COUNCIL AGENDA: 12/8/2025
FILE: 25-1340
ITEM: Study Session

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Councilmember Campos

SUBJECT: **SEE BELOW**

DATE: December 5, 2025

Approved

Date: 12/5/2025

SUBJECT: The Cost of Residential Development in San José

RECOMMENDATION

Direct the City Manager to return to the City Council in early 2026 with an amended scope of work for the Cost of Residential Development Study that includes:

1. A feasibility analysis based on an expanded list of housing typologies including single-stairwell multifamily buildings and other small multifamily buildings.
2. An analysis of the impact of off-site improvements on the cost and supply of housing, based on past improvements conditioned on various housing development projects.
3. An analysis of the financial impact of various Reach Codes adopted or under consideration for adoption by the City.
4. A sensitivity analysis testing different parking ratios and configurations.
5. A sensitivity analysis testing the impact of development review timelines, with specific quantification of holding costs over the course of the project.

BACKGROUND

The Cost of Residential Development Study provides an important but limited feasibility analysis of hypothetical residential building typologies. The study acknowledges that construction costs and per unit market values can vary significantly based on site-specific conditions and regulations. However, understanding the impact of these regulations and of site improvements, including, but not limited to, off-site improvements required for infrastructure, will be critical to informing future policy decisions.

Only one parking ratio per typology is tested in the study, even though parking is recognized as a major cost driver. Ministerial approval can reduce development review timelines by months, reducing costs significantly. Sensitivity analyses can reveal how policy decisions related to development standards and development review can affect financial feasibility. Additionally, emerging typologies, like single stairway and other small multifamily buildings, should be included in future studies.