



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD FOUR

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JOHN WEIS
Chair

ROBERT J. BENFATTO, JR., ESQ.
District Manager

August 31, 2009

Rafael Cestero
Commissioner
Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038

Re: Affordable Housing Site at NYCHA Elliott-Chelsea Houses

Dear Commissioner Cestero:

Manhattan Community Board 4 has **voted to oppose** the development of the Elliott-Chelsea NYCHA sites as presented **unless the housing program is adjusted to achieve a suitable representation of units at 125% of AMI and the conditions outlined in this letter are incorporated into the development.**

Background

The parking lots on both the Fulton and Elliott-Chelsea NYCHA sites were identified as underutilized public sites that could provide affordable housing as codified in the West Chelsea Points of Agreement resultant from the West Chelsea rezoning in June 2005. Specifically, in the Chelsea Points of Agreement, the City committed to develop the Elliott-Chelsea site as follows:

Elliott-Chelsea Houses: “The Administration anticipates that this site will generate 128 affordable units, targeted to middle- and moderate-income families. All units will be permanently affordable.”

All of the affordable private market units developed under the Inclusionary Housing Program have been targeted to low-income households earning up to 80% AMI. During meetings with the Housing Development Task Force in 2006, the City assured the Board that the publicly-owned sites would be used to construct moderate- and middle-income housing; the scarcity of subsidy programs to create middle- and moderate-income housing makes provision of this housing type challenging.

In December 2006, NYCHA issued a Request for Proposals to develop the Elliott-Chelsea and Fulton development sites and ultimately selected Artimus Construction as the developer of both.

Artimus, NYCHA and HPD have been involved in ongoing discussions with the HHS committee and Board leaders to agree a housing program that is satisfactory to all parties – several versions of the proposal have been presented. In February 2009, Artimus presented the project as including income bands of 80%, 125% and 165% of AMI. This mix of income bands proved to be financially unachievable and the developer proposed a program of <50%, 125% and 195% of AMI in March. The Board then asked Artimus to reduce the number of units targeted to 195% of AMI.

Current Proposal

In May 2009, Artimus, NYCHA and HPD presented the following proposal for the Elliott-Chelsea Houses:

- 22-story building of 160 units:
 - <50% AMI: 33 units
 - 165% AMI: 77 units
 - 195% AMI: 49 units

The developer also stipulated that financing must close by the end of the year to secure tax exempt bond financing.

Given construction costs, the physical limitations of the site and compulsory parking spaces, which are revenue neutral due to NYCHA requirements, the Board is sensitive to the financial feasibility of the development. The Board agreed to a modified housing program providing it includes:

- Units targeted to <50% of AMI to secure Low Income Housing Tax Credits (LIHTC) and therefore add equity; and
- Units targeted to 195% of AMI to provide additional income to carry debt service.

Conditions for Approval

CB4 has agreed the following recommendations in response to the Elliott-Chelsea Houses proposal:

Housing Program:

- The Board acknowledges that Artimus did respond to concerns raised in March 2009 that the number of units in the 195% income band was too great and consequently reduced this number from 58 to 49.
- In order to achieve the redistribution of income bands, Artimus eliminated the units targeted to 125% of AMI. Artimus must reintroduce and include this income band to reach this housing sector.
- Units in each income band must be distributed equally on all floors throughout the building.

- The distribution of unit sizes, i.e. 78 of 160 units must be 2-bedroom or larger¹

Additional concessions must be made by all parties concerned:

- HPD must increase its capital subsidy per unit and increase the subsidy for larger family units.
- NYCHA must reduce its acquisition price.
- Artimus must make further financial concessions.

Design:

- The Board approves of the change from a light to a darker-colored brick on the façades.
- The first fifteen stories of the building (below the setback) appropriately feature brick as the main façade material, which is reflective of neighboring buildings. The balconies and dark brick of the upper portion of the building (the seven-story setback) are consistent with the design of the Penn South complex on the eastern side of 9th Avenue.
- The three-story square panels immediately below the setback on the south and east façades must include more brick that is consistent in color with the rest of the building.
- Units with private balconies and terraces in the setback must be equally distributed among income bands.
- Apartment finishes, as agreed by the developer, must be the same in all units.

Adjacencies & Miscellaneous:

The new development requires relocation of the bulk garbage dumpsters to 26th Street. This component of the project is integral to the Board's support of the entire development. The conditions for approval are as follows:

- To minimize impact to existing Elliott-Chelsea Houses, the Haywood condominium and the new development, the garbage must be stored in a single-story, enclosed facility, not an open yard.
- The planning and construction of this facility be the responsibility of Artimus as the developer.

The Board appreciates Artimus' cooperation, receptiveness to comments and willingness to engage in an ongoing dialogue. CB4 also recognizes the true financial limitations of this project. The Board has **voted to oppose the project** as presented and looks forward to continued work with HPD, NYCHA and Artimus to achieve a mutually acceptable project.

Sincerely,

¹ It should be noted that due to the static structure of HPD's subsidy program in which the subsidy is based on unit count regardless of size, the developer is receiving less subsidy.



John Weis
Chair
Manhattan Community
Board No. 4

[signed 8/31/09]

Sarah Desmond
Co-Chair
Housing, Health & Human
Services Committee



Joe Restuccia
Co-Chair
Housing, Health & Human
Services Committee

cc: Speaker Christine Quinn
Council Member Gail Brewer
State Senator Tom Duane
Assemblyman Richard Gottfried
Congressman Jerrold Nadler
D. DeCerbo, City Council, Land Use Division
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T. Hernandez, NYCHA
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Heywood Condominium