other Funding Sources
All Projects	$22,971	$336,057	$176,198	$116,330	$87,818
Large Family	$28,981	$357,195	$192,887	$117,105	$85,038
Special Needs	$17,925	$348,088	$133,579	$157,071	$90,713
Non-Targeted	$5,029	$178,949	$157,191	$29,172	$51,913
Seniors	$40,544	$281,704	$57,903	$105,346	$123,885
SRO	$46,822	$454,057	$42,108	$264,557	$0



Key Drivers of Affordable Housing Development Costs

The primary cost drivers identified in the 2023 Study remain highly relevant in 2025.

Prevailing Wage Requirements

Prevailing wage mandates, which are tied to the use of public funds, continue to be a significant contributor to higher development costs for affordable housing projects nationwide. Required under most federal, state, or local funding programs, prevailing wage rates typically increase total labor costs by 10 to 20 percent compared to non-prevailing wage projects. Developers and contractors also cite increased administrative costs related to payroll certification and compliance tracking. While the Low-Income Housing Tax Credit (LIHTC) program itself does not require prevailing wage, most affordable projects include at least one funding source that does—making this requirement effectively unavoidable for the majority of developments.

Building Efficiency and Program Requirements

Affordable housing projects generally have lower efficiency ratios than market-rate developments due to the inclusion of non-revenue spaces such as community rooms, offices for service providers, and shared amenity areas. Efficiency ratios for affordable projects typically range from 70 to 75 percent, compared with 75 to 80 percent for market-rate projects. This gap is especially pronounced in permanent supportive housing, where on-site case management and resident services necessitate larger common areas. These spaces are critical to tenant well-being but increase total development costs on a per-unit and per-square-foot basis.

Higher Density and Construction Typology

Most San José projects in 2025 continue to utilize mid-rise podium construction ranging from five to seven stories. While this approach maximizes land efficiency and aligns with the City's density goals, it introduces higher structural, design, and entitlement costs. Taller buildings require more complex systems and must meet stricter code and fire-safety standards. Extended permitting and multiple funding application rounds also contribute to longer predevelopment periods, increasing holding costs for developers who must continue servicing debt and paying property taxes while awaiting approvals or allocations.

Complexity and Coordination of Funding Sources

San José's affordable housing developments now rely on an average of six funding sources per project, with some utilizing as many as eight. Each source carries distinct underwriting, legal, and compliance requirements that elevate soft costs and extend closing timelines. In contrast, market-rate projects typically rely on just two private equity and conventional debt allowing for faster execution. Limited funding application rounds create additional constraints for affordable housing developments and any missed funding cycles can result in costly development delays.

Greater coordination among City, County, and State funding programs, including aligned calendars and shared application criteria, could reduce both cost and time burdens.

Design, Parking, and Environmental Standards

Local requirements for enhanced design, materials, and open space, while improving aesthetics and community integration, can also contribute to elevated costs.

Local Development Fees

Impact and development fees remain a meaningful cost factor. Based on submitted tax credit applications, San José projects report average impact fees of $19,400 per unit, despite partial reductions to the City's Park Impact In-Lieu Fee and exemption from the Affordable Housing Impact Fee. While affordable units receive a 50 percent credit toward park fees, aggregate impact fees when combined with utility and regional charges continue to weigh heavily on overall project feasibility. Additional targeted reductions or temporary fee waivers could further ease financial barriers for projects delivering deeper affordability.

Deeper Affordability and Unit Characteristics

Approximately 17 percent of all San José units are located in Extremely Low-Income (ELI) buildings, compared to 16 percent among other jurisdictions. ELI projects typically require additional service spaces, larger reserves, and capitalized operating subsidies to maintain long-term viability. Moreover, San José's Special Needs projects average 658 square feet per unit, which is larger than the 564-square-foot average in peer cities. The combination of deeper affordability targets, larger units, and integrated support services substantially increases both hard and soft costs.

Conclusion

The 2025 Affordable Housing Development Cost Study provides the clearest picture to date of San José's development cost landscape, supported by a significantly expanded dataset of 194 projects statewide, including 19 in the City. The broader sample allows for more reliable comparisons than the 2023 study and indicates that San José's affordable housing costs are now broadly aligned with those of other Bay Area jurisdictions.

Across the dataset, total development costs in San José fall within the same range as regional peers and are influenced by similar factors: mid-rise construction typologies, elevated Bay Area labor and material prices, and persistently high interest rates. On a per–square-foot basis, San José's costs track closely with counties such as Alameda, San Francisco, and Los Angeles. Unit sizes also fall within regional norms, though Special Needs and Non-Targeted units in San José

tend to be larger than those built elsewhere, contributing to higher per-unit totals for those specific housing types.

Across all projects, the composition of development costs remains consistent with statewide patterns: hard costs represent roughly two-thirds of total development costs, soft costs account for 25–30 percent, and land costs remain a relatively small share due to the prevalence of contributed or discounted sites. Impact fees, financing costs, and tax-credit pricing also closely mirror the trends observed in other major urban markets.

Taken together, the findings indicate that San José's development cost profile is shaped primarily by project type, building scale, and depth of affordability rather than deviations in construction pricing or soft-cost structures. The City's overall cost levels remain within the expected range for Bay Area mid-rise affordable housing development during the 2023–2025 period.

Appendix I. Projects Evaluated During the 2025 Study

Appendix A: San Jose Projects

Project Name	Developer	City	County	Housing Type	Stories	Total Units	Total GSF	Subsidized Units	Application Year
Alvarado Park	Santa Clara County Housing Authority	San Jose	Santa Clara	Seniors	5	90	98,527	89	2023
Stevens Creek Promenade	Pacific West Communities, Inc.	San Jose	Santa Clara	Large Family	6	173	166,610	171	2023
View at Julian	JEMCOR Development Partners, LLC	San Jose	Santa Clara	Non-Targeted	8	300	252,013	296	2023
Meridian Family Apartments	ROEM Development Corporation	San Jose	Santa Clara	Large Family	5	233	301,815	231	2023
Martha Gardens Apartments	Pacific West Communities, Inc.	San Jose	Santa Clara	Non-Targeted	6	166	145,848	164	2023
Monterey Road Apartments	Pacific West Communities, Inc.	San Jose	Santa Clara	Non-Targeted	5	240	132,880	237	2023
2880 Alum Rock Avenue Apartments	Pacific West Communities, Inc.	San Jose	Santa Clara	Non-Targeted	6	164	143,055	162	2023
Villa Del Sol	Pacific West Communities, Inc.	San Jose	Santa Clara	Non-Targeted	6	194	164,595	192	2023
Julian Street Studios	Corporation for Better Housing	San Jose	Santa Clara	Non-Targeted	7	305	143,895	301	2024
525 N Capitol	Community Development Partners	San Jose	Santa Clara	Non-Targeted	5	160	143,250	158	2024
Kooser Apartments	Affirmed Housing Group	San Jose	Santa Clara	Large Family	7	191	198,716	189	2024
Dry Creek Crossing	CRP Affordable Housing and Community Development LLC	San Jose	Santa Clara	Large Family	6	64	89,308	63	2023
Hawthorn Senior	Santa Clara County Housing Authority	San Jose	Santa Clara	Seniors	4	103	92,710	101	2024
A. Parkmoor Community Apartments	Allied Housing, Inc.	San Jose	Santa Clara	Large Family	5	81	97,245	79	2023
Santa Teresa Multifamily	Santa Teresa, L.P.	San Jose	Santa Clara	Special Needs	3	49	36,997	48	2025
Berryessa Family Apartments	Green Valley Corporation	San Jose	Santa Clara	Large Family	6	260	283,803	257	2025
Lupina	Resources for Community Development	San Jose	Santa Clara	Non-Targeted	6	99	86,162	98	2025
Gateway Tower	Core Affordable Housing, LLC	San Jose	Santa Clara	Non-Targeted	15	220	256,679	218	2025
Berryessa TOD	Affirmed Housing Group, Inc.	San Jose	Santa Clara	Large Family	10	195	211,819	193	2025

Appendix A: Other City Projects

Project Name	Developer	City	County	Housing Type	Stories	Total Units	Total GSF	Subsidized Units	Application Year
Monterey Family Apartments	ROEM Development Corporation	Gilroy	Santa Clara	Large Family	3	94	86,568	93	2024
Distel Circle	EAH Inc.	Los Altos	Santa Clara	Large Family	5	90	115,870	88	2024
Montecito Multifamily	Charities Housing Development Corporation of Santa	Mountain View	Santa Clara	Large Family	5	85	94,202	84	2023
Mitchell Park Place	Eden Housing, Inc.	Palo Alto	Santa Clara	Special Needs	4	50	37,093	49	2023
80 Saratoga Avenue Apartments	Pacific West Communities, Inc.	Santa Clara	Santa Clara	Large Family	6	200	234,638	198	2023
1178 Sonora Court	MidPen Housing Corporation	Sunnyvale	Santa Clara	Large Family	7	176	219,430	174	2023
Pacific Avenue Senior Homes	Satellite Affordable Housing Associates	Livermore	Alameda	Seniors	4	79	66,854	78	2024
Regional Street Apartments	Eden Housing, Inc.	Dublin	Alameda	Seniors	5	113	84,669	112	2024
BUSD Workforce Housing	Satellite Affordable Housing Associates	Berkeley	Alameda	Large Family	6	110	123,767	97	2024
Legacy Court	Eden Housing Inc. & Community Housing Development	Richmond	Contra Costa	Large Family	2	43	45,390	42	2024
Civic Crossing (699 Ygnacio Valley Roa	Resources for Community Development	Walnut Creek	Contra Costa	Large Family	5	93	77,310	92	2024
Walnut Apartments	Pacific West Communities, Inc.	Danville	Contra Costa	Large Family	3	44	39,469	43	2024
3300 Mission Street	Dreamkeeper Venture LLC	San Francisco	San Francisco	SRO	6	35	21,558	34	2024
Golden Gate Avenue Phase 1 LIHTC	MidPen Housing Corporation	San Francisco	San Francisco	Large Family	8	55	61,793	54	2024
Sutter Street	Martin McNerney Development, Inc.	San Francisco	San Francisco	Non-Targeted	14	102	91,005	101	2024
Casa Adelante 1515 South Van Ness	Chinatown Community Development Center	San Francisco	San Francisco	Large Family	9	168	191,719	167	2024
850 Turk Street	MidPen Housing Corporation	San Francisco	San Francisco	Large Family	8	92	98,719	91	2024
Balboa Reservoir - Building E	BRIDGE Housing Corporation	San Francisco	San Francisco	Large Family	7	128	135,349	127	2024
Sunnydale HOPE SF Block 9	Related Irvine Development Company	San Francisco	San Francisco	Large Family	5	95	112,224	94	2024
Sunnydale HOPE SF Block 7	Mercy Housing California	San Francisco	San Francisco	Large Family	5	89	137,177	88	2024
300 De Haro	MRK Partners Inc.	San Francisco	San Francisco	Non-Targeted	11	425	195,921	421	2024
160 Freelon	Related Irvine Development Company	San Francisco	San Francisco	Large Family	9	85	66,735	84	2024
Oak Gardens	MidPen Housing Corporation	Menlo Park	San Mateo	Special Needs	3	62	52,226	60	2024
Cherry Street Commons	Eden Housing, Inc.	San Carlos	San Mateo	Large Family	5	33	40,617	32	2024
Hill Street	Linc Housing Corporation	Belmont	San Mateo	Large Family	5	37	55,863	36	2024
Midway Village Phase 2	MidPen Housing Corporation	Daly City	San Mateo	Large Family	4	113	185,781	111	2024
Vera Avenue Apartments	Corporation for Better Housing	Redwood City	San Mateo	Non-Targeted	7	178	104,950	176	2024
View at San Bruno	JEMCOR Development Partners, LLC	San Bruno	San Mateo	Large Family	10	341	426,017	337	2024
Broadway Meadows	Pacific West Communities, Inc.	Millbrae	San Mateo	Large Family	7	97	90,720	96	2024
North Fair Oaks Apartments	Affirmed Housing Group, Inc.	Redwood City	San Mateo	Special Needs	6	86	77,523	85	2024
831 Water Street	Novin Development Corp.	Santa Cruz	Santa Cruz	Special Needs	6	140	115,648	135	2024
Downtown Library Mixed Use Project	For the Future Housing, Inc.	Santa Cruz	Santa Cruz	Large Family	8	124	127,038	123	2024
Westside Village	CRP Affordable Housing & Community Development LLC	Santa Cruz	Santa Cruz	Large Family	3	38	38,990	37	2024
4575 Scotts Valley Apartments	CRP Affordable Housing & Community Development LLC	Scotts Valley	Santa Cruz	Large Family	3	100	103,959	99	2024
Summer Oaks	MidPen Housing Corporation	Sonoma	Sonoma	Large Family	3	72	66,788	71	2024
Casa Roseland	MidPen Housing Corporation	Santa Rosa	Sonoma	Large Family	5	75	89,256	74	2024
Windsor Park	Linc Housing Corporation	Windsor	Sonoma	Large Family	3	33	37,950	32	2024
Dry Creek Commons	Burbank Housing Development Corporation	Healdsburg	Sonoma	Large Family	4	58	61,470	57	2024
Saggio Hills Phase I	Freebird Development Company, LLC / Jamboree Housi	Healdsburg	Sonoma	Large Family	3	48	59,882	47	2024
Meridian at Corona Station	Danco Communities	Petaluma	Sonoma	Large Family	4	131	124,525	130	2024
Rovina Lane Apartments	Pacific West Communities, Inc.	Petaluma	Sonoma	Large Family	3	32	39,926	31	2024

Appendix A: Other City Projects

Project Name	Developer	City	County	Housing Type	Stories	Total Units	Total GSF	Subsidized Units	Application Year
Almond Gardens Apartments	Harbor Park, LLC	Suisun City	Solano	Non-Targeted	3	97	78,131	96	2024
Beech Hill Apartments	Pacific Housing, Inc.	Orangevale	Sacramento	Large Family	4	29	35,845	28	2024
Central Sacramento Studios II	Dano Communities	Sacramento	Sacramento	Special Needs	5	52	38,185	51	2024
Terracina at Wildhawk	USA Multi-Family Development, Inc.	Sacramento	Sacramento	Large Family	6	145	117,665	144	2024
The Pardes 2	CRP Affordable Housing and Community Development L	Elk Grove	Sacramento	Large Family	4	140	188,560	139	2024
69th Street Apartments	CRP Affordable Housing and Community Development L	Sacramento	Sacramento	Large Family	6	130	128,628	129	2024
Monarch	Mutual Housing California	Sacramento	Sacramento	Non-Targeted	5	241	193,785	239	2024
Sakura	Mutual Housing California	Sacramento	Sacramento	Non-Targeted	5	134	89,822	133	2024
Harrington Grove Apartments	West Development Ventures, LLC	Folsom	Sacramento	Large Family	3	52	45,028	51	2024
The Rigby	Abbey Road Inc.	Los Angeles	Los Angeles	Special Needs	4	64	83,170	62	2024
HHH New Hampshire	BRIDGE Housing Corporation	Los Angeles	Los Angeles	Special Needs	6	95	36,735	93	2024
Alma	Wakeland Housing and Development Corporation	Los Angeles	Los Angeles	Special Needs	4	47	35,807	46	2024
Willowbrook 3	Linc Housing Corporation	Compton	Los Angeles	Special Needs	3	51	49,156	50	2024
18722 Sherman Way	LA Family Housing Corporation	Los Angeles	Los Angeles	Special Needs	4	64	39,027	63	2024
Jordan Downs Phase S5	The Michaels Development Company	Los Angeles	Los Angeles	Large Family	4	58	83,647	57	2024
300 Alamitos	Mercy Housing 112, LP	Long Beach	Los Angeles	Seniors	5	82	61,963	81	2024
The Garvey	Coalition for Responsible Community Development	Compton	Los Angeles	Special Needs	2	75	61,269	74	2024
Grace Villas	Women Organizing Resources, Knowledge and Services	Los Angeles	Los Angeles	Special Needs	6	48	81,422	47	2024
Harmony Senior Apartments	Domus Development, LLC	Los Angeles	Los Angeles	Seniors	4	84	59,652	83	2024
The 101	Jamboree Housing Corporation	Long Beach	Los Angeles	Special Needs	5	52	57,030	51	2024
Prisma Artist Lofts	National Community Renaissance of California	City of Pomona	Los Angeles	Large Family	4	75	97,007	74	2024
20th Street Apartments	Venice Community Housing Corporation	Santa Monica	Los Angeles	Special Needs	7	78	82,622	76	2024
121 Mathews	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	40	22,571	39	2024
6018 Brynhurst	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	50	31,898	49	2024
Peak Plaza Apartments	Hollywood Community Housing Corporation	Los Angeles	Los Angeles	Large Family	7	104	92,437	102	2024
Bana at Palmdale	Milare Housing Investments, Inc	Palmdale	Los Angeles	Non-Targeted	5	48	79,751	47	2024
Rosa's Place	Daylight Community Development	Los Angeles	Los Angeles	Special Needs	7	98	90,137	97	2024
Holt & Main	Meta Development LLC	Pomona	Los Angeles	Large Family	6	160	219,551	158	2024
Jubilo Village	Community Corporation of Santa Monica	Culver City	Los Angeles	Large Family	6	95	135,392	93	2024
The Walk Residences	Primestor Development, Inc.	Norwalk	Los Angeles	Non-Targeted	6	56	63,460	55	2024
Maison's Village - Phase II	Ravello Holdings, Inc.	Palmdale	Los Angeles	Non-Targeted	0	191	182,138	189	2024
Residency at Sky Village Hollywood - Pl	ABS Properties Inc.	Los Angeles	Los Angeles	Special Needs	7	237	191,972	235	2024
Residency at Sky Village Hollywood - Pl	#N/A	Los Angeles	Los Angeles	Special Needs	18	245	191,972	242	2024
910 Wetherly Drive	West Hollywood Community Housing Corporation	West Hollywood	Los Angeles	Non-Targeted	7	87	78,425	86	2024
Toyon Gardens	Brilliant Corners	Unincorporated	Los Angeles	Special Needs	6	78	62,900	77	2024
Rose Hill Courts Phase II	Related Irvine Development Company of California	Los Angeles	Los Angeles	Large Family	3	96	93,229	95	2024
4345 Matilija	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	5	75	44,542	74	2024
3981 Meier	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	75	46,508	74	2024
3412 Victoria	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	58	33,096	57	2024
5625 Case	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	70	41,778	69	2024
5749 Brynhurst	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	53	40,624	52	2024
8911 Ramsgate	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	4	77	46,502	76	2024
U.S.VETS-WLAVA Building 300	U.S.VETS Housing Corporation	Los Angeles	Los Angeles	Special Needs	2	44	40,134	43	2024
Maison's Sierra - Phase 2	Ravello Holdings, Inc.	Lancaster	Los Angeles	Non-Targeted	0	171	132,233	169	2024
Alveare Parkview	Related Irvine Development Company, LLC	Los Angeles	Los Angeles	Large Family	8	105	129,811	104	2024
1250 West Jeff	Community Builders Group	Los Angeles	Los Angeles	Large Family	7	122	107,414	121	2024
Oaks on Balboa	Las Palmas Housing and Development Corporation	Los Angeles	Los Angeles	Special Needs	2	117	76,483	116	2024
Twin Park Landing	Pacific West Communities, Inc.	Los Angeles	Los Angeles	Non-Targeted	6	275	190,726	272	2024
Veteran Commons	Abode Communities	Downey	Los Angeles	Non-Targeted	3	100	97,421	99	2024
Victory Blvd	Linc Housing Corporation	Los Angeles	Los Angeles	Large Family	5	194	230,645	192	2024
Century + Restorative Care Village Phas	Century Affordable Development, Inc.	Los Angeles	Los Angeles	Special Needs	6	146	152,708	145	2024
Weingart Tower 1B	Weingart Center Association	Los Angeles	Los Angeles	Special Needs	11	104	53,511	103	2024
Locke Lofts	Pacific West Communities, Inc.	Los Angeles	Los Angeles	Special Needs	6	148	68,937	146	2024
Casa de la Luz	Hollywood Community Housing Corporation	Los Angeles	Los Angeles	Non-Targeted	5	95	106,455	93	2024
Cudahy Seniors	National Community Renaissance of California	Cudahy	Los Angeles	Special Needs	5	140	165,707	138	2024
Terrasini	Chelsea Investment Corporation	San Diego	San Diego	Seniors	5	95	64,655	94	2024
Alvarado Senior Village	San Diego Community Housing Corporation	Fallbrook	San Diego	Seniors	3	54	43,475	53	2024
Fox Point Farms	Chelsea Investment Corporation	Encinitas	San Diego	Large Family	0	40	49,020	39	2024
Rose Creek Village	National Community Renaissance of California	San Diego	San Diego	SRO	5	60	36,396	59	2024
Quince Street Seniors	San Diego Interfaith Housing Foundation	Escondido	San Diego	Seniors	4	145	187,450	142	2024
Chula Vista Seniors	San Diego Interfaith Housing Foundation	Chula Vista	San Diego	Seniors	3	58	37,780	57	2024
El Camino Real Affordable Apartments	Mirka Investments, LLC	Oceanside	San Diego	Large Family	4	111	104,940	110	2024
St. Luke's Affordable	Rise Urban Partners LLC	San Diego	San Diego	Non-Targeted	8	78	51,715	77	2024
Kindred	BRIDGE Housing Corporation	San Diego	San Diego	Special Needs	8	126	144,179	125	2024
La Costa Family Apartments	Mirka Investments, LLC	Carlsbad	San Diego	Large Family	3	19	18,274	19	2024
North City Affordable	Carmel Enterprise, LLC	San Marcos	San Diego	Large Family	4	224	322,015	222	2024
The Trails at Carmel Mountain Ranch	Chelsea Investment Corporation	San Diego	San Diego	Large Family	5	125	176,399	124	2024
Monarch Hillside Affordable Apartment	Monarch Group & Klein Financial Corp	San Diego	San Diego	Non-Targeted	5	51	46,747	50	2024
The Grant at Mission Trails	CRP Affordable Housing & Community Development LLC	San Diego	San Diego	Large Family	7	48	53,952	47	2024
Wakeland Riverwalk	Wakeland Housing and Development Corporation	San Diego	San Diego	Large Family	5	190	215,305	188	2024
712 Seagaze	Elsey Holdings LLC	Oceanside	San Diego	Non-Targeted	8	179	155,387	177	2024

Appendix A: Other City Projects

Project Name	Developer	City	County	Housing Type	Stories	Total Units	Total GSF	Subsidized Units	Application Year
Alvarado Creek Apartments	Pacific West Communities, Inc.	San Diego	San Diego	Large Family	6	227	230,285	225	2024
Avanzando San Ysidro (Site 1: Cypress)	Hitzke Development Corporation	San Diego	San Diego	Large Family	3	103	133,913	101	2024
St. Paul Terrace	St. Paul Terrace, LP	Berkeley	Alameda	Large Family	7	50	63,389	49	2025
Foothill Family Apartments	Oakland Housing Initiatives, Inc.	Oakland	Alameda	Large Family	3	65	67,312	64	2025
34th & San Pablo Family Housing	East Bay Asian Local Development Corporation	Oakland	Alameda	Special Needs	6	60	55,690	59	2025
Lazuli Landing	MidPen Housing Corporation	Union City	Alameda	Large Family	4	81	125,805	80	2025
1523 Harrison Street	oWOW LLC	Oakland	Alameda	Non-Targeted	11	279	179,500	275	2025
The Eliza	Mercy Housing California	Oakland	Alameda	Seniors	8	97	47,724	96	2025
TBV Villas at Renaissance	Sandidge Urban Group, Inc.	Richmond	Contra Costa	Large Family	5	105	136,000	104	2025
El Cerrito Plaza - Parcel A South	Related Irvine Development Company, LLC	El Cerrito	Contra Costa	Large Family	6	70	72,991	69	2025
967 Mission	967 Mission, LP	San Francisco	San Francisco	Seniors	9	95	47,424	94	2025
Balboa Reservoir - Building A	BRIDGE Housing Corporation	San Francisco	San Francisco	Large Family	6	159	192,080	158	2025
2970 16th Street	Mission Housing Development Corporation	San Francisco	San Francisco	Special Needs	9	136	70,839	136	2025
960 Howard Street	oWOW LLC	San Francisco	San Francisco	Non-Targeted	15	202	123,050	200	2025
Cypress Point	MidPen Housing Corporation	Moss Beach	San Mateo	Large Family	3	71	20,717	70	2025
Sheridan Apartments	Alliant Communities	Menlo Park	San Mateo	Large Family	3	88	87,724	87	2025
The Magnolias	Eden Housing, Inc.	Morgan Hill	Santa Clara	Special Needs	5	66	75,150	65	2025
El Camino Real Multifamily	Charities Housing Development Corporation	Palo Alto	Santa Clara	Large Family	5	130	243,585	128	2025
Mountain View Lot 12	Related Irvine Development Company, LLC	Mountain View	Santa Clara	Large Family	5	120	161,833	119	2025
Beverly Gardens	CRP Affordable Housing and Community Development L	Scotts Valley	Santa Cruz	Large Family	3	25	49,742	24	2025
525 Water Street	Zen Development LLC	Santa Cruz	Santa Cruz	Large Family	5	90	88,109	89	2025
41st & Soquel Apartments	Pacific West Communities, Inc.	Soquel	Santa Cruz	Large Family	6	256	290,820	253	2025
136 River Apartments	136 River Partners, LLC	Santa Cruz	Santa Cruz	Large Family	6	50	54,157	49	2025
Pinnacle Pass Apartments	CRP Affordable Housing and Community Development L	Scotts Valley	Santa Cruz	Large Family	3	40	44,635	39	2025
Banana Belt Apartments	CRP Affordable Housing & Community Development LLC	Santa Cruz	Santa Cruz	Large Family	6	83	102,845	82	2025
Donner Field Senior Apartments	Eden Housing, Inc.	Sacramento	Sacramento	Seniors	3	67	44,529	66	2025
Coral Blossom Apartments	Excelerate Housing Group LLC	Elk Grove	Sacramento	Special Needs	3	81	80,179	80	2025
La Trinidad Apartments	Domus Development, LLC	Los Angeles	Los Angeles	Special Needs	5	66	54,809	65	2025
Armory Arts Collective	Linc Housing Corporation	Long Beach	Los Angeles	Seniors	5	64	62,770	63	2025
Safe Harbor II	Holos Inc.	Wilmington	Los Angeles	Special Needs	4	40	32,423	39	2025
10953 Whipple	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	5	91	53,685	90	2025
5403 Inglewood	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	5	46	25,592	45	2025
9030-9038 Reading	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	5	77	43,553	76	2025
11218-11222 Califa	HVN Development, LLC	Los Angeles	Los Angeles	Non-Targeted	5	76	46,098	75	2025
537 Kenmore	537 N Kenmore LP	Los Angeles	Los Angeles	Non-Targeted	5	65	36,408	64	2025
VA Building 408	TSA Housing, Inc.	Los Angeles	Los Angeles	Special Needs	4	101	86,776	100	2025
U.S.VETS-WLAVA Building 256	U.S.VETS Housing Corporation	Los Angeles	Los Angeles	Special Needs	3	41	36,808	40	2025
West LA VA- Building 409	Century Affordable Development, Inc. (CADI)	Los Angeles	Los Angeles	Special Needs	4	117	85,221	115	2025
Palmdale Family Housing	Affirmed Housing Group, Inc.	Palmdale	Los Angeles	Large Family	3	264	291,361	260	2025
Community Hub at Inglewood First UM(	BMB Housing LLC	Inglewood	Los Angeles	Non-Targeted	3	60	28,501	59	2025
Linden Apartments	AMCAL Multi-Housing, Inc.	Long Beach	Los Angeles	Large Family	4	100	115,175	99	2025
6033 De Soto	Meta Development, LLC	Los Angeles	Los Angeles	Non-Targeted	7	207	244,694	205	2025
Zenith on 25th	Lincoln Avenue Capital LLC	Palmdale	Los Angeles	Large Family	3	272	306,137	269	2025
Crenshaw Court	Arden Development, Inc.	Los Angeles	Los Angeles	Large Family	7	70	51,489	69	2025
638 S Berendo	638 Berendo Partners, LLC	Los Angeles	Los Angeles	Non-Targeted	8	163	91,295	161	2025
Creekside Commons	CRP Affordable Housing ad Community Development LL	Santa Clarita	Los Angeles	Large Family	4	128	129,788	127	2025
Sky Castle	Arden Development, Inc.	Los Angeles	Los Angeles	Non-Targeted	2	241	148,208	239	2025
Prisma	Affirmed Housing Group, Inc.	Los Angeles	Los Angeles	Special Needs	6	98	47,467	96	2025
La Estancia	AMCAL Multi-Housing Inc.	Los Angeles	Los Angeles	Non-Targeted	6	190	122,383	188	2025
21010 Vanowen	Meta Development, LLC	Los Angeles	Los Angeles	Non-Targeted	6	395	349,900	391	2025
Francis Avenue Apartments	MRK Partners, Inc.	Los Angeles	Los Angeles	Non-Targeted	8	232	133,303	230	2025
Sherman Apartments	Meta Development, LLC	Los Angeles	Los Angeles	Non-Targeted	8	244	197,860	242	2025
Warner Center II	Meta Development, LLC	Los Angeles	Los Angeles	Large Family	8	128	167,047	127	2025
Serra Mesa Apartments	Community HousingWorks	San Diego	San Diego	Special Needs	5	60	34,924	59	2025
Coast Villas	National Community Renaissance of California	Oceanside	San Diego	Special Needs	4	56	41,499	55	2025
Navajo Family Apartments	Community HousingWorks	San Diego	San Diego	Large Family	4	45	42,641	44	2025
Aero Drive Affordable Apartments	Mirka Investments, LLC	San Diego	San Diego	Large Family	6	190	202,869	188	2025
Brookview Senior Villas	National Community Renaissance of California	Fallbrook	San Diego	Special Needs	3	61	47,724	60	2025
SDSU Mission Valley	Chelsea Investment Corporation	San Diego	San Diego	Large Family	5	126	119,001	125	2025
Mirka Tower 1	Mirka Investments, LLC	San Diego	San Diego	Large Family	21	318	313,098	315	2025
Mira Mesa	Chelsea Investment Corporation	San Diego	San Diego	Large Family	7	90	139,039	89	2025
Hillcrest Hall	CRP Affordable Housing and Community Development L	San Diego	San Diego	Large Family	8	98	75,358	97	2025
Market Two	MRK Partners, Inc.	San Diego	San Diego	Non-Targeted	6	272	132,844	269	2025