

New York to use public housing and school property for luxury high-rises

Sandy English
1 March 2013

In a move intended to begin the privatization of public housing stock, the New York City Housing Authority (NYCHA) announced last month that it will accept requests for proposals from private contractors to build luxury housing on the property of eight of its developments in Manhattan.

Developers will be allowed to build over three million square feet of market-rate apartments. The property will be leased for 99 years to building owners, and payments to NYCHA will be frozen for the first 35 years. The property is currently occupied by parking lots, playgrounds, and other open areas inside of and adjacent to the developments.

Over 400,000 low-income and poor New Yorkers live in the 335 NYCHA developments citywide. NYCHA housing accounts for approximately 9 percent of the city's rental apartments, and provides some of the only affordable housing in Manhattan.

Sixty-six percent of NYCHA's funds come from federal government, which has systematically starved the authority of funds since the Reagan Administration, including a 35 percent drop between 2001 and 2011. After March 1, it is expected that federal budget cuts brought on by the "sequester" will further reduce funding to public housing.

NYCHA claims that the luxury housing will provide revenue "where we badly need to make up for the devastating decline in Congressional funding." NYCHA currently runs an annual operating deficit of \$60 million. Over 340,000 repairs are backlogged for years to come, for which NYCHA needs billions of dollars.

In statements to the media, the agency has said that the revenue from the leases will be used for much-needed repairs to apartments, and that 20 percent of the new housing will be reserved for low- and moderate-income residents. The agency and the mayor's office have engaged in a public relations campaign in recent weeks to assure NYCHA tenants that repairs are already underway.

Nevertheless, most New Yorkers, including the vast majority of NYCHA residents, understand that the leasing of these areas is only the first step in the privatization of public

housing stock. Developers and realtors have seen NYCHA property as a potential cash cow. Rents in Manhattan are some of the highest in the United States.

For example, across the street from the Baruch Houses on the lower East Side, whose property is expected to be leased to developers, a single-bedroom apartment currently rents for \$3,100 a month. A two-bedroom in a property owned by Avalon, one of the firms believed to be bidding for land in the Frederick Douglass development in the Upper West side, rents for \$5,580 a month.

The construction of luxury housing on public property is one aspect of the relentless drive to redistribute resources from the working class to the super-rich and the more affluent sections of the middle class. Nowhere in the United States is the plundering of the working class more starkly expressed than in the 34 square miles of Manhattan.

According to the most recent statistics, the lowest fifth of earners in Manhattan had a median annual income \$9,681, while the highest fifth had a median income of \$391,022, that is, 38 times more than the bottom fifth. Impoverished countries in Africa such as Namibia and Sierra Leone have lower rates of income inequality.

This inequality was on display during and after Hurricane Sandy in November of last year. Public housing developments, particularly in areas near the water such as lower Manhattan and parts of Brooklyn, were complexly neglected by authorities in the days immediately after the storm. Water, heat and electricity were cut off and repairs came slowly.

Emergency service was almost nonexistent and many elderly residents were unable to leave their apartments for days. Generators provided only intermittent power for weeks after the storm. Wall Street was up and running within a day of the storm and the monolithic Goldman Sachs building in lower Manhattan was sandbagged to prevent flooding and had onsite generators that provided electricity after the utilities failed.

The Chairman of NYCHA, John Rhea, epitomizes the brutal inequality that tenants face every day. While the

average yearly income of a family living in New York City Public Housing is just under \$23,000, Rhea, is a member of the wealthy elite. He was a top executive of the investment Bank Lehman Brothers before it collapsed at the outset of the recession. After the collapse of the bank in September 2008, leading executives like Rhea received multimillion dollar compensation packages. His annual salary from NYCHA is \$197,364, nearly nine times that of the average NYCHA family.

Residents have had no official notice of NYCHA's plans, although the proposals have already provoked widespread opposition by tenants in some developments. On February 13 at a packed meeting in the Smith Houses, former Democratic City Council member and current member of NYCHA's governing board, Margarita Lopez, attempted to deal with "rumors" and pledged that there would be public hearings.

Most of what Lopez reported to the audience corresponded with news accounts about the plans. Her report roused anger among tenants and the president of the Smith Houses tenants Association, Aixa Torres, told the standing room only audience, "Let me be clear. We are going to fight."

In another boon to developers, New York City's Department of Education has invited bids from realtors to construct luxury high-rise buildings on "two prime development sites" on the Upper West Side now occupied by two public schools. The schools, both of which have outdoor space, would be torn down and eventually relocated in the ground floors of the new buildings, in spite of some \$20 million spent on recent repairs and upgrades. Students would be relocated during construction.

Carlos Rosario, a resident of the Baruch Houses on the Lower East Side of Manhattan, who is unemployed, told the WSWS, "I am living here with my mother, and I've never heard about them building a luxury high-rise on the Baruch grounds.

"The biggest building here now is the senior citizen high-rise. If they start getting people out of here, where will they go?

"I've been hearing stories and rumors about NYCHA turning the apartments into co-ops and trying to drive people out of here like they are doing in Stuyvesant Town since 2000. Usually the older tenants tell me this. They say that they won't try to drive out the people who are paying rent, but the people who have government rent subsidy, they want to throw them out."

Shevelle Morrison, also from the Baruch Houses, said: "The plan to build a luxury high-rise on the grounds of Baruch Houses is an attempt to destroy public housing. People shouldn't have to take this. They are bad off enough today. They don't repair anything. But if you don't pay

your rent, they want to throw you out. If you have a man over to fix some of the things they won't fix, which is the only way you can really get things done, they want to question you about that.

"There may have been plans for this before Sandy. They may try to move us into the places worst affected by Sandy. They want more of us out of our areas. They want to try to force more of us to pay \$1,300 a month rent.

"We have had two fires in my building because the top wasn't on the incinerator. We told NYCHA to close the top on the incinerator after the first fire. The next day the top was still off, and we had another fire in the building.

"Why is NYCHA doing this? It can't even get rid of the rats that have moved in since Sandy. At night now, there are a lot of rats outside. There are also rats outside early in the morning and in the afternoon as well. I'll tell you what I think about the rats. I think they took a big truck, put the rats on it and brought it here to make us disgusted and get us out of here. How are we supposed to live?"

Gloria Rosario, no relation to Carlos, said: "I got a \$50 deduction in my rent in January like everybody else did for the destruction from Sandy. This is not very much, but for NYCHA it is something because they want every penny. Now they want to build luxury apartments on public housing land. They are giving money to the rich while other people are getting nothing. I have a disabled child and my husband just lost his job. Rich people get help, but when we ask, they look down on us.

"They give to the rich, and are taking from the poor. They are shoving us into places like cattle. My mother has depression, anxiety and nervous issues. My grandmother is 91. What can I do to take care of them? But they don't care how we live."



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact