

Marin City council claims cost ‘irregularities’ in Golden Gate Village plan

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A lawyer representing the resident council of Golden Gate Village is alleging “significant financial discrepancies and irregularities” with respect to the estimated cost to renovate the Marin City public housing complex.

Built in 1960, Golden Gate Village consists of eight high-rise and 22 low-rise buildings on about 32 acres. Some 300 low-income families, a majority of them African American, live in subsidized housing there. Some apartments have been occupied by the same family over several generations.

Decades of insufficient funding from the federal government has left the complex badly in need of repair.

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 the complex’s eight high-rise buildings and 20 of its 22 low-rise buildings.

In a letter to Marin supervisors, who make up a majority of the housing authority’s board, lawyer Diane Hanna said this is a \$219 million increase from an estimate prepared for the county in 2018. It’s also an increase of more than \$192 million from a physical needs assessment prepared for the housing agency this year.

Hanna said she is part of a team of volunteers that includes architects, accountants and residential developers who are assisting the Golden Gate Village council at no charge.

Hanna wrote that Michaels’ estimate equates to a renovation cost of \$941,000 per apartment, despite the fact that the buildings’ foundations, cores, shells and roofs have all been deemed to be in good condition by the housing authority and its consultants.

“This is a shocking figure, and alone should raise a serious red flag for the board” regarding financial assumptions by the housing authority and the developer, Hanna wrote.

She said his figure far exceeds the cost-per-residence an experienced real estate developer would expend to renovate even a luxury apartment in almost any real estate market.

Kecia Boulware, a regional vice president for Michaels, wrote in an email, said the company will defer to the Board of Supervisors on a response to the letter.

Marin County Counsel Brian Washington said the housing authority “will review the letter and respond.”

Lewis Jordan, the housing authority director, wrote in an email, “We received the letter on December 7, 2020 and are still reviewing it. Given the length and detailed matters mentioned, we will need to engage our consultants to prepare a response that thoroughly addresses each point. Once our review is complete, we will share our responses.”

During the Nov. 17 meeting of the housing authority board, Jordan said he expected to submit a \$387 million plan to the Marin County Community Development Agency for environmental review by the end of the year.

During that meeting, Marin County Administrator Matthew Hymel said that the project as envisioned has a \$9 million funding gap and that the county would be expected to help fill that gap, along with other potential donors such as the Marin Community Foundation.

Hanna states that at over \$172 million, the soft costs assumed in the estimate account for 61% of the \$282.3 million total.

“Most experienced developers would utilize a soft cost rate of 15 to 25% of the overall budget,” she wrote.

At the November meeting, Michaels’ executive vice president, Milton Pratt, estimated it will cost an additional \$104.7 million to build two high rises containing 156 apartments as part of the project.

Hanna asks: “Why are new construction costs \$269,846 less per unit than costs for renovation of existing units?”

Hanna’s critique doesn’t end there. She also questions the accuracy of the physical needs assessment this year that came up with a \$90 million estimate.

She says a \$35.5 million estimated cost for rough carpentry/blocking for kitchen cabinets, which constitutes almost 40% of this estimate “is based on a questionable cost per square foot and may not be needed whatsoever based on Golden Gate Village’s construction type.”

Hanna and her team have also identified several instances in the estimate where renovation costs for different building types are identical. For example, the estimated sheet metal costs for a high rise with 168 apartments, a two-story building with 76 apartments, and a one-story building with 56 apartments are all the same: \$153,121.

Hanna wrote, “The cost duplication across building types was not done in any discernibly consistent manner and is difficult to rationalize.”

Hanna said the team also spotted errors in gross square footage and other calculations.

In March 2019, the Marin Housing Authority entered into an agreement with Michaels to perform predevelopment planning and scoping for the redevelopment of Golden Gate Village. In February of this year, county supervisors approved a two-year master planning agreement with Michaels.

In an email, however, Washington, wrote, “I can confirm that the master planning agreement was never finalized or executed and that the Housing Authority and Michaels are still negotiating on the project.”

“Accordingly,” Hanna wrote in her letter, “the Marin Housing Authority and Michaels have been working towards the redevelopment of Golden Gate Village without a valid contract for more than eight months.”

She concluded her letter, “It is time to start over and choose a better path forward. In doing so, we urge the board to give full and fair consideration to the Golden Gate Village Resident Council revitalization and community land trust plan.”