

# After years of neglect, New York City public housing headed for privatization

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The decades-long deterioration of the New York City Housing Authority (NYCHA), the largest public housing system in the US, has reached a critical stage. Following a two-year-long investigation into the grossly unhealthy and dangerous conditions in which the tenants are forced to live, the federal government has announced a deal with the city to install a court-appointed monitor to oversee the authority's operations. This intervention is morbidly ironic, given that the federal government is one of the primary reasons for the current situation.

Over decades, there has been a progressive reduction in federal government assistance for public housing. The city reports a nearly \$3 billion decline in operating and capital funds since 2001. Annual federal funds from all sources dropped nearly \$200 million between 2010 and 2014 alone.

These declines have been mirrored by the state and city. In 1998, New York governor George Pataki terminated operating subsidies to NYCHA, resulting an annual operating shortfall of \$60 million. The cumulative loss by 2010 was \$720 million. Annual operating deficits rose into the hundreds of millions. By 2004, the city also stopped subsidies to the authority.

The combined cuts in federal, state, and city funding led to "deferred maintenance" and a reduction in the workforce by more than a quarter, inevitably resulting in the current squalid conditions in what was once hailed as public housing "that worked" (see: "Health risks found in over 80 percent of NYCHA apartments").

Currently, there are over 160,000 open work orders for repairs, many of which have gone unaddressed for months, or even years. And often, the supposed repairs are only cosmetic. Recent estimates place the cost of necessary repairs and replacement of deteriorated facilities at a minimum of \$20 billion and perhaps as much as \$27 billion. In sharp contrast, as part of the agreement with the feds, New York City has agreed to fund a mere \$2 billion in capital costs over the next nine years. The state will throw in \$550 million.

Two recent incidents have brought the crisis to a head.

First was the revelation that for nearly a decade the city had falsified records regarding mandated lead paint inspections, incorrectly reporting that they had been conducted, thus placing thousands of children at risk of lead poisoning. When this was brought to the attention of the de Blasio administration, the failure was covered up for two years. The NYCHA director, Shola Olatoye, who was appointed by the mayor, resigned due to the resulting scandal (see: "New York Mayor de Blasio covered up for city's failure to test for lead contamination in public housing").

The second incident occurred this past winter, during a stretch of especially cold weather, when many of the authority's aging boilers, which provide both heat and hot water, failed, leaving thousands, including many children and elderly tenants, in the cold for days (see: "America's poor and homeless freeze in winter storm").

Federal investigators, initially conducting inspections for lead, documented the widespread occurrence of unsafe and unhealthy conditions, including gaping holes, broken and leaking pipes, rat infestations, and extensive mold growth. A recent report by Manhattan US Attorney Geoffrey Berman revealed that NYCHA managers conducted a systematic coverup to conceal these conditions from investigators.

Residents are so incensed that the citywide council of tenants' associations mounted a legal action against NYCHA demanding the creation of a court-appointed monitor to oversee the authority's operations (see: "Tenants sue New York City Housing Authority over horrific conditions").

This appalling state of affairs now characterizes what was once considered an outstanding example of successful public housing. What changed? Certainly, the need for affordable housing in New York is at least as great as it was when NYCHA was founded in 1934, during the Great Depression. With over 60,000 homeless people, many of them children, staying in city-run shelters each night, and thousands more on the street, the city's failure to address the housing crisis is plain for all to see. Millions more are economically stressed due to having to pay substantially higher rents than

they can reasonably afford. This, in the city where the “progressive” mayor, Democrat Bill de Blasio, now in his second term, pledged to fight rapidly growing inequality—the “Tale of Two Cities.”

The NYCHA system of 325 housing complexes, spread across all five boroughs of the city, includes 180,000 apartments, with more than 400,000 tenants. Despite the often atrocious conditions, the waiting list for admission is currently over 200,000.

The press and a variety of officials have blamed the situation on mismanagement. There is certainly that. Others blame misguided policies. A recent *New York Times* article, the ruling class’s “paper of record,” cynically intones, “This might all seem quite shocking but really it is where neoliberalism takes us—when governments behave like free markets, when Darwinian economics prevail over the public good, those overseeing that good will inevitably be coaxed into adopting the worst habits of the private sector.”

The reality is that the wanton neglect of public housing in New York is not due to a “bad choice” that could have turned out otherwise if only a more benevolent approach had been taken. Rather, it is just one more example of the now half-century-long drive by the ruling class to destroy all the social programs that were won in bitter struggle by the working class in an earlier period. The ultimate goal is to turn every aspect of social life into an opportunity for private profit, with devastating consequences for the working class, as the *Times*’ statement regarding the “worst habits of the private sector,” perhaps unwittingly, admits.

As with the gradual destruction of public education through the promotion of charter schools, the public housing system has been increasingly starved of support. The inevitable deterioration is then used as the justification for privatization, because the private sector can allegedly do a better job. The elimination of public housing has already been implemented in many cities across the country. Over the last two decades, more than a quarter million units of public housing have been lost nationally.

The claim that the private sector is better equipped to provide affordable housing is belied by the facts.

A recent study by the National Low Income Housing Coalition, titled “Out of Reach,” documents the true nature of the housing market confronting the working class. The report states that a worker would have to earn \$34.40 per hour in order to afford a two-bedroom “market rate” apartment in New York City in order not to spend more than 30 percent of their income, the standard against which housing affordability is judged. The current minimum wage in New York City is between \$12 and \$13 per hour, depending on the size of the employer. At this rate, even a two-income household cannot afford decent housing without

significant financial stress.

Since 2000, median rents have increased by \$300, but renters’ median incomes have risen by only \$145 per month. Efforts to entice developers with various subsidies to build affordable housing have yielded woefully inadequate results. Instead, they have focused on the construction of profitable, high-end units for the city’s elite, exacerbating the housing shortage for the rest of the population.

In the city’s hyper-inflated real estate market, with the cost of housing spiraling ever upward, developers are lusting over the prospect of gaining access to the NYCHA complexes. Many public housing developments were built in what were at the time marginal neighborhoods, but which are now considered prime real estate. The process has already begun. Under the mayor’s NextGeneration initiative, “open” land within NYCHA complexes, originally designed for recreation and enjoyment by the tenants, is being leased to private developers for the construction of market-rate apartments (see: “Indebted New York City Housing Authority plans to lease public housing land to private developers”).

In addition, under the federal government’s Rental Assistance Demonstration (RAD) program, the city plans to transfer a total of 15,000 NYCHA residential units to private ownership over 10 years. In the roughly 1,400 conversions so far, tenants have complained of illegal rent increases, evictions and other abuses.

The response to the NYCHA crisis will also involve attacks on the authority’s maintenance workforce, whose contract recently expired.

Federal oversight of NYCHA combined with grossly inadequate funding will do nothing to stem the continuing deterioration of conditions. Instead, the drive toward privatization and the displacement of the existing tenants will only accelerate.

Capitalism offers no solution to the housing crisis. Hundreds of billions of dollars must be spent, not only on the repair and upgrade of the existing NYCHA complexes, but to renovate other existing housing stock and for new construction in order to address the staggering lack of affordable housing. This requires the establishment of a workers’ government to implement a socialist housing program to provide for the needs of the mass of the population, rather than the insatiable greed of a tiny minority.



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