Billionaires bid for “trophy homes” in New York while homelessness rises

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Amidst the social polarization produced by capitalism, fostered and encouraged by the whole political establishment, it is sometimes hard to find words to describe the irrationality of the system and the parasitism and arrogance of the ruling super-rich.

New York City, while not unique, remains emblematic of what some liberal critics choose to term the “excesses” of Wall Street. One recent example of this was a front-page article in the *New York Times* Sunday Real Estate section explaining in breathless and admiring terms how billionaires are vying with one another to buy “trophy homes” in Manhattan.

Four years into the deepest slump since the 1930s, with millions of working and middle class families facing long-term if not permanent unemployment, along with foreclosures and the loss of their homes, the billionaires are flaunting their wealth as if the 2008 crash had never taken place. The vast majority of the population struggles with housing costs, and many worry whether they will have a place to live next month, but the super-wealthy live in another world.

“At the high end of the real estate market, trophy properties, like expensive art, are rarely bought under duress,” writes Alexei Barrionuevo of the *Times*. He quotes one real estate expert: “These billionaire buyers are really united by one characteristic: their choice of residence is completely discretionary…these buyers are willing to sit on the sidelines, often for years, to wait for that stratospheric trophy property that is truly unique and stands perfect in every way.”

Most of the plutocrats are not really looking for a place to live. They already own numerous properties around the world, and would like to park some of their money in Manhattan real estate, which is still considered a good investment. There is also the matter of bragging rights. There are 33 condominiums and co-operatives on the market at present for $30 million or more. Former Citicorp chief Sanford Weill sold his penthouse on Central Park West for $88 million this year, but another penthouse in the same complex is reportedly on the market for $100 million. There are of course hundreds of other properties that go for “only” $10 or $20 million.

The ultra-wealthy are very demanding. “Rare is the trophy penthouse or full-floor residence that isn’t the result of creative combinations of several apartments to create a suitable mansion in the sky,” the newspaper explains. Spectacular views are a must, along with separate entrances, “concierge services night and day, and a long slate of amenities like gyms, spas and children’s playrooms.”

Compare this to the conditions facing the vast majority of New York’s population. The number of people living in official city homeless shelters recently reached 41,000, an all-time high, while the number living on the street has also jumped sharply (see, “Survey finds 23 percent rise in street homelessness in New York City”). The median rent has risen from $950 a month in 2008, before the onset of the slump, to $1,100 today, and the percentage of households spending more than 50 percent of their income on housing has jumped from 26 percent of the total in 2008 to 29 percent today.

New York City has historically been a city of renters, who occupy more than two-thirds of the city’s housing. In the US nationwide, the ratio is reversed, with about two-thirds of the population owning their homes. While New York has not seen the same soaring rates of foreclosure as Florida, Nevada and elsewhere, there are plenty of working class neighborhoods, especially in the outer boroughs of Brooklyn, Queens, the Bronx and

Staten Island that have been hard hit.

In New York the attacks on jobs and wages are having a particularly significant impact on rental housing. Families who have lost their homes have joined others who are unable to obtain housing loans, or understandably fear buying a home when they face the danger of being trapped by mortgage payments if they lose their jobs and are unable to sell. All of these factors have increased the demand for rentals, with landlords cashing in with sharp rent increases, even as tenants struggle with stagnating income or unemployment.

Twenty-five percent of the city's population lives in rent-stabilized apartments, for which maximum annual increases are set by the Rent Stabilization Board. This government board allowed increases of up to 7.25 percent for two-year leases last year, and last week approved somewhat lower increases, 2 percent for one-year leases and 4 percent for two-year leases—still more than many can afford.

There are millions of other tenants who don't have the option of rent-stabilized apartments, which are often difficult to find. A recent report in the *Wall Street Journal* gave some examples. One 26-year-old woman with three roommates in a high-rent area of Manhattan was paying $1,000 monthly for her share of a four-bedroom apartment and was told that it was increasing to $1,300 on short notice. A medical office manager was paying $1,400 for a tiny studio apartment in Greenwich Village, in what the local real estate broker called "a steal." She received a rent hike of $1,000 monthly, at first thought that some mistake had been made, and then had to vacate the apartment almost immediately.

It is far worse for the poor, the working poor or the underemployed. A 47-year-old substitute teacher in the city's public schools pays $1,250 for an apartment in the Clinton Hill section of Brooklyn. This represents 75 percent of his total income, a situation that is not unheard of.

The weekly Real Estate section in the *New York Times* seems to mock the actual conditions of life of most New Yorkers. Like much of the rest of this newspaper, including the "Dining," "Styles," and "Home" sections that appear on a weekly basis, it is unashamedly and exclusively directed toward the top 10 percent income bracket in the city, and often to far a narrower layer with seemingly inexhaustible wealth.

The days when working people could look at the real estate ads in search of a place to live are long gone. The majority of the city simply does not exist, as far as the "liberal" *Times* is concerned. This is obvious from a brief look at "The Hunt," a weekly column that typically follows a successful young individual or couple as they search for an apartment in Manhattan.

One recent example involved a couple that finally decided to spend $4,330 monthly to rent in the Battery Park City complex in lower Manhattan. They had at first placed their upper limit at about $3,500, but "if they altered their eating habits—no longer dropping $100 a night on dinner and drinks—they could surely afford another $1,000 a month on rent."

This kind of flippancy is typical, as the *Times* editors pretend that all is well with the world. No unpleasant facts are allowed to intrude in this section of the paper. In fact there are many thousands of young college graduates and others who have very different stories to tell, but those stories don't appear in the Real Estate section, which is designed to appeal to advertisers and to sell real estate.

A new generation of young professionals and entrepreneurs is apparently expected to look admiringly and enviously at the possessions and power of the billionaires and their trophy homes, to be added to trophy art and trophy wives.

Behind all of the glitz and glamour, however, huge struggles are in the offing. That which goes unmentioned in the *Times* "lifestyle" sections will soon enough make itself heard—the increasingly angry working class majority.