

# Housing agency defends costs in Marin City overhaul

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The Marin Housing Authority has responded to allegations of financial irregularities made nearly two months ago in connection with cost estimates to renovate Golden Gate Village in Marin City.

The allegations were leveled in early December by a lawyer representing the resident council of the public housing project.

Last week, Jhaila Brown, a lawyer representing the housing agency, wrote a letter saying it has “identified some of the same discrepancies.”

However, Brown provides a rationale for other alleged irregularities

On Nov. 17, the New Jersey-based Michaels Development Co., with which the Marin Housing Authority is working to redevelop Golden Gate Village, estimated it will cost \$282.3 million to renovate eight of the complex’s high-rise buildings and 20 of its 22 low-rise buildings.

One of the resident council’s main contentions is that Michaels’ estimate is too high, particularly given a \$63 million revitalization feasibility study prepared by CVR Associates in 2018 and a \$90 million physical needs assessment done by AEI Consultants in July 2020.

Diana Hanna, the resident council’s lawyer, says Michaels’ estimate equates to a renovation cost of \$941,000 per apartment.

In its response, the housing authority wrote that Hanna “attempts to draw comparisons between various cost estimates that were conducted at different times, for different reasons and were based on different scopes.”

The U.S. Department of Housing and Urban Development requires that physical needs assessments be done every five years. They identify work that needs to be completed to bring housing projects up to modernization and energy conservation standards.

The Marin Housing Authority said that such assessments typically look at replacing existing features and incremental replacements and repairs, not the significant improvements envisioned for the revitalization of Golden Gate Village.

The agency states that the revitalization feasibility study conducted in 2018 was something of a hybrid. It used a 2015 physical needs assessment as a baseline, but its

scope was expanded to help guide the decision regarding how Golden Gate Village should be redeveloped.

“CVR did not develop a full revitalization scenario or plan,” the housing authority said.

The agency said the 2020 physical needs assessment was also unique because it was designed to determine if the Golden Gate Village revitalization could be conducted under Section 18 of the U.S. Housing Act of 1937.

“Among other things, the Section 18 guidelines look to determine what existing items within a building need to be repaired or replaced primarily within the next three years to keep a property operational,” the housing authority said.

The agency said Section 18 does not consider work associated with energy efficiency “green” improvements and many other items.

The authority said that the estimate provided by Michaels has costs not included in the previous studies, such as energy efficiency improvements, site acquisition costs, financing costs, legal fees, developer fees and new landscaping.

Hanna also asserted that the soft costs in Michaels estimate, which she said amounted to \$172 million, were inordinately large.

In its response, the housing authority wrote, “Affordable housing is a highly regulated industry which includes fees to financing agencies and design standards/requirements that are not required when building market rate housing.”

In addition, the agency said affordable housing is often developed over a longer time period than market-rate housing, resulting in additional carrying costs. It noted that the federal housing department and various affordable housing funders regulate and limit fees, including soft costs, to ensure the affordability of project costs.

The housing authority acknowledged that Hanna was correct in pointing out certain errors in the 2020 physical needs assessment, “such as an incorrect unit count for the low-rise buildings of Golden Gate Village and a calculation discrepancy in the rough carpentry/blocking figures.”

The housing authority said it has asked AEI to clarify and correct any discrepancies and issue a revised assessment, which will be shared with the public. It said studies so far have been preliminary and “renovation plans and specifications will be prepared and refined as the revitalization concept gets better defined.”

Hanna, in an email, responded: “The Marin Housing Authority’s response is long on platitudes and short on substance, and fails to offer a clear-eyed, fiscally responsible and transparent path forward.”

In her previous letter, Hanna called attention to the fact that the housing authority never finalized its master planning agreement with Michaels, although Marin County supervisors authorized negotiation of the pact on Feb. 25, 2020.

In its response, the housing authority said negotiations with Michaels and planning for the project have been hampered by the coronavirus pandemic as well as a lawsuit filed on behalf of the Golden Gate Village resident council and 78 residents.

The housing authority wrote that its negotiations with Michaels are progressing, and it anticipates “having an update on the master planning agreement’s key business terms in the first quarter of 2021.”