

# Downtown High-Rise Residential Program Stakeholders Meeting – Developers June 3, 2024

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## Fee Discussion Transcript

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### SUMMARY KEYWORDS

city, downtown, fees, project, parks, high-rise, affordable housing, program, cost, council, development, housing, building permit, building, reduction, pass, recommendations, dovetailing, phase, units

00:01

Let's just get going. I want to be respectful of everybody's time, I think six minutes is an acceptable amount of time. So, so let's get let's get going. We will just do quick introductions of the city team and then pass it to our stakeholders. That gives folks a couple more minutes to get on. So good afternoon, then we've got a brief presentation for you all, and then looking to take your comments, questions, feedback on what staff's recommendation is regarding the high-rise program. So good afternoon, everybody I'm Blage Zelalich. I am the deputy director in the Office of Economic Development and Cultural Affairs. And I will, we'll just go popcorn style, pass it to my colleague, Joe.

00:56

Yeah. Hi, everybody. Joe Sordi. I am the Development Facilitation Officer in the Office of Economic Development and Cultural Affairs. I'll pass Jared

01:08

Hi Jared Ferguson, with Planning, Building and Code Enforcement,

01:12

and I'll pass to Raymond.

01:16

Raymond Constantino.

01:17

I'm the deputy director over Capital Projects within Parks, Recreation and Neighborhood Services with the city and I will pass it on to my team member Leo.

01:25

Thanks Raymond. Hey everyone. Leo Tapiai, Planner Three with Parks, Recreation and Neighborhood services. And I'll pass it over to let's see, Jess.

01:33

Good afternoon. Everyone Jess Zank Deputy Director in the Department of Transportation. Nice to see everybody and I will pass it to Darius.

01:45

Good afternoon, everybody. Darius Brown Housing Department Senior Development Officer. I'll kick it over to Pedro.

01:53

Hi, everyone. Peter Leal with housing Ordinance and Fees. I'll pass it over to Hunter.

02:03

Hey, everybody, I'm Hunter Leal development manager for West Bank. I'll pass it over to Josh.

02:11

Hi everybody, Josh burrows with Urban Catalysts.

02:20

Josh, you can kick it to Vince.

02:24

I think there's two Vince's on the call. Oh.

02:26

Oh, Vince Cantori.

02:30

Hello. I'm Vince Cantori Vice President of Development for the Core Companies. Thanks for reaching out and hosting this meeting. I'll pass it to Vince Rocha.

02:40

Hey everyone, Vince Rocha Mayor's office. Good to see you all.

02:46

Vince, you want to kick it to your colleague, Michael?

02:48

Oh, yeah. Michael.

02:51

Thanks, guys. Michael Lomio. Economic development. Mayor Mayor's office. Thanks. And

02:57

last but not least, Mr. Leblanc.

03:01

Hi everybody, Nate Leblanc, San Jose Downtown Association, mostly just listening.

03:05

The guy with more records than any of us Clearly. Clearly. Okay. Thanks, everybody for being here. I think that's everybody this afternoon right now. All right. So we've got a brief presentation for you on a tad bit of history around how we've gotten to today, which is we want to present to you some staff recommendations around the downtown high-rise incentive program that staff is looking to bring to Council on June 11. So a week from tomorrow to get your your feedback and comments. And I think some of you are most of you are probably familiar with this with this conversation, but we'll kick it off. Joe Sordi my colleague will do a couple of slides on some background and then I will take you to the current recommendations and we'll go from there. Okay, so I will share my screen. Hold on, just to get it to the right screen. Okay, and I will got this. Can everybody see my screen? Yeah, yeah. Okay, great. All right. So Joe, why don't you take it away?

04:28

Okay, can you kick it down at Yeah, there we go. Yeah, thanks, plug a so just a quick recap. For those of you that don't recall the details of the High-Rise program most of you probably do. But the current program that's in effect relates to high-rises in downtown only. The limits are 10 storeys minimum 150 foot height, minimum. And right now if you're able to get your building permits by the end of June 2025 and and substantially complete the project by June 30 of 2029, you have a zero IHO fee, and a 50% reduction in your construction taxes with the other 50% deferred until payment of substantial occupancy. So that's kind of pretty simple where the existing program lies today. Wanted to get into kind of where we were headed the last time we spoke to you guys. But first, a little bit of background. As you probably recall this work was prompted by the cost of development study that was done in October of 2023. That was a pretty expansive report done by Century Urban. We also did a pretty like a long day long study session with the City Council in which we presented information along with Century urban and a really, really informed and educated panel on the topic. Regarding feasibility on both market rate housing, and also on affordable housing. We looked at a variety of different housing types, specifically, the basic types, low rise, mid rise and high-rise I think types one, three, and five, if I recall the types correctly, throughout all the different geographies in the city. Basically, this the conclusion was that all of those models show that there was a substantial gap in the feasibility of producing housing either for sale or for rental housing anywhere in the city, and under any of those types of construction. So with respect to low rise, mid rise, high-rise, the north, south east, and central portions of the city, whether it was rent or for sale, and nothing penciled at all, after you take into account the combination of land costs, soft costs and hard costs. And then we got some pretty good feedback from the city council that day. We didn't get specific direction, but we got kind of a lot of different ideas and things to take a look at over the coming months. And so yeah, just to kind of recap what we kind of

where we were. Last time we spoke to you, we were looking at possible downtown high rise incentive under some some revised program parameters, we were thinking of pushing the program out to a three to five year extension. And we were talking about possibly reducing height and looking at extending the program to seven storeys or 75 to 85 feet, doing deeper cuts to construction taxes doing cuts to the parks fees. In addition, we already had a reduced parks fee in downtown of 14,600. We already do now. And we talked about the possibility of reducing that further. Reducing commercial requirements at ground floor was another idea. Also considering changes to other process process oriented things like the local transportation analysis, etc. And then, we were also it was suggested by a couple of council members and there were some dialogue about doing a larger city wide program with similar types of things. Of course outside of downtown typologies are different. We were talking about five storeys and 55 dwelling units to the acre being the target, possibly doing IHO reductions that were that are associated with the fee, but also possibly modifying inclusionary requirements as well. And again, reducing construction taxes, further reducing Park fees citywide, possibility of reduced or modified minimum commercial space requirements. And then other process items similar to downtown like the LTA and other things. So, so that's kind of where we were, there's been a few months have gone by since then. And we've kind of pivoted a little bit, we've had a lot of different feedback and Blage is going to kind of take over from here and talk about that process and kind of where we are today.

08:41

Yeah, thanks, Joe. So since probably early November, there's been an interdepartmental team that consists of the departments that you are, that you see here today. PRNS, DOT, OED, and PBCE. And we have Housing, of course, our friends in housing. And this has been a very, very difficult as you can imagine, internal conversation, because really what we have been doing was trying to, you know, get to a place where we could formulate recommendations that balance the multiple city objectives, right. So this idea that, that, you know, yes, we absolutely want more housing overall in the city, and we need more housing overall in the city. More specifically, we want downtown high-rise housing. But at the same time, we also want to make sure that we have sufficient resources for parks and open spaces and traffic infrastructure improvements, and affordable housing, not just market rate housing. And we need to oftentimes use the funding that comes in from developer and from impact fees to match that against other public and private sector. To grant opportunities, and so it's been a very, very difficult discussion. But at this point, we've got agreement and buy in, you know, from the administration at that the highest levels of the administration with the recommendations that we're, we're bringing forward. And they really are a balance of the significant concerns that we were waiting, which is, you know, the four or five that you see here listed on this slide, the loss of funding for park development and improvements or deferred infrastructure and maintenance. The idea that, you know, the reduction in construction taxes will affect the ability to implement capital projects, and staffing. The reduction in funds also oftentimes provides a very necessary match to other public and private sector grants that are colleagues specifically in DOD go after. And then also, you know, continuing to waive the affordable housing, or the HMO in lieu fee, obviously, affects the amount of funding that we have to produce affordable housing. So we did contemplate even deeper reductions and what is being proposed today. But after assessing, you know, the ultimate impacts to funding and services and staffing, we've arrived at what we're going to present to you today. And we feel like this is a good balance between reducing costs, hopefully enough to help spur rice production in the downtown while still maintaining support for transportation, affordable housing and parks related commitments that the city has. So our recommendations are twofold. One is to extend the downtown high-rise program with some

modifications, which include additional reductions in certain costs. And the second recommendation is really to confirm that the council wants us to continue to move forward and have staff continue to spend time on analyzing options. And potential impacts around a temporary citywide residential impact fee slash tax reduction program. And in the second bullet here on the slide, these would be the kind of the buckets of items that we'd be looking at, as we, you know, continued, let's say, over the next few months, should we get that direction to analyze the impacts of a city-wide program and what that might look like. With respect to downtown, we have some specific recommendations. There are currently 14 projects in the downtown growth area that are entitled, and that amounts to a 4000 just over 4000 units, currently entitled 4078. To be exact, we will be proposing a two phased program to really incent construction getting going. There's an additional reduction of construction taxes over what the current program is, there is a reduction in the parks fee obligation, or that we're proposing. And the idea would be we come back to council in August. So basically a year from now, with an evaluation of how the program is going, what the uptake has been or hasn't been, and what the macro-economic factors might look like a year from now versus, you know, what they look like right now, which is, which is pretty grim still with respect to production. So this chart, hopefully everybody can see it. Hopefully, it's not too small on your screen. But this is the current program on the left-hand side versus the proposed program. So we are not proposing any changes to the height of the building that would qualify be 150 feet minimum of 10. storeys, and that's 150 feet above any sort of ground floor commercial. It would be in the downtown growth area, we would still be proposing a waiver of the inclusionary housing in lieu fee. So for both phases, there's no IHO fee. And phase one, folks would have 100% reduction in the two major construction taxes. So the BNS the building and structures crap tax and the crimp. In phase two, there would be a 50% reduction in the BNS and the crimp for a project. The largest kind of change in the program would be a reduction in parks fees. And so the Phase One would be a 50% reduction in the park field. allegation that a development would have. So that means you'd be starting at the \$707,300 per unit obligation. And you'd still have the opportunity to achieve up to 50% of private rent credit, depending on what your amenities you're building on site. So that would mean if you were able to achieve up to 50%, your cash obligation would be 3650 per unit, and the rest would be credit given for amenities built on site. In phase two, the reduction is a 30% reduction to your initial fee. So that means your initial obligation is \$10,220 per unit. And again, there would be private rent credits, that could be negotiated based on what your other amenities that you're building on site, up to 50% of that. As far as this program horizon goes, the first phase phase one would be 1000 units, the first 1000 units in to pull their building permit by December of 2025, December 31 2025. And first introspection passed within 12 months of that building, permit issuance. Phase two would be the next potentially 3078 units, we want to give an opportunity for, for everybody to come in that's currently entitled. So we'd be issued, basically building permit issued within 12 months following the end of phase one. And their first inspection passed within 12 months of building pulling that building permit. So the the timeframe for Phase two would presumably be January 20/26, through December 2026, so that the year of 2026. As far as timing of taxes and park fees, those would be at certificate of occupancy, or five years from the date that the building permit is issued, whichever is sooner, wanting to give time for wanted to be able to delay the timing of taxes and park fees as much as possible. But at the same time, maintain it at a threshold in which the state city still has some ability to monitor. You know what's happening with the project. So I'm going to stop there. My my last slide is really just kind of what's what's coming up next. And bottom line is what's coming up next is the memo was posted. I sent out the link to everybody that was on this distribution list on on Saturday morning memo posted on Friday. It is scheduled for next Tuesday's city council meeting. It's item 8.1. There'll be an update given to or directors report to the

Parks Commission on Wednesday. And there we're holding the stakeholder meetings, we had a meeting with the advocates Transportation Housing and parks advocates. Last week, had a meeting with leadership that the South Bay Labor Council and the carpenters Union last week as well, and are bringing the recommendations to you all today for your for your feedback and any questions you might have.

18:39

So with that, I will stop and I will just I'll leave up this matrix. So you can you can take a look at it. And we're all here to answer any questions or take any feedback that you have.

18:53

Well, I guess this is Vince with core on the timing of payment for the taxes, that certificate of occupancy. I guess my question is, you know, when we're underwriting deals, whether they're market rate or affordable, you know, we're basically going to need to dial in what we estimate, you know, the total building permit, you know, issuance fee would be. And so I think my question is simply, you know, if if taxes are deferred until certificate of occupancy, I think the development community would need certainty that those fees weren't going to change between permit issuance and CFO just so we could, you know, have, you know, correctly represent to our lenders and financial partners, what we think the oil and permit costs would be, so I don't know if staff has kind of thought through that or if you could respond to that comment.

19:40

Yeah, and, and so I'll just take a first stab, I mean, you would be locked into your face. Once you once you, you know, you're in for your building permit. So if a project comes in or looking to pull the building permit, there's 540 units in your project. You're locked into phase one, and as long as you have pulled that But before December 31 2025, we're locked in at the Phase One rates. Okay. So so that's how that's how we'll be doing. Doing that. That's, that's kind of the the guarantee, or the fact that your, you know, fees and taxes will not change, you lock in at building permit issuance. Okay, does that answer your question events? It

20:23

does. Thank you.

20:24

Okay. Other questions or comments?

20:39

Oh, Josh, I know you must have a comment, or maybe not a question. How about a comment? You're good for a comment? Usually?

20:47

No, I just thought it was like, very straightforward, and what well laid out. I think that that's really good. I'm just appreciative of all the departments coming together. When I think of, like, talk tracks about about this, you know, we're, as downtown folks, you know, on the park side, you know, we're looking at, you know, how do we get more humans downtown to actually utilize our existing parks. So they can be

active and activated on the on a daily basis. You know, so that we're not having to maintain parks for like five people, but we can actually have like, 1000s of people use them. Another talk track about, you know, this program, you know, whether Where are you wherever you are in this on the spectrum, if you think, you know, Google build and downtown over the next decade, ultimately, this program is an anti-displacement policy. So that dovetails into affordable housing and protecting our existing housing stock by delivering market rate housing, to keep those tech workers out of the 1970s 80s 90s product out there. So I definitely consider this the market rate high-rises, which are super high density. And, you know, in a very small area, we're talking 12, by 12, blocks out of a very large city. So you get a lot of bang for your buck there. As far as the anti-displacement policy. And then just adding in that, you know, the city by getting stuff out of the ground, you are getting the incremental tax revenue increase from property taxes. So like when we tear down a single storey building and replace it with a high-rise, you know, the city gets its share into the general fund of those, and it's in perpetuity, it increases every year, that's guaranteed income, and the city, you know, Council can vote to use those funds. However they like whether it's for infrastructure improvements downtown, or siphoning off funds to go into affordable housing matching grants, things like that. So that's what I when I think about this, I'm thinking you're, it's an investment into increased revenue for the city in the long run. I was thinking about like, measure, you know, the measure II type things like, I built the grad back in 2017. It's on the market right now. And that had incentives. In it a pretty large chunk of high-rises incentives. And when that building sells, there'll be a big chunk of money that will be going into affordable housing in the in the region from that sale, which wouldn't have occurred if it wasn't built, right. And then the last thing was, I think you mentioned reporting back to council in a year. And I wonder if I don't know where the dashboards live, if it's been within, like, oh, a DS website page, or if there's a main page, but dovetailing that like immediately into, it seems like it'd be a pretty simple dashboard to track you got the number of units, different phases, and you can see it, anybody, you know, all citizens of the city can see it on a daily basis to see how we're doing in reaching these goals. And you can sort of have monthly snapshots, you know, and how we're doing so you have a full year data by the time you do your report again a year from now. So

24:45

cool, thank Thanks, Josh. Thanks for that. Yeah. The our colleagues in the housing department are going to take the lead in kind of tracking and keeping track of But the number of units that are in the program, and but it will be a collective effort, obviously, the our colleagues in PVC II kind of are gonna first, you know, have first inclination where people are getting close to pulling building permits and are going to be working on that. And we in OED will be bringing forward each I should have mentioned, each project will still have the requirement of a project completion agreement. So, Josh, you probably remember that, when we did that for the grad, but there are, there's, you know, some requirements of projects that are going to receive a city subsidy, certainly reporting out on that city subsidies is one thing that we need to do. And we take each individual project to council, so that there can be a public hearing around that, around that subsidy. And so that will continue forward with this program as it has in the previous iterations of the downtown high-rise program.

26:05

Another thing I would add is a thank you for that. Anytime that there's a timing hurdle that requires city divisions to actually process something like building permit. And this could be just like a marketing thing. Whether it's doable or not, I think it's still a good marketing thing is like, expedited. You can pay

like the additional fee to have expedited processing a building permit. And I know ebbs and flows on availability, and sometimes that program is not always available. But it might be something to be considered that there might be like a special StrikeForce team that, you know, helps, you know, push through the permits, you know, especially as we're coming up against these artificial deadlines and stuff might be helpful in providing certainty for folks.

27:10

Got it? Thank you for that.

27:17

My last talk track was I think it's 4070 units. Right? Yeah, that's

27:22

what's currently entitled.

27:24

I can't remember if it's like a HUD metric or California Rena bowl metrics, but I'm pretty sure the standard is there's 2.5 Humans per household. So, you know, 4000 units is roughly 10,000 people. Obviously, we wish it was like 25,000, as far as like a shot in the arm for activation, downtown and supporting the small businesses and all of our theaters and nonprofits and museums. But it's just a good metric, you know, to a standard to use ever, it's really like how do we get more humans in a small 10 by 10 block area to help support you know, businesses, which are kind of strained right now. And who are surviving off of frankly, you know, Thursday, Friday, Saturday night time, only patrons until such point as we get everyone to drive in from the suburbs all the time. And, you know, this is this is like an insurance policy on protecting the nightlife and daytime life of downtown.

28:43

Cool, thanks, Josh. For those comments. Hunter or events, kind of anything else that comes to mind for you guys?

28:53

Yeah, I'm just a clarifying question. ballgame. So you might have mentioned this, I think I might have missed it. When is this anticipated to go to council?

29:01

June 11. So okay, yeah. So not this coming Tuesday? No, tomorrow, Tuesday. But, but next Tuesday is when it is currently scheduled. Okay.

29:14

And my follow up question is? I'm sure it's probably a difficult question to answer, but is Do you think there's momentum to extend these policy updates to city wide so that they're not just for downtown?

29:27

Well, the the question that we're going to be posing to the council is whether they want staff to continue to look at continue to do the work to look at something that's potentially citywide. And I I think it's pretty



safe to say that we would go if they do say that and they say yes, staff go ahead and, you know, explore options that we would be kind of going back to the drawing board on all of this stuff. And we wouldn't just be saying, Oh, we're going to take the downtown program and, you know, catapulted forward, throughout the city, just because when you get out there city wide and, you know, you take a look at the, you take a look at where development occurs. And you know how, let's say, for instance, with Parks fees, you know, Parks fees are distributed, based on where the development occurs, I think we have much more, even more difficult questions and situations to grapple with. When we when we talk about city wide, it's a much larger universe. And the, obviously, the return is much higher, but the stakes are much higher as well.

30:44

Yeah, no, I guess my comment is, I can appreciate the complexity that brings into the policy discussion, but I think just from the standpoint of, you know, doing whatever the city can do encourage development activity as city wide policy would be preferred. But, you know, under understanding the complexities that it poses for the various departments that are, you know, taking part in the discussion.

31:06

Yeah, yeah, absolutely. And our, I think our proposed timeline for kind of a city wide discussion would be to do some outreach and some stakeholder meetings between August and October slash November, and try to come back to council before the end of the calendar year with some analysis. And, you know, some ideas around a potential city wide program, if that's the, if that's the those are the marching orders that we get.

31:42

Well, I was just gonna say, from my perspective, let us know how we can help support your efforts. But yeah, there's step in the right direction and appreciate, you know, one, the collaboration that we had the court companies have had with the city to date and will continue to have moving forward. So regardless of whether this policy is approved or not.

32:02

Great, thank you, Vince. Hunter, any thoughts? You want to you want to share?

32:08

Yeah, no, just echoing Vince and Josh, and the message of appreciation to you guys. And I think this is pretty clear. Unfortunately, I don't have any specific questions or concerns. I think he gets a really good job of crafting this. It's clear, and it addresses a lot of the things that we've brought up to date. So obviously, more units, so it'd be better. But I think this is this is well thought out. And it's a it's a good shot in the arm for for downtown.

32:41

Okay, well, thank you, Edwin

32:45

staff be willing to share this presentation. Because if possible, I'd like to just share it with, you know, folks internally that I work with. Yeah, absolutely.

32:55

Absolutely. And I also see that Dennis joined us, Dennis Randall. So I don't know how much of the presentation you caught, Dennis, but thanks for joining us.

33:08

I'm sure it's a little bit Lena Parker's call that.

33:12

Okay. No worries. But I could Yeah, hopefully you can see the screen. That's that's basically the on the right hand side is the proposed program and kind of the staff recommendation that's in the memo for the June 11 council meeting. So if you if you have any kind of comments or thoughts on what's being presented happy to take that feedback?

33:40

Yeah, well, the park fee delay is a nice thing, because we'll be paying that with hopefully, refinance proceeds, as opposed to upfront equity. So that does help financing in overall cost. Drag reduces that quite a bit. So that's, that's a positive.

34:04

That's good. We like positives. We're all about being positive.

34:11

Be positive, there's a storm of negativity out there beyond what the city can do. So

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don't you know partially you guys is you guys events? Josh, Dennis and? And hunter. I mean, the question that we get a lot is, you know, because the city fees and taxes and charges are not a significant, you know, cost on the overall project, right? We are the things that city controls are small are the smaller line items, they're greater macro economic factors out there that are, you know, have much more influence. And so, you know, does this really help a project to get going, does this really make a difference? Does this really move the needle? Because this is a significant? Give up? Quite honestly, you know, on our side of things for the city, even though this is, you know, kind of small peanuts for the entire project, it's, it's pretty big on our side. So I wonder if you guys could just

35:18

respond for everyone here? Because I think every second the same thing all at once. Yes. And the reason why is the fees that are paid to cities up front, are paid with are paid for with the most expensive capital in the development. That's the at risk, general partner capital, that has the highest return requirements. Now, by delaying the timing of fees, we end up, we can end up paying those with loan dollars, or refinanced dollars down the road, then yes, the impact of these fees become negligible and in line with all the other costs we deal with. But the upfront costs or fees, no matter what they are, comes out is the most expensive capital in the entire project and has an effect of two or three or four times that of the rest of the capital stack. So you have a negative leverage impact with city fees. And

that's why we pay so much attention to it. If it wasn't that big of a deal. We wouldn't be burning the time on this. It is a very important issue.

36:40

Absolutely, right. I mean, I can tell I was just gonna say that, you know, speaking the West Bank directly, we have our bow Town project, that's just, you know, we're getting ready to start, I can absolutely tell you that this helps us get out of the ground this year. So. Yeah, okay, so.

37:02

Thanks. Thanks, you guys, I think it's important for us to continue to hear that because it is, it is a significant, it's rough on our end, for sure. It's rough on our end, for the departments that are that are, you know, foregoing this revenue, and I think people just want to feel like it is making a difference. And that means that we're gonna get, you know, that much closer to getting more people housed and more people into downtown, making it more vibrant, and hopefully, being a, you know, a virtuous cycle.

37:38

I mean, I would say the a bulk if not all of the downtown residential high-rises, were built with incentives in place. And I can't think of one that maybe there's one that that didn't. So now, we don't have like, 100 of these. I mean, to your point, like, this is where I was dovetailing back to like these timing games. It's really like, do you have the incentives right in the small pocket window in place, which city doesn't control when that is so that the project gets out of the ground? Right? Like, you know, we had almost 7 million and incentives on the grad. Right, no one talks about that, right? Because everyone looks at, there's 1100 students living in our downtown, populating the sofa, district and everything. Those are the things we think about in the long run, in the long run, but it definitely helps me strike in these certain windows, and you have the incentives in place. It's more like a marketing thing, right? Like, it's incremental, but impactful. And when you have investors that have choices, whether they want to invest, and they're not, not 90% 99% of our investors don't live here. So and they have choices, they can invest in Austin, they invest in Florida, New York, there's deals in places for people to invest. And so, you know, outside of the to cash developers that are in the valley, like Sobrato and Jay Paul, the rest of us, we, you know, we borrow money from in pitch and market to other folks on why they should invest in San Jose. And these little things that are, you know, they really does help with marketing to like, move that needle. And if we can strike right within that window projects get out of the ground.

39:45

Great, thank you. Thanks, Josh.

39:46

I have a quick question for Hunter. What's your build to cost return number Hunter build to cost return number? Yeah, on on Motown.

39:55

We can talk offline.

39:57

I'd like to know that Okay, we're going to talk about because my abacus doesn't go that low.

40:09

That's my deal. So, Blage, this is really timely, like, since the next this century urban is though that was last year, right? Or like, it

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was October. Yeah, October,

40:24

since that initial presentation that spurred this research. Like, again, 99% of all these projects are using other people's money, all those other people's money between then that presentation and now have jacked up their minimum return from I think, in the study session last fall was like, we're trying to get to a high fives or 6% Return on cost or something that's gone up for multifamily apartments. And it's just they have choices, right? And they can get, you know, by doing nothing, they can get 5% in the bank and stuff like that, or with different things. So

41:04

can your treasury used to be our bill to number? Yeah. So a lot.

41:12

So what I think we were, we were either five and a quarter or five and three quarters. I think we were five and three quarters and the cost of development during my correct me there. And so what are you guys looking at now?

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These folks are wanting like six and a half to seven? No,

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it's not. It's not the same, you know, everybody's quoting numbers that are not achievable. So right now, they're quoting, yeah, bring me a deal at 625 which, which they'll never find it's a complete bullshit number. And that's the way they say politely that they're really just out of the market.

41:48

But these types of marketing tools going back I can, we can use this to reignite those conversations and maybe get them back in the dirt. Maybe they're not inking a deal tomorrow to fund the project in San Jose. Maybe it's six months from now or, you know, early next year. So it's, it's helpful. It's a marketing tool, we can say like, San Jose is doing something in response to global markets and stuff is downtown's important to them. And it should be used well, investor X.

42:25

Okay, thank you for that. Does anybody else we might we might get out of here a little bit earlier. Any of my colleagues have other questions for the group or any other comments from our developer folks? Okay, having seen none Going once, going twice, we will go ahead and I can send out this presentation to folks I think everybody got the memo link. And if anything changes as far as council dates or anything like that, we will obviously let you guys know immediately but otherwise we are set to go

forward on June 11. That's also the day the budget is coming forward. And a few other things so we're it's item 8.1 so I'm not really sure when that will come up specifically but if you can at the very least participate whether that's in person or over zoom. That's great. Excellent. Okay,

43:37

thank you.

43:38

Thanks, everybody. Thanks for your time. All right, bye bye