

De Blasio accepts federal monitor to oversee New York City Housing Authority

Josh Varlin
7 March 2019

The Trump administration and the administration of Democratic mayor Bill de Blasio jointly announced last month an agreement for the appointment of a federal monitor to oversee the New York City Housing Authority (NYCHA), in a move that is a step toward the privatization of the largest public housing system in the United States.

Some weeks later, US Housing and Urban Development (HUD) Secretary Ben Carson announced that he had appointed Bart Schwartz to the post. Schwartz is a former federal prosecutor in the Southern District of New York who worked under the direction of Rudy Giuliani, a current member of Donald Trump's legal team and former New York City mayor.

Schwartz was accused of a conflict of interest in 2017 by the Securities and Exchange Commission (SEC), when he was a receiver in an SEC case against the hedge fund Platinum Management. Schwartz used about 40 percent of Platinum's funds in the receivership process before being forced to withdraw, after it became known that he had been hired four years prior to defend the "ethical propriety" of a Platinum loan.

The former prosecutor assumes the post as NYCHA's federal monitor in the midst of a crisis that is deeper than ever, with the Authority needing tens of billions of dollars to update its facilities, and amidst frequent loss of heating for thousands of tenants during the winter months. NYCHA admits that approximately 2,800 of its apartments where young children live have been found to have lead paint contamination, although it has systematically attempted to cover up the scale of the problem.

NYCHA residents, more than 400,000 in all, are subjected to vermin, lead paint, leaks, lack of heat, broken infrastructure and a backlog of 250,000 requests for repairs, many stretching over several years. The public housing system has been starved of resources for decades,

and its present crisis is being used as the pretext for moves toward privatization. The mechanism and rationale is very similar to the way in which "underperforming" public schools are neglected, and then closed or converted into charters.

Despite the dire state of NYCHA, the monitor's role will not be to provide much-needed federal funding to improve the state of housing for the families who live in the projects, which comprise nine percent of New York City's rental housing stock. Instead, to the extent that conditions are improved at all in NYCHA facilities, it will be to prepare for their partial or complete privatization. Two NYCHA complexes in the Bronx have already had a 50 percent ownership stake handed over to a private development group.

The deal for a monitor is a devastating exposure—not so much of the Trump administration, whose policies are well known, but of de Blasio, the "progressive" mayor of New York.

De Blasio agreed to the deal after HUD Secretary Carson threatened to declare NYCHA to be in "substantial default," which would have allowed HUD to exert significant control on the authority through official receivership. The deal between Carson, an extreme right-wing Republican and vicious opponent of public housing, and Democrat de Blasio, is so open a surrender to the Trump administration that it provoked the opposition of NYCHA chairman Stanley Brezenoff, an 81-year-old veteran of the city's political establishment.

Brezenoff, a longtime municipal bureaucrat, had been appointed by de Blasio to head NYCHA on an interim basis only 10 months ago. Now, in an interview with the *New York Times*, he sharply criticized the deal. "This is a receiver in everything but name," he said, noting, "The city and NYCHA have all the responsibility, limited authority and all of the financial burden."

Under the monitoring deal, the city will have to supply

\$2.2 billion over the next decade to repair NYCHA buildings—a totally inadequate sum, given that at least \$32 billion is needed—while Schwartz will oversee the city’s compliance and will have the right to “abrogate city contracts and go around Civil Service requirements,” according to the *Times*.

Brezenoff refused to sign the agreement, forcing his deputy, NYCHA General Manager Vito Mustaciuolo, to do so instead. At the same time Brezenoff announced that he would be retiring. Sanitation Commissioner Kathryn Garcia has since been appointed interim NYCHA chair.

Brezenoff’s name is very well known in New York City government circles. He has decades of experience in brokering deals to make city workers pay for the deepening crisis of the system, manifested especially in the ruthless reductions of state and federal aid for social programs and public services. He was a prominent figure in the 1980s, when he served as president of the New York City Health and Hospitals Corporation from 1981 to 1984 and “brought the system’s \$1.8 billion annual budget into line,” according to a city biography. He later served as executive director of the Port Authority of New York and New Jersey.

Even for Brezenoff, however, this major step toward federal receivership and privatization of public housing was too blatant. While placing the full financial burden on the city and supplying no additional federal funding, the monitoring deal paves the way for further attacks if HUD determines that the present arrangement is inadequate.

De Blasio’s press secretary, Eric Phillips, attempted to justify the agreement by pointing to this danger. “While the mayor respects Stan’s opinion and thanks him for his unrivaled legacy of public service,” said Phillips, “you don’t gamble or play a game of chicken when it’s your job to prevent Donald Trump from becoming the landlord of 400,000 public housing residents.”

Of course, the deal will do nothing of the kind. It may well prove to be a major step toward a complete federal takeover of NYCHA by a government that is open in its hatred of public housing.

The spectacle of a veteran official whose career can be traced back to the Koch administration, which led the attack on the 1980 transit workers’ strike and numerous other attacks on the working class, now criticizing de Blasio from the left, is a politically revealing moment. The current mayor ran for office on a platform of reversing decades of growing inequality, and now presides over deeper attacks. Behind this is the crisis of the system faithfully represented by de Blasio. Like every

other Democratic politician, “progressives” as well as so-called moderates, the mayor must do the bidding of Wall Street because he represents the ruling class.

The roots of the crisis of NYCHA go back to the 1970s and even earlier. The decline and collapse of the postwar economic boom led to a bipartisan program of budget-cutting austerity. This proceeded under the presidencies of Nixon, Carter, Reagan, Bush, Clinton and the rest, up to the present day.

Since 2001 alone, federal funding for NYCHA has been cut by more than \$2.7 billion. On a state level austerity has been implemented in different forms by current Democratic governor Andrew Cuomo, his father Mario back in the 1980s, and also by Republican George Pataki and several other Democrats in between.

The 1975 fiscal crisis and near-bankruptcy in New York was a turning point, when the full burden was placed on the working class, with the collaboration of the union leadership, particularly District Council 37 of the American Federation of State, County and Municipal Employees (AFSCME).

Whatever present tension between municipal Democrats and federal Republicans exists, it is purely tactical in nature, over how to prosecute a social counterrevolution that has been presided over by both big business parties for more than four decades. Their common mantra is that “there is no money.” The desperately needed repairs are unobtainable through either of the parties of Wall Street. The resources for decent and affordable housing, including but by no means confined to the massive repair and renovation of New York City’s public housing, can only be fought for and obtained through the independent political struggle of the working class, on the basis of a socialist program of expropriating the giant banks and billionaires.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact