

Federal government threatens takeover of NYC Housing Authority

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A new report by the Regional Plan Association (RPA) concludes that the loss of even a fraction of New York City Housing Authority (NYCHA) apartments would have a catastrophic effect on the city. The impact would be felt not only by the displaced NYCHA residents themselves, but the knock-on consequences would spread throughout the city.

This is not an unlikely scenario. NYCHA, the largest public housing system in the country, was once considered a successful effort in providing decent, affordable housing for the working class. In recent decades, however, severe funding cuts have led to drastically deteriorating conditions. Problems such as leaking pipes, mold, collapsed ceilings, lead paint contamination, lack of heat and hot water, and infestations of vermin go unaddressed for weeks, months, or even years.

By the city's own admission, there are approximately 2,800 NYCHA apartments with lead paint contamination where young children live, exposing them to the danger of severe neurological damage. Over Thanksgiving, a NYCHA complex in the Bronx, home to 4,200, had no heat for more than a day. More recently, a complex in East Harlem went without hot water for a week, including Christmas. According to the *New York Times*, tenants in one NYCHA building in the Bronx have been without heat for more than 10 years.

The RPA report suggests that if objective evaluations were conducted by health and safety investigators, which has not been the case, a significant proportion of the system would likely be declared uninhabitable. Current estimates of the cost of necessary repairs and upgrades run in the neighborhood of \$45 billion.

More than 400,000 people now live in NYCHA housing, spread across 322 developments, representing about 5 percent of the city's population. NYCHA constitutes 9 percent of the city's total rental housing stock and 6 percent of total housing stock, more than any other low-income housing assistance program in the city.

The shortage of affordable housing in New York City is already acute and growing worse. The situation is

graphically illustrated by the fact that currently at least 60,000 people live in the city's homeless shelters. This represents an increase of nearly 10,000 over the last five years alone and does not count the thousands more who live on the streets. Furthermore, the great majority of low-income renters not in public housing suffer varying degrees of "rent burden," paying more than 30 percent of their income for housing.

Another recently released study, this by New York University's Furman Center, reported that 61 percent of NYCHA residents are classified as "extremely low income," with a two-person household earning less than \$25,050 per year. The average for all New York residential rents is \$1,595 per month, with the average unregulated rent reaching over \$2,000. By contrast, NYCHA residents pay an average of only \$601, held at no more than 30 percent of their income.

Clearly, there is no "excess capacity" in the available housing inventory that could absorb tens of thousands of additional low-income people looking for a place to live.

The RPA report presents a couple of scenarios that play out the immediate consequences of the loss of NYCHA housing. A 10 percent loss of NYCHA apartments, 17,000, would displace 40,000 people. Immediately, this would raise the demand for space in the city's already overcrowded homeless shelters to 100,000. The cost of housing this influx is estimated at \$700 million. The loss of a third of NYCHA apartments would, according to RPA, displace close to 200,000, with a cost of \$3 billion a year to house them in shelters.

Beyond the immediate cost of additional homeless shelters, the ramifications would include a general increase in rents, due to increased demand, in a city where a large portion of the population is already "rent burdened," as well as a substantial increase in demand for a variety of social services, including for seniors and children.

The horrific conditions to which NYCHA residents are subject have provided an opening for the federal department of Housing and Urban Development (HUD) to threaten a

takeover. HUD's secretary, Ben Carson, a Trump appointee, has clearly stated his desire to eliminate all public housing. He has suggested the use of "public-private partnerships" for NYCHA, mechanisms that facilitate the slide to full privatization. The Trump administration has previously attempted to eliminate federal funds for public housing.

In November, a federal judge rejected an agreement between federal prosecutors and the city that sought to address accusations that the city had attempted to conceal from federal inspectors the severe deterioration of conditions in NYCHA housing. The agreement provided a woefully inadequate amount of funding from the city to address the problems—\$1 billion for repairs and \$1 billion for capital improvements over four years—subject to oversight by a federal monitor.

Now, HUD has demanded that, by the end of January, NYCHA submit a plan regarding how it will address all the deficiencies. Otherwise, the authority will be placed in default. Ominously, a HUD press release stated, "This would provide to HUD Secretary Ben Carson a wide range of remedies." A HUD spokesperson went on to suggest that among the "remedies" could be appointment of a private manager, direct federal takeover, under some form of receivership, and abrogation of existing contracts.

New York's mayor, Democrat Bill de Blasio, has already indicated that his plans include major steps toward privatization, even without a federal takeover, placing the fate of NYCHA tenants in danger.

One recently reported deal involves a private development group purchasing a 50 percent stake in two NYCHA complexes in the Bronx—the Baychester and Murphy houses—with NYCHA retaining ownership of the land. The group has reportedly committed to invest \$90 million to renovate the buildings. It will manage the properties while the apartments will be converted to Section 8 housing in order to be eligible for federal funding. The Section 8 program limits the tenant's rent payment to 30 percent of adjusted income, while providing government subsidy vouchers that are supposed to make up the difference between that and the full rent. However, the maximum amount of the government subsidy is limited.

A recent analysis by the Urban Institute, a Washington, D.C.-based think tank, funded by HUD, found that in the five municipality surveyed, spread across the country, landlords are taking advantage of the limited housing pool to raise rents in low-income neighborhoods to "market rates," affordable only to higher-income individuals, and are increasingly refusing to accept the Section 8 vouchers, which provide a much lower return. Since the government's share is not open-ended, depending on appropriations by Congress, and increases in the federal subsidies, and in some

cases supplemental local funding as well, have not kept pace with rising rents, the gap between the market rate rent and the total payment a landlord receives under the Section 8 program is widening.

The number of available vouchers is extremely limited compared to the demand. Waiting lists in many localities run into the thousands, and applicants often have to wait years before even being added to the list, in places by lottery. Continuation in the program is tightly supervised, based on a set of rules and regulations, including strict income limitations.

Low-income tenants currently in the program are being explicitly told that their landlord wants them out so that they can raise the rent. Some landlords employ harassing tactics or neglect needed maintenance and repairs in order to create unlivable conditions, with the intent of driving out the tenants. Such actions are not restricted to the Section 8 program, but are increasingly common in "gentrifying" neighborhoods across the country.

It is highly improbable that the notorious tactics of harassment and intimidation already in widespread use by private landlords will not be employed against NYCHA tenants should their housing be placed under private control. Once the promised repairs have been made, the new managers will have every incentive to maximize the return on their investment.

This deplorable and indeed criminal state of affairs is the direct result of the transfer of huge amounts of wealth from the working class to the ultra-rich, ongoing for decades, which has accelerated following the 2008 financial crisis. There is no solution to the critical lack of affordable housing under the capitalist system. This requires the implementation of a socialist housing program as part of a planned economy under workers' control.

The author also recommends:

Ben Carson: "Poverty, to a large extent, is also a state of mind", US housing secretary proposes tripling rent for poorest households

[27 April 2018]

Trump names opponent of public housing to run Housing and Urban Development

[7 December 2016]



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