STATEMENT RE MHA RESPONSE TO GGVRC LETTER
Monday, February 1, 2021

STATEMENT FROM ROYCE MCLEMORE, PRESIDENT, GOLDEN GATE VILLAGE RESIDENT COUNCIL

"We need action in the form of genuine partnership. Creating a project that puts the community first takes strong leadership, a commitment to candor and the ability to listen and work together. The GGVRC has shown we're willing to do our part, and we hope the MHA can step up to its responsibility, as well."

****

STATEMENT FROM DIANE HANNA, ESQ., LEGAL COUNSEL ON BEHALF OF GOLDEN GATE VILLAGE RESIDENT COUNCIL

"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. It is a continued reflection of shifting sands and changing explanations about inconvenient facts like the ones we highlighted in our December 7, 2020 letter. For example:

- For months the MHA relied on the July 2020 physical needs assessment (PNA) as a key supporting document in its presentations to community members. MHA and Michaels Company also based their proposal on the PNA. Now that the GGVRC and its supporters have pointed to clear and obvious errors – including errors that represent nearly 40 percent of the $90 million PNA estimate - housing officials have reframed this report as preliminary. What is the public supposed to believe and how is it to engage in meaningful participation? If this PNA was preliminary, why didn't MHA act to correct these serious discrepancies before receiving our letter and when will the MHA produce a final version?
- Notably, the MHA's response does not address the significant questions and concerns about ballooning $282.3 million renovation costs for existing units – a price tag of $941,000 per unit according to the most recent cost data prepared by the MHA. The MHA has not provided any substantive information or estimates to support these astronomical renovation costs for buildings with sound foundations, shells and cores. At minimum, we expected authorities to share a rough order of magnitude explanation for the new cost basis. We don't expect precision to the penny at this stage, but the issues we raise run in the millions of dollars and warrant a serious and substantive explanation.
- The response also does not explain the inordinately high soft costs at a rate of 61 percent, which is completely out of line based on industry benchmarks. The MHA's response asks where this figure came from; it was simple math pulled from page 20 of the MHA's November 2020 presentation.

"The MHA's inability to reconcile scope and costs inconsistencies and demonstrate a professional analysis of this project continues to undermine confidence in its 'build first' proposal. This most recent response indicates the MHA is deepening its commitment to a development proposal and business partnership with the Michaels Company before it understands or has determined the scope of needed improvements at Golden Gate Village. It's time to take a moment to put the cart back behind the horse.

"We welcome the opportunity to sit down with the MHA and discuss a collaborative path forward for the revitalization of Golden Gate Village, and work towards a project that respects the needs and wishes of Golden Gate Village residents, honors the legacy of this community, upholds the historic importance of Golden Gate Village, and demonstrates responsibility to our neighbors across Marin County.

"In the meantime, we continue to call on the MHA and the Board of Commissioners to stop current redevelopment plans and any further negotiations with Michaels, conduct a fully independent audit and transparent peer review of the estimated project costs with a particular focus on renovating existing units, and provide supporting financial data to the public openly so it may be fully and fairly evaluated."

Related figures for soft cost estimates and questions:

Rehabilitation TDC $282.3 million

- 8 high rise buildings (170 units) $360K hard cost/unit [Total cost: $61,200,000]
- 20 low rise buildings (130 units) $375K hard cost/unit [Total cost: $48,750,000]
    - 2 low rise buildings removed (16 units or 5% of total)
- [Total hard cost (high rise + low rise/300 units): $109,950,00]
- [$282.3M Rehabilitation minus $109,950,000 Total Hard Cost = $172,350,000 Soft Costs]