Indebted New York City Housing Authority plans to lease public housing land to private developers

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Last month, the New York City Housing Authority (NYCHA) unveiled its first project to lease public housing land to private developers under Democratic Mayor Bill de Blasio's NextGeneration (NextGen) initiative.

The largest public housing authority in the United States, housing 600,000 official tenants and thousands of others who would be homeless unless they doubled up with relatives, the NYCHA has been systematically starved of public funding on the state and federal level for years and is currently running a $2.5 billion deficit.

Many NYCHA buildings are decaying, and there is no funding to make repairs. Residents complain that repairs can take months and even years. In order to address the shortfall in revenues, NYCHA has begun a process of leasing public land to private real estate developers, who have sought for decades to replace housing for the poor and the working class, particularly in Manhattan, with market-rate units.

In May the NYCHA awarded the Holmes Towers redevelopment project to Fetner Properties, a privately held development, management and investment firm responsible for developing luxury apartments and condos elsewhere in the city.

The land consists of a shaded lawn and a play structure at Holmes Towers on 1st avenue and 93rd street in the gentrifying Yorkville section of Manhattan. The location is one of two NextGen initiatives currently underway; the other is slated for NYCHA's Wyckoff Gardens in Brooklyn. The program is seeded to expand to 40-50 properties in the coming years.

The plans for the redevelopment of the Holmes Towers property include the construction of a 47-story tower made up of half market-value and half affordable units. The tower will be built between the two existing 25-story Holmes Towers, effectively blocking out much of the sunlight for Holmes Towers residents. The bottom 20 floors of the Fetner towers will also be blocked of sunlight, with windows facing the brick walls of the Holmes Towers.

The "affordable" units in the building will be concentrated in the bottom 20 floors; that is, while the low-income residents sit in darkness, the luxury condos will look out over a view of the East River.

In 2013 Mayor de Blasio ran on a "progressive" campaign that promised to build or preserve 200,000 affordable housing units over the next 10 years, a completely inadequate number highlighted by a recent Furman Center for Real Estate and Urban Policy study, which indicated that from 2005-2014 median gross rent increased by a total of 14.7 percent citywide, while renter households' income increased by just 1.7 percent. Between 2013-2014, renter households' income declined.

Rising rent and stagnant income has contributed to the city's 60,000-person homeless population. A growing percentage of New Yorkers live at the "near-poverty" level of $36,000 annual income. This will be compounded by the fact that one of the "affordable" two-bedroom units in the new Fetner tower will likely run at a minimum of $1,100 or more than $14,000 year, beyond the reach of millions of New Yorkers and most NYCHA tenants.

The hypocrisy of de Blasio's "progressive" campaign to fight against inequality is in sharp focus in his fight for the renewal of the 421a tax exemption, a regulation that turns public financing into a new bank for the rich.

The NextGen project relies heavily on the 421a exemption, renewed by New York State Assembly in April after a two-year fight in Albany with Democratic Governor Andrew Cuomo and a handful of New York City real estate moguls. In order to qualify for 421a, developers are required to construct 50 percent affordable units within their luxury buildings. In return, developers are exempt from property taxes for 15 to 25 years and are allowed "bonus density," meaning they can cram in more units than would normally be allowed, raking in additional profits.

The 421a exemption robs the city of millions in potential tax revenue. For example, according to the *New York Post*,

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Extell, an even larger real estate behemoth than Fetner, paid just $567,337 in annual taxes on five of its towers. Without the program they would have owed the city $22 million.

Not only has the state legislature renewed this 421a exemption, with support from Governor Cuomo, it has also expanded it. Under the new version, officially dubbed "Affordable New York," buildings of more than 300 units in certain locations which fall under higher wage requirements for construction workers can receive up to 35 years of tax exemption, funneling as much as $20 million more in state and federal funds to private developers.

Fetner Development Company has several buildings that have benefited from the 421a exemption. One building at 1212 Fifth Avenue boasts the priciest condo listing in northern Manhattan, at $12 million.

Holmes Tower residents who spoke to the WSWS are upset about the redevelopment plans, but they say the project was a done deal from the beginning.

Ed Davis, a substance abuse counselor who lives in Holmes, said, "We've protested against this [constructing the new building], but they just do it anyway. We protest and protest, but they just do want they want."

Davis has lived in the Holmes Towers since 1998. He has noticed new buildings going up every year in the city. "They say a certain amount is for affordable housing, but who can afford it? I'm a lower middle class person. I make $47,000 a year and I can't afford it."

About the new tower Davis noted, "NYCHA is doing this because they want the money. They just want to build something and get paid. If this was housing for low-income people then I wouldn't care, but this is for rich people. NYCHA should be prioritizing helping poorer people."

Other residents expressed similar concerns. When asked about de Blasio's promise of affordable housing, one resident, Michael Davenport, a professional project manager for construction companies in NYC, pointed to a new glass condo building across the street, "I'm sure rent's five grand a month over there. You've got to make $150,000 a year to pay something like that. I'm sure de Blasio's new buildings will just be more of that."

Michael is temporarily living in Holmes to take care of his elderly mother while the building's elevators are under repair. His mother lives on the 23rd floor, and while the elevators are normally worked on in the middle of the night when there is less resident traffic, they often break unexpectedly and stop working during the day. "Last night none of them were working. That's why I'm here. I have to carry her groceries up 23 flights. Another guy was stuck out in the lobby until 10 last night because he wasn't able to climb all the stairs."

Another resident, Ghem, a Chinese immigrant who cooks in a restaurant downtown, has applied to Holmes and other complexes nearby, but to no avail. "There are too many people applying. I've applied so many times I couldn't tell you a number."

Ghem is currently staying on his uncle's couch at Holmes because he is unable to find an affordable place to live. When asked how long he will have to stay on his uncle's couch, Ghem shrugged, "I don't know. I'm a grown man. I should be able to live by myself."

Tenants are scared that their homes will be destroyed when the behemoth of a tower takes over what little outdoor space is available, blocking out sunlight, ruining views and crowding lower-income residents even closer together. "I do this kind of stuff for a living," Michael said, "And I've gone out to see where they are planning to build. It's clear we won't have a view anymore. There's going to be a brick wall three feet from my mother's window."

Programs like NextGen do not benefit a majority of New Yorkers, but continue to funnel state and federal funds to the already bursting real estate industry. The fate of the Holmes Towers is yet another physical manifestation of the inequality in New York City. This is not the first step in the process of privatization of NYC public housing, but it is a significant one.

This prospective "poor floor" layout—with low income housing concentrated to the bottom, darker and more cramped floors—is reminiscent of a luxury building on 40 Riverside Boulevard on the Hudson River, which provoked outrage in 2014 due to its installation of a "poor door," a required separate back entrance for lower-income tenants. The door ensured that none of the tenants of the 55 affordable units would walk through the luxury lobby, guarded by several doormen and illuminated by a chandelier of hand-blown glass.

De Blasio approved the building plan for 40 Riverside Boulevard, but claimed he would not allow for any future housing segregated by income, a promise already broken by the redevelopment plans for Holmes Towers.

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