

A PATH TO REPAIR AND RENOVATION

**Chelsea, Chelsea
Addition, Elliott &
Fulton Houses**
2019-2020

CONTENTS

- 1.** Background
- 2.** Resident Engagement Snapshot & Next Steps
- 3.** Summary Recommendations
 - Capital Finance
 - Resident Rights
 - Resident Engagement

1 BACKGROUND

Decades of reduced funding have left NYCHA's homes in severe disrepair. At Chelsea, Chelsea Addition, Elliott, and Fulton Houses, building repairs and apartment renovations are estimated to cost approximately \$366 million. The COVID-19 crisis has made the need for repairs more urgent.

The Chelsea Working Group is a group of residents, elected officials and staff, Community Board 4 members, NYCHA staff, and affordable housing and legal advocates. They have been working together to develop a plan that raises the funding necessary for repairs and protects resident rights, affordable rents, and quality of life. Importantly, the plan avoids demolition of any buildings where residents live.

Since fall 2019, the Working Group learned from residents about their needs and priorities, working with them to consider different ways to meet three goals:

1. Address the NYCHA Chelsea capital needs* of today and into the future;
2. Safeguard existing public housing resident rights and fill in existing gaps, ensuring additional resident protections before, during and after renovation, and;
3. Establish clear, consistent and accountable resident engagement throughout the renovation process and beyond.

**a capital need is money needed for building repairs or renovations*

HOW MUCH IT COSTS & HOW TO PAY FOR IT

To get a handle on the total cost to repair the buildings and renovate the apartments, the Working Group examined the 2017 NYCHA Physical Needs Assessment (PNA) for Chelsea, Chelsea Addition, Elliott, and Fulton Houses. The PNA is an inventory of the major repair costs. The Working Group examined the PNA expenses, and included other necessary repair costs, to estimate a total cost of \$366 million. That amount accounts for inflation and includes repairs such as: new kitchens and bathrooms in every unit, new elevators, upgraded security and heating systems in each building, improved outdoor and recreation areas, and many other improvements.

Significant increases in federal support are unlikely, and State and City governments are not able to fund all of the repairs and ongoing maintenance on their own. Therefore, the Chelsea Working Group Plan includes multiple strategies to pay for the repairs, including: the Rental Assistance Demonstration (RAD) program, implemented by NYCHA as the PACT (Permanent Affordability Commitment Together)[1] program (referred to as PACT or a PACT conversion), the construction of new mixed-income housing and commercial space, and funds from the West Chelsea Affordable Housing Fund.

RESIDENT RIGHTS + PROTECTIONS

The Working Group developed recommendations that would ensure residents have the same or greater legal and regulatory protections after a PACT conversion as they do under the public housing program. The Working Group recommends changes to ensure:

- Rents do not increase and there would be no new non-rent charges as a result of a conversion;
 - Greater, or at minimum the same, legal rights for residents to stay in their homes, and protection against eviction or loss of subsidy;
 - Better, or at least similar, rules for succession rights, apartment size, admission to the development, or requests to relocate;
 - Meaningful and enforceable right for residents to participate in decisions made about the development rules, and an opportunity to challenge decisions
- 2 residents do not agree with.

RESIDENT ENGAGEMENT

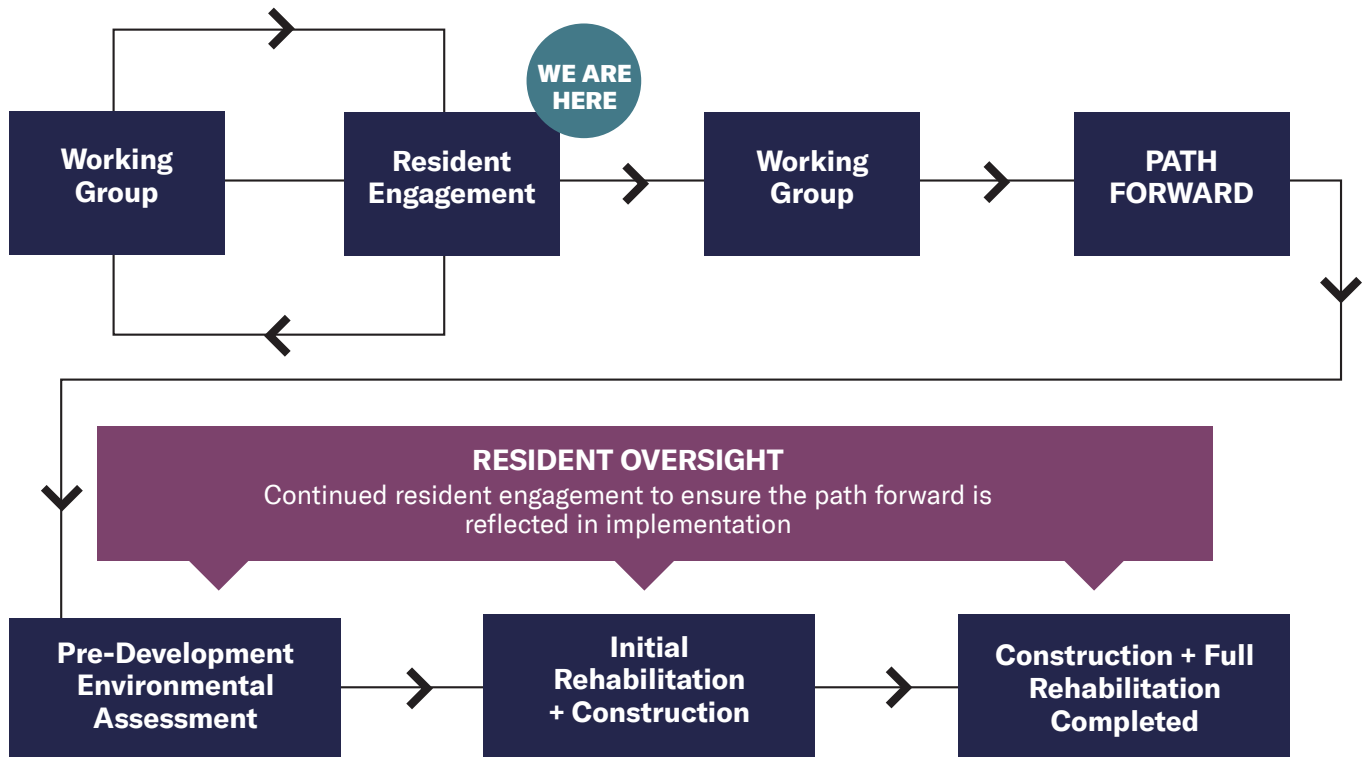
The Working Group makes sure that residents are at the center of the plan, and are meaningfully involved throughout the renovation process, guiding it wherever possible. Resident experiences and needs must be prioritized, and NYCHA must work closely with the Resident Associations (RAs) and local residents during planning, renovation, and management after the repairs are made.

WHAT WE'VE HEARD FROM RESIDENTS

[CHELSEA, CHELSEA ADDITION, ELLIOTT, AND FULTON HOUSES]

The Working Group has met regularly since October 2019 (except for a pause at the outset of the pandemic) to develop its recommendations. Many TA leaders and other residents from the Chelsea NYCHA developments have participated in Working Group meetings. More resident input was essential, so in late 2019, the Working Group held a series of public meetings to better understand residents' needs and priorities for the future of their community. Many also expressed their fears and concerns. This feedback helped shape Working Group discussions and recommendations.

OVERALL PROCESS



WHAT WE HEARD

Key themes at public meetings hosted in November 2019, which helped inform research and discussion:

1. Long-Term Affordability:

Keeping rent at a max of 30% of annual income over the long-term was residents' top priority.

2. No Demolition:

Protecting all existing residential buildings from demolition was the second priority for residents, especially residents of Fulton Houses.

3. Safety + Security:

Addressing public safety and security was the third priority identified by residents. Reducing pest infestations, improving waste management, and other security measures were especially important for residents of Elliott-Chelsea.

2

Engagement Sessions:
November 20 + 21, 2019

228

Attendees Total

135

NYCHA Residents
Participated

Below are a few direct quotes from residents who shared their biggest hopes and fears about the renovation process.

BIGGEST HOPES

“More trust and transparency between NYCHA and residents. NYCHA tenants housing concerns prioritized.”

“To save our developments by finding a funding source that is fair and reasonable.”

“Keep rent at 30% to fix up apartments and grounds, to provide a better quality of life.”

“Affordable, safe, clean buildings.”

BIGGEST FEARS

“I fear losing my home and having to return to the shelter because rent outside of NYCHA is too high. I want to stay in my home with my family.”

“Being priced out of our trendy neighborhood.”

“That we may lose our apartment and they move us to a place that we don't want to go.”

“Nothing will be solved and everything will be dismissed.”

NEXT STEPS

The Chelsea Working Group is conducting another round of engagement in early December, where you can learn about the recommendations, share your feedback, and help shape the future of your home and community. We need you! Please attend the upcoming virtual sessions.

4 For more information, please contact us at FultonChelsea@hesterstreet.org



RECOMMENDATIONS SUMMARY

The following sections provide more details about the recommendations included in the Chelsea NYCHA Working Group Plan. The recommendations were developed by three subcommittees and agreed to by the entire Working Group. All three sets of recommendations are interconnected and designed to work together. They respond to the needs and priorities of Chelsea, Chelsea Addition, Elliott, and Fulton Houses residents, and protect the long-term affordability, equity and sustainability of the Chelsea, Elliott and Fulton NYCHA community.

The Chelsea NYCHA Working Group Plan recommendations are organized in three sections:

1. Capital Finance
2. Resient Rights & Protections
3. Resident Engagement

A final report, including detailed recommendations and your feedback, will be available to the public in early 2021.

CAPITAL FINANCE

The cost of the renovation of all apartments, all building repairs, and new heating systems is estimated at approximately \$366 million. Assuming that federal, State and City funding will be significantly less than \$366 million, the Capital Finance Subcommittee (CFS) evaluated many financing options to develop recommendations that ensure the immediate renovation and repair of all Chelsea, Chelsea Addition, Elliott, and Fulton Houses apartments.

The goals of the CFS throughout the process were to:

1. Meet the urgent capital repair needs of the Chelsea, Chelsea Addition, Elliott, and Fulton Houses, without any residential demolition;
2. Ensure that NYCHA residents continue to play a central role in the renovation of their homes and ongoing development of their community;
3. Review and analyze all capital financing options; and
4. Get maximum feedback from NYCHA residents and Working Group members.

The Working Group recommendations respond to the needs of Chelsea, Chelsea Addition, Elliott, and Fulton Houses residents and the conditions of the surrounding Chelsea community. Through a combination of PACT conversion[2], residential and commercial infill development, and the West Chelsea Affordable Housing Fund[3], the Working Group's plan:

- Fully funds the estimated \$366 million of repairs in existing buildings, including kitchen and bathroom renovations, new elevators, new heating systems and many other repairs;
- Ensures improvements to security, outdoor green space, community space, parking and trash disposal;
- Is sensitive to the Chelsea neighborhood context in terms of building height and design;
- Advances neighborhood equity through preservation and expansion of affordable housing and creation of local jobs;
- Protects resident rights and quality of living;
- Secures the central role of residents in determining the future of their homes and neighborhood by creating an ongoing, decision-making role for residents throughout design, construction and beyond.

The Working Group's recommendations include:

- Requirements for resident rights and engagement under PACT;
- Scope of capital renovation work in all existing Chelsea, Chelsea Addition, Elliott, and Fulton Houses apartments;
- The selection and make-up of the Development Team, including a non-profit partner;
- Establishing the working relationship between the Tenant Associations and the Development Team; and
- Income requirements for newly constructed infill apartments

RESIDENT RIGHTS & PROTECTIONS

The Resident Rights and Protections Subcommittee worked to ensure that both current and future residents have robust rights if a PACT conversion takes place. The Resident Rights Subcommittee performed a detailed review of leasing and contract documents, researched concerns of residents, and developed recommendations on how NYCHA can better protect and expand resident rights.

The following is a summary of the areas in which the Working Group has made recommendations:

- **Seek to implement a rent cap, set at the contract rent**, for all units converting through the PACT program to prevent higher-income residents from paying above-market rents and to reduce increased risks of eviction and displacement. The U.S. Department of Housing and Urban Development would have to approve a rent cap.
- **Modify the lease to ensure tenants have the same or greater rights when it comes to eviction and preservation of their subsidy**, specifically when termination is based on the actions of individual members of a household, and to protect residents from nuisance eviction cases.
- **Ensure residents do not face additional expenses as part of a PACT conversion**, including late fees or higher fees for appliances like air conditioners or washing machines, pets, parking or tenant damage to the apartment.
- **Engage residents in shaping House Rules during and after a PACT conversion**, limiting a PACT property manager to current NYCHA House Rules as a baseline, and ensuring that residents have an opportunity to comment on any proposed changes, both now and in the future, prior to NYCHA final approval.

- **Limit additional credit and background checks**, including prohibiting a PACT property manager from doing any additional “tenant suitability” screenings, beyond those which NYCHA completes, for new tenants. Current tenants will not face any screening.
- **Require meaningful tenant engagement regarding: future proposed lease changes, safety and security, utility charges, rules governing senior building designation, pets, apartment improvements and appliances, and smoking.** Ensure tenants have an opportunity to weigh in prior to NYCHA issuing final approval for any changes to these areas.
- **Ensure full NYCHA Tenant Participation Activity (TPA) funds are provided to Elliot-Chelsea and Fulton Resident Associations (RAs) after a PACT conversion** and that no portion of funding is retained by the PACT developer.

RESIDENT ENGAGEMENT

The Resident Engagement subcommittee was focused on establishing a strong, inclusive, and meaningful process that involves residents to help shape the renovation of Chelsea, Chelsea Addition, Elliott, and Fulton Houses.

The guiding principles should inform the RFP (Request for Proposals [4]) process. NYCHA and City Hall should partner with the Fulton and Elliott-Chelsea Resident Associations (the RAs) for: input into the RFP for the renovation, reviewing proposals, and selecting a PACT Project Team (the developer, property manager, general contractor, and social service provider) that will be responsible for the repairs and management of Chelsea, Chelsea Addition, Elliott, and Fulton Houses. The RFP is expected to be released by NYCHA in 2021. The selected PACT Project Team should address the needs and elevate the priorities and recommendations set forth by the Working Group and affirmed by the RAs.

Engagement Guiding Principles

- The RAs should collaborate to guide NYCHA on the complete renovation of Chelsea, Chelsea Addition, Elliott, and Fulton Houses.
- The RAs should invite key stakeholders to milestone meetings to participate and share their expertise.
- The RAs and NYCHA should collaborate with a neutral, third-party facilitator to carry out a pre-development engagement process that affirms residents’ required, preferred, and negotiable elements.
- Ensure that throughout the development process and beyond, tenants receive ample, clear (in their preferred languages), and full information.
- NYCHA should work with the RAs to communicate information and seek input in as many ways as possible.

The Resident Engagement Subcommittee proposed detailed recommendations to ensure resident involvement shapes the outcomes of the renovation.

The recommendations are divided into the following categories and touch on the related issues:

1. Developing a Request for Proposals (RFP) – Establish Project Requirements

- Support RAs with trainings on RFP process
- Require proposals to include nonprofit development partner with meaningful financial stake
- Scrutinize property management track record
- Use several outreach strategies
- Maintain existing local partnerships
- Focus on job training and employment opportunities for NYCHA residents

2. Evaluation and Selection of Development Team

- Engage RAs in selection
- Commit to selecting development team proposal that most closely addresses resident priorities

3. Pre-Development

- Ensure resident input on any safety and security plans, house rules, pet policy, etc.

4. Design

- Make sure designs and improvements fit in with what's already there
- Provide apartment mock-ups and material samples to collect resident feedback

5. Construction

- Give clear information about temporary relocation
- Develop construction safety and security plan to minimize negative impacts on quality of life

6. Move-In & Beyond

- Build ongoing partnership among RAs, management, and NYCHA
- Commit to maintaining clear communications and procedures to ensure quality and effective property management

KEY TERMS

[1] What is PACT? Through PACT, your development would be included in the federal Rental Assistance Demonstration (RAD) program and convert to a more stable, federally funded program called Project-Based Section 8. This allows NYCHA to access funding to complete comprehensive repairs, while also ensuring homes remain permanently affordable and residents have the same basic rights as they possess in the public housing program. NYCHA's PACT program has many more protections for residents than the federal RAD program does alone.

[2] The PACT (Permanent Affordability Commitment Together) program provides comprehensive renovations to NYCHA developments. In addition to the RAD program, PACT uses other provisions under the U.S. Housing Act to convert its public housing from Section 9 funding to Section 8 funding, which allows for private money to pay for repairs and renovations and provides a more stable federal funding source. NYCHA remains the owner of the buildings, a private developer takes charge of the repairs and ongoing maintenance, and apartments remain affordable at no more than 30% of a resident's annual income. PACT has many more protections for residents than the federal RAD program does alone.

[3] The West Chelsea Affordable Housing Fund is money from the sale of air rights over the High Line that can be used for affordable housing in Community District 4. Currently, the Fund has \$0, but funds may be available at some future date.

[4] A Request for Proposals (RFP) is a public solicitation that provides details about a project, including the scope of work, requirements, and timeline. Respondents, in this case, are development teams interested in taking on the project. They provide details about their project approach, members of their team, examples of relevant experience, and their cost estimation in their response to the RFP.

The Chelsea Working Group is conducting another round of engagement in early December, where you can learn about the recommendations, share your feedback, and help shape the future of your home and community. We need you! Please attend the upcoming virtual sessions.

For more information, please contact us at FultonChelsea@hesterstreet.org