

New York's Woolworth building to be turned into luxury apartments

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In the latest sign of New York City becoming ever more the playground of the super-rich, a \$150 million deal has been announced to transform the upper floors of the Woolworth Building, one of the city's earliest and most architecturally remarkable skyscrapers, into luxury condominiums. Although specific figures have not yet been announced, press reports estimate that the 40 planned apartments may go for as much as \$3,000 per square foot. At this rate, each 2,500-square-foot unit would be priced at a cool \$7.5 million. The price for the planned penthouse in the building's 5-story, copper-clad cupola would be much greater.

Called the "Cathedral of Commerce" when first erected in 1913, the Neo-Gothic Woolworth Building was the world's tallest at 792 feet (241.5 meters), and it remains one of the 50 tallest in the U.S. today. Built to house the corporate headquarters of the Woolworth "five and dime" discount store chain, it was considered emblematic of rapidly growing American capitalism in the early twentieth century. It is listed as a National Historic Landmark.

Set in lower Manhattan, on Broadway across from City Hall Park, the Woolworth Building is only a five-minute walk from Wall Street. With impressive views of the city, New York harbor and neighboring New Jersey from its upper stories, it is expected to become a prestigious and highly sought after residence for the extremely wealthy from other parts of the world as well as New York.



News accounts have been effusive in their descriptions of the project. The *NY Times* characterizes it as "... a transformation that would be second only to placing penthouses atop the Chrysler Building or the Empire State Building," the city's two tallest and most recognizable pre-World War II skyscrapers. Given the orgy of spending by the financial and corporate elites eager to flaunt their riches, such developments may not be far off. One developer summed up the appeal to these layers when he told the *New York Times*, "Not many people in the world would get to say they live in the Woolworth Building."

While housing prices nationally remain depressed following the 2008 financial crash, the high-end real estate market continues to spiral upward. Last December an apartment on Central Park West sold for \$88 million, the highest price ever paid for a Manhattan apartment.

The obscene conspicuous consumption exhibited by the planned Woolworth Building development and similar projects comes at a time when the great majority of the city's population is finding increasing difficulty in meeting its own housing costs.

According to published data, the median purchase

price of houses or apartments in New York City was \$495,000 in December 2010. The projected cost of one of the Woolworth condos is more than 15 times that, and the \$495,000 figure is in turn far more than the great majority of families can afford.

Millions of working people are finding it impossible to enter the housing market. The increasing difficulty in qualifying for a residential mortgage is in turn raising the demand for rental housing. Landlords are taking advantage of the situation to charge ever-higher rents. Approximately two thirds of the New York City's population lives in rental housing. According to a recent survey, the average apartment rent in Manhattan this past March was \$3,418 per month, higher than before the 2008 financial crisis. Rental costs in the outer boroughs of the city, where the bulk of the working class population lives, have also been rising. Even in the city's poorer neighborhoods families must come up with \$1,500 a month for apartments large enough to accommodate a family of 3 or 4.

At the same time, the owners of many rental buildings in poorer neighborhoods that were purchased as speculative investments before the housing bubble burst are now unable to meet their inflated mortgage payments. New York City's Department of Housing Preservation and Development recently estimated that there are over 110,000 occupied rental apartments in privately owned buildings in danger of foreclosure. In such situations landlords often effectively abandon the buildings, leaving tenants without maintenance or basic services and in danger of eviction.

The situation in publicly-owned housing is also grim. The nearly half-million people who live in buildings operated by the city's Housing Authority face broken elevators, shoddy maintenance and a wait for needed repairs that can take months or even years. The Housing Authority recently projected a nearly \$5 billion shortfall over the next five years in the funds it needs to spend on basic maintenance and necessary upgrades to the properties it owns and manages.

Meanwhile, homelessness in the city is increasing dramatically. According to the city's Department of Homeless Services, there are an estimated 3,262 "unsheltered" (e.g. on the street, in subways) individuals in the city in 2012, a number that is certainly a gross underestimate. Even this figure, however, is an increase of 19% from last year and a

29% increase from 2009, before the effects of the economic crisis had been fully felt. This situation has been exacerbated by the city's recent termination of a rent subsidy program that helped families with limited incomes afford housing.

As of June 2012, the total number of homeless people in municipal shelters was 44,402, according to the Coalition for the Homeless. This is the highest number since at least 1983. New York's billionaire mayor Michael Bloomberg responded to this figure with typical ruling class arrogance, complaining at a recent news conference that the city's homeless shelters were so comfortable that people did not want to leave!

The numbers of New York City residents struggling or totally unable to pay for housing is likely to grow even higher due to the effects of continuing unemployment. July figures show the city's official jobless rate at 10 percent. This marks nearly four years during which unemployment has been at or above 9 percent in the city. The pattern of high unemployment holds true for the whole surrounding region as well. The July rates for New York, New Jersey and Connecticut, the three states encompassing the New York metropolitan area, all climbed. New Jersey's jobless rate rose for the fourth month in a row, to 9.8 percent.



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