



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Response to Request for Analysis of Golden Hall Conversion to Permanent Shelter

OVERVIEW

In August 2023, our Office was asked by Council President Elo-Rivera to estimate the cost of upgrading and converting the Golden Hall facility at 202 C Street (near City Hall) to serve as a permanent homeless shelter. This report provides the requested analysis, as well as additional context comparing the conversion of Golden Hall to the City's current shelter strategy. Based on our preliminary analysis, converting Golden Hall for permanent shelter use would require *at least* \$9.3 million. Using a simplified methodology to provide some context, we estimate that Golden Hall would need to be operational for at least six to nine years for such a significant one-time investment to align with the City's current budgeted spending on shelter start-up costs. Converting Golden Hall would also require more time than preparing other new shelter options. Additionally, plans for Golden Hall should factor in ongoing Civic Center Revitalization efforts which could result in the demolition of the facility in the next few years. Ultimately, due to the time, resource needs, and potential demolition of the facility, we would not recommend moving forward with upgrading Golden Hall for residential use at this time. However, if the timeline for the Civic Revitalization project changes and Golden Hall then becomes available for a significant stretch of time, the future of the facility should be reassessed including the conversion of the building into a permanent shelter.

BACKGROUND

On March 19, 2019, City Council first approved Golden Hall, which was initially built as a conference and assembly facility, to be used as a temporary homeless shelter. Golden Hall was used to shelter single women and families who were relocated from a bridge shelter at 14th and Commercial Street, which was subsequently turned into an affordable housing site. At the time, 40 single women and 28 families were relocated to Golden Hall's second floor – the first floor was not used due to fire safety issues. On June 11, 2019, City Council voted to continue operating Golden Hall as a bridge shelter for families and single women, rather than at 17th and Imperial Avenue as initially planned. In November 2019, the Golden Hall bridge shelter was expanded by 138 beds to include transitional-aged youth, also located on the second floor. During the COVID-

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19 pandemic, families and single adults were relocated to hotels and the San Diego Convention Center, respectively, under “Operation Shelter to Home” to minimize disease transmission and allow for physical distancing. The bridge shelter program resumed at Golden Hall by March 2021 with expanded capacity to serve 280 additional single adults on the first floor, and with various facility upgrades such as fire alarm system installation on the first and second floors, ADA-compliant¹ showers, and laundry machines.² This expansion brought total capacity at Golden Hall to 534 beds and cribs. Along with these facility modifications, temporary fire permits allowed Golden Hall to continue operating as a homeless shelter for roughly three years. The FY 2023 Adopted Budget included \$9.6 million (State grant funds) for Golden Hall bridge shelter operations, which supported a total of 534 beds and cribs for families, single adults, and transitional-aged youth or 29.9% of the City’s 1,784 shelter beds by the end of FY 2023.

In late February 2023, the Mayor’s Office announced [plans](#) to relocate the Golden Hall bridge shelter citing concerns that the facility was aging and not suitable for long-term shelter. For example, heavy rainstorms in November 2022 resulted in substantial water damage to parts of Golden Hall and required emergency repairs. According to the [Comprehensive Shelter Strategy](#) developed by the Homelessness Strategies and Solutions Department (HSSD) and released on June 8, 2023, the Golden Hall relocation is set to be complete by October 2, 2023. However, the northside of Golden Hall’s second floor can continue to operate as a 120-bed shelter space with fire permits, since this section has certain life and safety improvements, such as fire sprinklers. The Comprehensive Shelter Strategy also identifies several shelter options to maintain and potentially expand the City’s shelter capacity, including using a vacant property at the former Naval Training Center for medium-term shelter and developing two temporary Safe Sleeping sites at 20th and B Street and “O” Lot at Balboa Park.

Ongoing City efforts to redevelop the Civic Center, which includes Golden Hall, also limits long-term plans for the facility. On May 5, 2023, the City declared its intent to redevelop Golden Hall, along with other City-owned properties in the civic core, by issuing a [notice of availability](#) to request project proposals and gauge developer interest in the properties. Although no bids for Golden Hall were submitted in this initial solicitation, Golden Hall is expected to be demolished eventually as part of the Civic Center Revitalization efforts, but the timeline remains unclear.

FISCAL AND POLICY DISCUSSION

This section provides cost estimates for upgrading and converting Golden Hall to serve as a long-term homeless shelter. To help interpret the cost estimate, this section also compares the cost of converting Golden Hall with the one-time funds the City plans to spend on developing a comparable shelter site at H-Barracks. Our analysis does not consider operational cost differences between the two shelters, does not prioritize different types of shelter or shelter settings that may exist at H-Barracks over Golden Hall, and assumes the number of individuals who can be served at both shelter options is relatively similar in magnitude. Because of these assumptions, this

¹ ADA: American with Disabilities Act

² We estimate the project costs to make Golden Hall suitable for temporary shelter in 2020 to be in the low \$100,000s, based on expenditure data provided by E&CP (\$38,000 for smoke detection and limited alarm system) and General Services Facilities Unit (\$146,000 for moving shower trailers, conversion/transition to shelter, and building ADA-compliant showers). Some additional costs may not be accounted for due to billing to other departments.

analysis is intended to provide some basic context for interpreting the level of investment required at Golden Hall. However, there is a high degree of variability and uncertainty which will depend on the actual implementation of H-Barracks and further study of Golden Hall conversion.

Converting Golden Hall Cost Estimate: At Least \$9.3 Million

Golden Hall was initially designed and built to serve as an assembly and conference facility, and the facility requires substantial improvements to be converted into a permanent homeless shelter. The most significant upgrades include new HVAC (heat, ventilation, and air conditioning) system installation, fire sprinkler installation, and fire alarm upgrades. Engineering & Capital Projects Department (E&CP) assembled a preliminary cost estimate to convert Golden Hall for residential use in 2020 (Group R-2 under the California Building Standards Code³). **As reflected in Table 1, in today’s dollars converting the entire Golden Hall facility for residential use could cost at least \$9.3 million.** We caution that the cost estimate is only provided for informational purposes and offers a relative order of magnitude.

Table 1: Preliminary Cost Estimates to Convert Golden Hall for Residential Use	
Item Description	Estimated Cost (2023 Dollars)
Heat, Ventilation, and Air Conditioning (HVAC)	\$ 5,000,000
Fire Sprinklers	830,000
Fire Alarm	620,000
Construction Contingency 20%	560,000
Contingency & Fast Track Process 20%	560,000
ADA Upgrade	470,000
Asbestos Abatement	340,000
ADA-Compliant Showers	210,000
Fireproofing Re-installation	210,000
Design	190,000
Construction Management	100,000
Fire Service Backflow Connection	70,000
Project Management	70,000
Toilets	60,000
Total \$	9,290,000

Notes: Cost estimates from E&CP were inflated by 37.5%, as reflected in the California Department of General Services Construction Cost Index (CCI) between April 2020 (when the cost estimate was initially conducted) and September 2023 (time of this analysis). According to E&CP, several cost components are likely to be higher than listed in Table 1, including a new HVAC system, asbestos abatement, and the contingency & fast-track process, which assumes an emergency contract would be used. Additionally, the upgrades performed in October 2020 for temporary shelter, such as restroom upgrades and ADA-compliant showers, would likely not meet requirements for permanent shelter.

Full renovation costs would likely be higher, potentially significantly higher, since more extensive work could be required ultimately. Recently, E&CP identified numerous additional potential issues that require further study, such as replacing the ceiling throughout the building following

³ Although E&CP’s preliminary cost estimates are based on converting to residential use (Group R-2) under the California Building Standards Code, two other options would be to meet the requirements established for Emergency Housing under Appendix P of the California Building Standards Code or make amendments to the Emergency Shelter Declaration in the San Diego Municipal Code. However, all three options require complying with the California Building Standards Code for a change in the use of the building (also known as a “change of occupancy”). In other words, the underlying work to convert to residential use would be largely comparable, if not the same, under Appendix P or the residential standards section of the California Building Standards Code or under amendments to the San Diego Municipal Code’s Emergency Housing Declaration.

renovation work, fixing plumbing issues and water leaks, replacing the carpet, upgrading the electrical system and lighting, and other changes that could be needed beyond strictly meeting the California Building Standards Code requirements.

Separately, E&CP provided preliminary cost estimates for upgrading one floor of Golden Hall, rather than the entire building, as provided above. Conceptually, this approach could reduce one-time renovation costs while allowing additional sections of Golden Hall to operate as a shelter. However, according to E&CP, a partial upgrade would not comply with the requirements for a permanent change to residential use since a permanent change would necessitate fire and life safety system upgrades throughout the building.

Comparing Golden Hall Conversion and H-Barracks

Cost Estimates

To add context to the Golden Hall conversion cost estimates, we compare the Golden Hall cost estimates to the preliminary site development cost estimate for the H-Barracks project.⁴ The City is actively pursuing H-Barracks as a medium-term shelter option under the Comprehensive Shelter Strategy. This approximately eight-acre site was formerly a part of the Naval Training Center located near the San Diego International Airport. According to the Comprehensive Shelter Strategy, the site can likely accommodate two sprung structures, providing a total of 300 to 700 beds. Both H-Barracks and Golden Hall would provide congregate shelter, require start-up costs of comparable magnitude, and add a comparable number of beds to the City’s shelter capacity – making H-Barracks a reasonable comparison for Golden Hall conversion. The preliminary site preparation cost estimate for H-Barracks is around \$8.0 million but is subject to change pending further study, and the site is expected to be in use for at least five years. In comparison to Golden Hall, the early site preparation cost estimate for H-Barracks (\$8.0 million) is lower than the Golden Hall conversion cost estimate (\$9.3 million) by at least \$1.3 million and access to the site is more certain than Golden Hall.

Minimum Operational Years for One-Time Investment

For additional context, we developed a simplified methodology to estimate the minimum number of years Golden Hall would need to be in operation to make spending at least \$9.3 million one-time on facility upgrades comparable to the funding the City would otherwise spend on one-time shelter start-up costs (see Appendix 1 for additional details). Notably, the City’s actual site preparation costs will significantly vary year-to-year due to a variety of factors, needs, and

⁴ In addition to H-Barracks, the City is also developing two Safe Sleeping sites – 20th and B Street (136 tent capacity, opened end of June 2023) and “O” Lot at Balboa Park (estimated 400 tent capacity, currently under development planned to open by end of fall 2023). Although both sites require site preparation, the total citywide costs would require more time to extensively coordinate across the various City departments involved, including Homelessness Strategies and Solutions, Transportation, and Parks and Recreation Departments, to accurately reflect labor, material, and other major costs. Given time limitations, we were unable to estimate total site preparation costs, to date, for Safe Sleeping. However, we believe a reasonable assumption is that the identified work for the Safe Sleeping sites – including brush abatement, fencing, road widening and other road improvements, platform construction, and installation of water, sewer, and power lines – is likely significantly lower than the \$9.3 million, at minimum, needed to convert Golden Hall to permanent shelter.

constraints⁵ unique to preparing each site. However, as a simplifying assumption, our approach uses the \$1.5 million allocated in the FY 2024 Adopted Budget for shelter site preparation and assumes that the City will continue to spend roughly on average \$1.5 million annually for site preparation costs for new shelter.⁶ Since preliminary cost estimates are likely low, we also consider a high-end scenario where the actual cost of Golden Hall conversion is as much as 150% of the preliminary cost estimate (\$14.0 million).

Under such assumptions, Golden Hall would need to operate for *at least six to nine years* for the one-time investment to be worthwhile based on this analysis. Given the potential demolish of Golden Hall in the near term due to the Civic Center Revitalization project, there is no guarantee that Golden Hall would be in operation for the six to nine years needed to make the one-time conversion costs worthwhile. In comparison, according to our analysis, H-Barracks would need to operate for at least five years to match budgeted spending on shelter start-up costs. Our understanding is that H-Barracks will likely operate for more than five years, since the timeline for H-Barracks is clearer compared to Golden Hall. Should plans for Civic Center Revitalization change and Golden Hall become largely vacant for the indefinite future, a full, updated analysis on the costs and benefits of converting Golden Hall to permanent shelter would be warranted, as would an estimate of demolishing and replacing the entire facility. However, the preliminary cost estimate and unclear timeframe make converting Golden Hall currently unfavorable.

We note that this analysis is intended solely for illustrative purposes as there are many factors that go into a decision to create a new shelter, which are not captured in this simplified analysis. Rather, this analysis highlights that Golden Hall would need to operate for a certain number of years for a significant one-time investment to pay off. This analysis is an attempt to narrow down the minimum number of operational years to warrant moving forward with Golden Hall conversion but is largely limited by the lack of available and up-to-date data.

Start-Up Timeframe

In addition to higher one-time start-up costs and minimum operational years, upgrading Golden Hall would require considerably more time than preparing the H-Barracks site. E&CP estimates that the required work on Golden Hall would take at least 2.5 years to complete: one year for design (concurrent with six months for asbestos abatement), six months for project bids, and one year for construction. In contrast, site preparation at H-Barracks started summer 2023, and HSSD plans to have the sprung structure shelters open in about one year (planned for May 2024), which is a notably shorter timeframe.

⁵ Some factors that impact the variability of site preparation costs include the location of the shelter (considerations to mitigate location-specific environmental risks, etc.), the type of site (parking lot vs facility), donations received (i.e., a sprung structure), shelter type (congregate vs non-congregate), installation of utility lines and system connections, and need for brush abatement and other site improvements.

⁶ If the City were to continue pursuing H-Barracks as a new shelter option, the annualized cost of site preparation over a span of five years – the minimum number of years H-Barracks would be in operation – is \$1.6 million, which is comparable to the \$1.5 million assumed for annual shelter start-up costs under our simplified methodology.

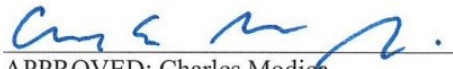
CONCLUSION

Given our analysis, we do not recommend moving forward with converting Golden Hall for permanent shelter use at this time due to the significant one-time cost of the conversion and the uncertain number of operational years since Golden Hall may be demolished in the near term. Office estimated that converting Golden Hall to serve as a permanent homeless shelter would cost at least \$9.3 million. For such a significant one-time investment to align with the City's budgeted spending on shelter start-up, we estimate that Golden Hall would need to be in operation for at least six to nine years. The uncertain timing of the Civic Center Revitalization efforts, which would likely call for the demolition of Golden Hall in the next few years, means the feasibility of operating Golden Hall for at least six to nine years is unknown. Furthermore, the facility improvements would require 2.5 years at minimum to complete, which is notably longer than the time needed for site preparation at H-Barracks and other temporary sites the City has recently pursued, such as Safe Sleeping sites. If the timeline for the Civic Revitalization project changes and Golden Hall then becomes available for a significant amount of time, the future of the facility should be reassessed including the conversion of the building into a permanent shelter and the replacement of the entire facility.

We thank the Engineering & Capital Projects, General Services Facilities Unit, Homelessness Strategies and Solutions, and Fire-Rescue Departments for their timely responses to our questions and valuable assistance on this report.



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ESTIMATING MINIMUM OPERATIONAL YEARS FOR GOLDEN HALL CONVERSION

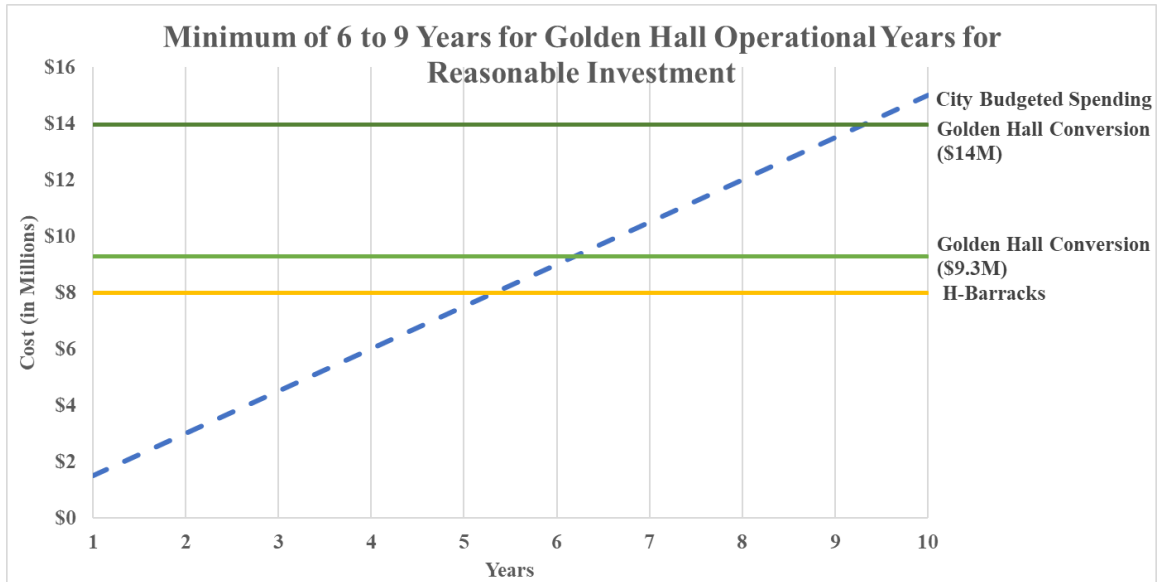
To provide additional context for interpreting one-time costs to convert Golden Hall into permanent shelter, our Office developed a very simple methodology to estimate how long Golden Hall would need to operate to be comparable to current budgeted City spending on site preparation. One underlying motivation for this analysis is to gauge whether the City spends more on one-time start-up costs than the City would have otherwise spent by upgrading and converting Golden Hall. We note that this analysis is intended solely for illustrative purposes. There are numerous limitations to our analysis. First, the City does not regularly track one-time start-up costs for shelter. Second, the cost estimates for Golden Hall conversion are preliminary and may be out-of-date (originating from April 2020) and incomplete as additional potential costs have come to light recently. The site preparation cost estimate for H-Barracks is also preliminary and subject to change. Third, ongoing City spending on site preparation costs for shelter into future years is largely unknown. Lastly, any decision to invest in new shelter should consider more factors that add value but cannot be qualified either at all, or not at this time. These include the number of individuals served, type of shelter offered compared to the City's need, whether the population is particularly high need, etc.

This analysis is simply provided to help add context. Ultimately, this analysis highlights that Golden Hall would need to operate for a certain number of years for a significant one-time investment to pay off. This analysis is an attempt to narrow down the minimum number of operational years to warrant moving forward with Golden Hall conversion by using various assumptions but is largely limited by the lack of available, up-to-date data and numerous unknowns.

This approach uses the following assumptions:

- **City Budgeted One-Time Start-Up Spending:** As a simplifying assumption, the \$1.5 million budgeted for HSSD shelter start-up and site preparation costs in the FY 2024 Adopted Budget is assumed to be on average the amount the City will spend on such one-time costs. In other words, \$1.5 million is the amount the City is willing and would otherwise have spent on one-time shelter start-up costs, independent of converting Golden Hall. This includes any annualized site preparation costs. In reality, the City's annual site preparation costs will vary significantly due to a variety of factors, needs, and constraints unique to each site.
- **Golden Hall One-Time Cost Estimate:** Based on estimates from the Engineering & Capital Projects Department, converting Golden Hall would cost at least \$9.3 million. To account for uncertainty in the cost estimate, we also provide another scenario where renovation costs are overbudget by 50 percent (\$14.0 million).
- **Comparison Cost Estimate:** For reference, the same analysis is applied to H-Barracks as a comparable project to determine the minimum number of operational years needed to match the City's budgeted one-time start-up spending.

Appendix 1



Based on this simplified methodology, Golden Hall would need to be operational for at least 6.2 to 9.3 years to be comparable to current budgeted City spending for one-time shelter start-up costs. In contrast, H-Barracks would need to be operational for 5.3 years.