Rent hikes to hit New York public housing tenants

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The New York City Housing Authority (NYCHA) has proposed huge rent increases for 27 percent of tenants in the city's public housing. This would have an impact on over 47,000 households with incomes of over $20,000 a year.

This is NYCHA's first rate hike since 1989 and is being implemented in response to dramatic increases in operating costs that are the product of soaring energy prices and pressures from the stock market.

Tenants with better incomes, families of four making $67,267 or more a year, for example, would see their rent increase 40 percent over two years. The hikes will start in September, pending approval from the federal Department of Housing and Urban Development (HUD).

The housing authority oversees 181,000 apartments in 2,700 buildings around the city, with over 415,000 tenants, the largest number for any municipality in the US.

Since 2001, NYCHA, with a yearly operating budget of $1.7 billion, has depleted its reserves by closing budget shortfalls with $357 million. This year it will face a $168 million deficit that it reduced from $182 million by consolidating and eliminating staff positions. The authority has also cut back on building maintenance and slashed overtime for its workers.

Among the mounting financial pressures on the agency, stock market fluctuations have caused an 866 percent increase in the agency's contributions to its employee pension funds over the last five years. Health care costs have increased by another 42 percent.

Federal funding has also been kept well below what is needed to maintain public housing. This year, Housing and Urban Development (HUD) subsidies fall $500 million short of what is necessary to run public housing authorities nationally. In 2007, housing authorities will need $4.4 billion to operate but the Bush Administration has proposed only $3.9 billion in funding.

It is, however, rising energy costs that have hit NYCHA the hardest. According to the journal *Affordable Housing Finance*, NYCHA's energy costs "grew from more than $250 million a year in 2002 to slightly less than $450 million in 2005. Officials predict they will exceed $500 million for 2006."

While profiteering oil conglomerates are reaping record profits off of climbing fuel prices, it is the working class, often those least able to afford it, that is paying the price.

Last month, in an action that outraged public housing tenants, the city announced plans to begin collecting fees in public housing for services that were previously free, such as repairs, and to charge for permits to run appliances. This nickel-and-diming of the city's working poor will hit the bottom two thirds disproportionately. A $5.75 monthly charge for the right to use a washing machine is a hardship for a family surviving on less than $12,000.

The immediate result of the rent increases will be to drive those families making a living income out of public housing altogether and throw them onto the mercy of the housing market in New York or force them to leave the city altogether.

But more ominously, the NYCHA's rationale for the increases - federal budget cuts and increased heating expenses-can easily be applied to a rent increase for the poorer 73 percent of the tenants (128, 000 families) who have an average family income of just $11,578.

For the working class and much of the middle class, the city's rental market is already a social disaster. According to the National Low Income Housing Coalition (www.nlihc.org), New York State has the highest percentage (60-63 percent) of extremely low-income households living in severely unaffordable housing

Those working families who are not shoved out onto the street when they must relocate often stay with friends and relatives until they can find a unit they can afford. In public schools, essential information often does not reach parents of poor students through the mail because their addresses change so often.

New York has some of the most expensive real estate in the world. Not a few of the lavish fortunes of the super-rich have been made, initially at least, off of real estate from the city, including that of the head of the Metropolitan Transit Authority, Peter Kalikow, who made millions selling luxury apartments and high-rent office space and Lawrence A. Silverstein, one of Forbes richest 400 people.

The cost of housing has caused waves of middle-class families to leave Manhattan in search of cheaper rents in the outer boroughs, particularly Brooklyn, where rents promptly rose and the poorer families displaced. Often, they live far from their workplaces and must endure long commutes on the subway or by car.

Landlords have used every form of deceit to hoodwink tenants out of less costly, rent-stabilized units in the city. A report in the *New York Times* recently highlighted one new technique that property owners use to evict tenants. The landlords claim that they are demolishing the buildings, when in fact they are only renovating the units, which, will of course, be put on the market for astronomically higher prices. "The number of demolition filings has risen sharply, according to lawyers for both landlords and tenants." In addition, landlords often begin renovations before permits are approved as a means of getting tenants to move.

The number of rent-stabilized housing units deregulated between 2002 and 2005 was 44,000, more than the total for the entire previous decade.

Even when low-income housing is built, real estate developers find semi-legal ways of profiteering. For example, the Atlantic Development Group is constructing two buildings on Manhattan's East Side that will offer apartments for less than $700 a month to families making $30,000 a year.

But last December, Brad Lander director of the Pratt Community Development Authority, based in Brooklyn, urged New York State not to issue $41 million dollars of tax-exempt bonds to the Atlantic Development group because, he alleged, the company's cost estimates were "wildly inflated" according to the *New York Times*.

By law, a private developer of low-income housing is obligated to recruit a nonprofit agency to act as a watchdog and insure that the units stay low-priced and that tenants are eligible. But Atlantic has chosen as its supervising agency a group called Senior Living Options that was set up by Atlantic owners Peter Fine and Marc Althiem. Lander has questioned whether Atlantic and Senior Living Options are independent.

The rent increases in public housing are part of the steady erosion of affordable living space in New York. The hikes are a first step toward the privatization of public housing. Some of the poor in public housing enjoy views of the East River and live near areas where apartments are selling for millions of dollars. In the avaricious minds of the real estate developers, this situation cannot be allowed to continue.