Introduction

The Transformation of Stuyvesant Town

When the war was over there was absolutely no housing for the veterans. Most of my friends either lived with parents or in-laws, and Herschel and I lived in an unfurnished room with one of my mother’s neighbors who had a two-bedroom apartment, and one of the rooms was empty. We had a bed, a hamper, and a chest. That was it. My mother lived on the second floor. I ate there, showered there, and did everything there for just one room to sleep in. Then they built Stuy Town, and you had to apply for it. You could only be a veteran to move in. One of my neighbors moved in with her son. He was in the Navy, so he got the apartment, and his parents were able to live with him. Now, they take anybody. Kids from college? They take this room, and they divide it.
—Ruthie Goldblum, longtime resident, aged eighty-five

I think my rent is going to keep going up. We tried to negotiate the rent and were told that they don’t negotiate. Probably about two to three weeks ago [in June 2011], I was walking past the leasing office on First Avenue, and I noticed that it was packed full of people. There were so many people there that people were standing, and it was a Saturday, which I just thought was strange because I’d never seen it that full. So I think demand is up for Stuy Town, and I think a lot of people are interested in moving in. It obviously helps that every single apartment has, or most apartments have, marble countertops, and there’s dishwashers, and everything just looks a lot more suburban than other typical New York City apartments. So I think, if anything, these people moving in is just going to make the prices go up, because they know that if you’re not willing to pay, someone else is going to move right in. And if it’s two people sharing it—which a lot of times they have parents helping them out—it’s not going to be a problem to split $2,500 in rent.
—Jackie Sabatino, market-rate resident, aged twenty-eight
The first thing you see when you walk out of Stuyvesant Town’s red brick tower apartment buildings on a Sunday morning is the odd mix of people who share this community. Wait a bit longer, and the clash of cultures that now characterize modern Stuyvesant Town become apparent. Walking along the landscaped paths and taking in the quiet, park-like setting, birds chirp as the early risers—typically, white professionals in their 20s, 30s, and 40s—walk their dogs or take a run, and on weekdays, they rush off to work. Weekday mornings are far busier, as a cluster of parents hurry to get their children to school on time, and then hurry to their jobs.

But on this Sunday, it is quiet as a mother of two quickly pushes a bright orange, sporty double-stroller toward a sprinkler-filled playground, offering her children some relief from the oppressive heat and a chance to play before the shade recedes behind the surrounding buildings. Continuing along the winding paths, you see merchants from the farmers’ market unpacking boxes of produce on the walkway between two of Stuyvesant Town’s community focal points: the large central lawn called “the Oval,” and the “clock playground,” which has a prominent clock feature on the jungle gym, as well as a swing set, a fire truck, and play houses. Three other playgrounds circle the Oval, one with Astroturf that converts to an ice rink in the winter, and two asphalt playgrounds. The Oval also has a large fountain and includes upscale amenities that cater to newer residents, such as a café, a lounge, and an indoor kids’ play space. At one time this area also held a film screening room, but it closed after flood damage caused by Hurricane Sandy. It has since reopened as a membership-based location for children’s events and fitness classes.

A tall lamppost is covered with a collage of advertisements. Upon closer look, the bright posts are not ads of the variety commonly seen in New York City, such as those advertising sales, arts events, or activist messages; instead, they recall the bulletin boards found on college campuses. In one, a tenant is trying to sell a futon and some used IKEA furniture—items unlikely to belong to, or garner interest from, the more stable, longer-term residents of Stuyvesant Town. The other flyers publicize a free outdoor screening of a comedy entitled Mall Cop at an event called “Movies on the Oval,” a call for participation in various sports teams (for a $250 sign-up fee), and a free DJ concert at “Music on the Oval”—all to be held on Stuyvesant Town’s quad-like outdoor field.
Walking along the path that encircles the Oval lawn, a different group of Stuyvesant Town residents appears. It is obvious that these tenants are not the intended audience for a slapstick comedy, a volleyball team, or a bass-heavy hip-hop concert. Three elderly white people are sitting on the park benches next to their two home health aides, one Latina and one African American, both dressed in pastel-colored hospital scrubs. Parked nearby are the elderly tenants’ chrome mobility walkers, modified with tennis balls on the “feet” to prevent users from slipping and falling. One of the elderly tenants is a man with oxygen tubing taped to the side of his face; he smiles and says hello to a little boy who walks by with his father.

Stuyvesant Town is iconic. It is an overused word, but one that has been widely applied to the dialogue about Stuyvesant Town/Peter Cooper Village. Usually referred to as simply “Stuyvesant Town” or “Stuy Town,” this sprawling, eighty-acre New York City residential community containing ninety-one uniform buildings was once known for its affordable, rent-controlled apartments. However, since 2001, management has converted many units to so-called luxury market-rate apartments, significantly transforming the demographic profile, culture, and ultimately, the sense of place that is associated with this famous community. Though today the notorious waiting list is gone, depending on location, amenities, square footage, and the length of the lease (one or two years), one-bedrooms range from $3,212 to $3,941 a month and two-bedrooms (with two bathrooms) range from $4,859 to $5,847, as of July 2015. As of this writing, studios, units with patios, and three-bedrooms are also available for rent; some of these are marketed as “platinum” apartments. College students, single professionals, young families, and elderly people: how did this curious menagerie of people come to live here? What is it like for such different groups to live in Stuyvesant Town together? Are all of these residents happy here? How long do they plan to stay? What does the future hold for them now that the apartment complex is again being sold in one of the largest residential real estate transaction in U.S. history?

Over the course of the 2000s, Stuyvesant Town’s owners have leveraged their financial holdings in an effort to realize their ultimate goal of converting an established, rent-stabilized, affordable community into market-rate luxury housing that caters to a class of renters who are willing and able to afford the higher prices for this Manhattan ad-
dress. For the more than 25,000 tenants residing in Stuyvesant Town’s 11,250 apartments, the property owners’ implicit and explicit efforts to expel longtime, rent-stabilized residents in favor of younger, more affluent market-rate tenants has disrupted the community, residents’ sense of place, and their perceived quality of life. The changes have also triggered a stream of conflict between the management and tenants and have altered relationships among residents in unexpected ways. Now, a well-known and formerly stable community has become a contested site in the battle for renters’ rights.

In this book we present an ethnographic study of Stuyvesant Town, focusing on the changing social dynamics within a community at the mercy of New York’s real estate actors. To understand the changes under way in Stuyvesant Town, we explore the story during three key stages in its transformation. First, we describe the rent control era when predominantly middle-class New Yorkers, many of whom were families of veterans and civil servants, first moved into this newly built complex. Though many residents reported sentimental and fond memories of this time period, Stuyvesant Town’s earliest years were also a shameful period in the history of fair housing as the community was initially established as a “whites-only” development.

We then describe the second stage when Stuyvesant Town’s original owner, Metropolitan Life Insurance Company (hereafter called MetLife), made its goal to transition rent-stabilized apartments into market-rate housing during the early 2000s. This was a period when longtime residents on fixed incomes expressed alarm about their housing security and their growing feelings of exclusion from the community. Even as these residents coped with the universal challenges of aging in place (e.g., declining health, death of spouses, loss of friends, and financial constraints in the midst of a severe recession), longtime tenants also confronted specific sweeping changes to the residential environment that they had called home for decades—all as the economy was failing, and Manhattan housing was in short supply.

MetLife, by design, ensured a way for the development to better cater to a market of potential tenants who would differ from the longtime residents in age, appearance, budget, lifestyle, and housing demands. Soon, the community was rocked by an influx of younger neighbors, new policies and procedures, and nearly constant construction and
continuous landscaping projects that would change the physical environment. Management introduced a more liberal tenant culture to accommodate younger people’s more carefree, socially oriented lifestyles and amenity preferences, as well as the crowding of public spaces with small children and loud entertainment and sporting events. For some established residents, these changes triggered conflicts with the incoming tenants, but more importantly, they translated into widespread feelings of uncertainty about what else the future would hold.

This all led to a third phase—what we call the post-default years, and what others have called “Stuyypocalypse Now,” during which Stuyvesant Town’s status became uncertain. Tishman-Speyer Properties bought the property from MetLife in 2006 and then in 2010 defaulted on the mortgage. As of the printing of this book, the management company CWCapital controls the complex on behalf of the bondholders, with poor reviews from residents, some of whom are long-term tenants who were awarded rent rebates totaling more than $68 million in order to reimburse them for rents that MetLife and Tishman-Speyer illegally raised. Notably, large sums have been deducted from former and current tenants’ rebate payouts for legal fees, expenses, and retroactive charges for improvements to the property.

On May 14, 2013, in what the Stuyvesant Town-Peter Cooper Village Tenants Association (hereafter referred to as “the tenants association”) called a “blood boiling” and “predatory” action, at least one thousand households received notices under their apartment doors notifying them that CW would be imposing mid-lease rent increases, which translated into a rent hike of as much as thousands of dollars a month for some residents. Tenants organized a press conference in response to what they called a “crude and callous act” that was “just the latest assault on the affordability and stability of a community we all need to join in protecting.” Rumors were swirling that after squeezing more rent money from tenants, CWCapital would sell the property to the highest bidder, leaving many residents agonizing about the prospect that rents would rise even further, and they would be left without an affordable housing option in the city.

The state’s rent stabilization laws formally expired on June 15, 2015. After a five-day extension and many difficult sessions in Albany during which tenants’ rights groups accused Governor Cuomo of siding too
heavily with the landlord lobby, state lawmakers extended existing rent regulation for four more years.\(^6\) The extension includes some protections for tenants as part of the Rent Act of 2015. For instance, the rent at which an apartment can be deregulated increased from \$2,500 to \$2,700, limits were placed on Major Capital Improvements charges, and penalties for landlords for harassing tenants were increased.\(^7\) Also, the city’s Rent Guidelines Board voted to freeze rents for stabilized tenants who hold one-year leases and to limit increases on two-year leases to just 2 percent.\(^8\) The most recent development in Stuyvesant Town’s history is the sale agreement announced in October 2015. The Blackstone Group and its investment partners have made a \$5.3 billion deal to buy the property. Controversially, the terms of the sale include the provision that only 5,000 units of the 11,241 will remain “affordable” for twenty years, ensuring temporary stability to some residents. The story continues.

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This book presents in-depth interviews with residents and a chronological narrative structure to tell the story of the demise of affordable housing in Stuyvesant Town and New York City. In so doing, we argue that one cannot fully understand the conversion of a neighborhood from rent stabilized to market rate without first coming to terms with the historical, social, and cultural dynamics of urban housing that accompany it. More generally, we argue that Stuyvesant Town is of interest because it exemplifies the intersection of changing community demographics and neoliberal housing policy. In Stuyvesant Town, the relatively fast and substantial turnover of units occupied by an aging cohort of residents came to be seen as a market opportunity in a hot real estate sector. The act of flipping houses—where speculators purchase houses, make superficial changes, and attempt to resell them at higher prices in tight markets—became a significant trend during the housing boom of the late 1990s and early 2000s. Though it increased curb appeal, flipping also damaged many neighborhoods nationwide by inflating prices and introducing residents who were less likely to remain stable community members. Stuyvesant Town is an example of what happens when an entire community is placed for sale at such a high price that a company can only afford to pay for it by flipping the whole neighborhood—in this case, changing its composition from long-term rentals mostly inhabited by families to short-term rentals
mostly inhabited by affluent college students and other well-heeled transient populations seeking to get their first foothold in the city.

That flipping an entire neighborhood is even conceivable is, we suggest, a testimony to one major downside of neoliberal (or free-market) housing policy. When supply is scarce, as it is in New York City and many other major urban real estate markets, a “free market” serves only the wealthiest. Hence, policymakers’ deliberate actions are necessary to counter these market forces and preserve the proportionate income diversity that is vital to city life. Ultimately, neoliberal housing policy risks a sort of tragedy of the commons, where the best interests of real estate actors eventually bring ruin to the vibrancy that attracted the wealthier tenants in the first place. Given recent data suggesting that 29 percent of Manhattan apartments are not primary residences, this is no idle concern. This book serves as a call to action for all of those who care about cities and believe that neighborhoods, real neighborhoods given life by long-term residents, are fundamental to their success.

Updating and Extending the Rent-Control Narrative

In general, when one thinks of affordable housing, middle-class New York City neighborhoods like Stuyvesant Town are not what come to mind. Instead, one imagines the run-down apartments and houses built for poor people, including residents of public housing projects and recipients of need-based rent subsidies from the government. However, the concept of affordable housing also includes residential properties catering to middle-class populations, where the high demand for real estate can lead to the exclusion of all but the wealthiest tenants, thus creating exclusionary property markets. In the United States, policies that regulate rent to expand middle-class access to housing markets (e.g., placing caps on rent increases or total rent costs) are sometimes generically called “rent controls,” and they remain in only a handful of large cities, such as New York City and Los Angeles.

To the extent that people are even aware that rent-control policies exist, many misunderstand or vilify these laws, despite their intended purpose of alleviating exclusionary practices in local housing markets. When people do learn about rent control, it is often from acquaintances and media sources. The typical narrative includes outrageous tales about
wealthy, undeserving tenants inheriting the rights to extremely inexpensive apartments where the gentry live lavishly even though they can well afford to rent market-rate units. Sometimes, these rent-control yarns feature regular people, but they are still deemed to be undeserving schemers who are living off of government benefits that unfairly provide them with far more spacious apartments than their life-cycle stage requires or than their income would purchase in the “free” housing market.

Some scholars, policymakers, and citizens view rent control as an unjust “entitlement,” a market-distorting violation of the neoliberal rhetoric upon which the United States prides itself. It is true that some New Yorkers have been lucky enough to score affordable, or even inexpensive, rent-stabilized apartments, either through an inheritance or a lottery. However, this is a relatively small, and, arguably, privileged group. Still, friends and neighbors envy them, newspaper headlines vilify them, and their fellow New Yorkers scorn them. This all feeds into accounts that promote rent deregulation and housing privatization. Those who take this view hold that rent-control policies create market distortions that prevent, rather than enable, access to housing. Further, such neoliberal critiques of rent control tend to suggest that tenants who benefit from such policies are abusing outdated laws and ordinances in order to lease apartments at far lower prices than those to which the rest of the city’s population is entitled. Indeed, critics have blamed rent control for a wide range of economic and social ills, from homelessness and the loss of affordable housing, to declining neighborhood property values, to the rise of socialism and the inability of independent landlords to make an honest living. The case of Stuyvesant Town provides a rare opportunity to explore these claims as they relate to the broader context of affordable housing and to bring the tenants’ voices into the forefront of the debate.

Gentrification, Community, and Market Forces

In addition to a case study about rent stabilization, Stuyvesant Town’s transformation can be seen as a type of gentrification, a term that refers to the process whereby newcomers, who are often wealthier than existing residents, move into declining residential neighborhoods. The newcomers’ arrival is accompanied by improvements to existing housing and
common spaces in order to increase the community’s appeal and value. This process often displaces the working-class, poor, and moderate-income residents, as well as racial and ethnic minorities.

Much of the extant sociological literature on gentrification focuses on the relationships between affluent professional residents who take on individual investment risk by buying homes in disadvantaged neighborhoods within a rising housing market and the poor, nonwhite families who are priced out and uprooted. However, in the face of tight markets for affordable rental housing in expensive cities, an emerging literature calls for a more structural examination of “free-market gentrification.” Such a perspective examines neoliberal development policies and zoning laws that result in gentrification and suggests that government policies should balance free-market forces in order to level the playing field for average citizens and to protect public goods, such as quality local schools. In contrast to conservatives who blame government-imposed rent-stabilization policies for real estate market failures and the loss of city tax revenues, critics of free-market gentrification assert that the neoliberal ideology that advocates for free enterprise, deregulation, and unfettered pro-development policies has transformed cities into global real estate development markets that reduce affordable housing options for families and make cities less democratic.

Instead of examining the individual housing investments of the rich, this book shows the hazards of applying the free-market doctrine to the community sphere. The East Side of New York City, like the rest of the city, is rapidly gentrifying, but many people had assumed that Stuyvesant Town would remain the middle-class haven it always was. Robert Moses and MetLife built the community with public subsidies to house the middle class, but because of deregulation, Stuyvesant Town is becoming just another gentrified swath of New York real estate. Our research challenges the view that neoliberal policy results in an urban utopia where market forces take care of everyone's housing needs. It shows that free-market gentrification is not oriented to building communities, and it leads to both unintended outcomes and predictable negative pathways for citizens’ residential outcomes. The case of Stuyvesant Town forces the question: “What kinds of communities do neoliberal policies create?”
Plan of the Book

This is a contemporary story of a large-scale apartment complex's change from rent-stabilized to market-rate housing from the perspectives of the residents themselves, in real time as they are experiencing the rapid and distressing changes to their community. Longtime and newer tenants provide rich accounts that paint a portrait of the events that took place, while also going beyond historical time lines and journalistic summaries to better critique the impact that neoliberal, free-market policies have had on formerly affordable, cohesive, and stable communities. The sociological analysis provides a richer and more theoretical understanding of the importance of rent-stabilization policies for urban democracy and community-building.

Chapter 1 offers a history of Stuyvesant Town, beginning with New York City’s LaGuardia administration and the “master builder” Robert Moses contracting with MetLife to build this now-famous housing complex. Stuyvesant Town’s origins were fraught with controversy: the forcible clearing of the Gas House District’s residents, the favorable terms of the city’s partnership with MetLife, its stark design, and the racial discrimination against African Americans, all caused consternation. We describe these early years, the community-building efforts of residents and MetLife, and the devolution of rent-control policies that once made Stuyvesant Town an affordable community for middle-class families. We also introduce the two key groups we interviewed: the original rent-stabilized residents and the market-rate newcomers (who are treated as three distinct subgroups: single professionals, younger families, and college students). We review the setting for the study and outline the three periods of community change in Stuyvesant Town: (1) the dynamic but still regulated pre–market-rate era prior to 2006; (2) the market-rate years when MetLife began raising rents and converting apartments to market rate and when Tishman-Speyer Properties speculatively purchased the complex from MetLife; and (3) the era that followed Tishman-Speyer’s 2010 mortgage default, the largest commercial mortgage default in U.S. history, a period of continuing instability, court settlements, and rent increases. Presumably, this era has closed with the 2015 sale deal. To remind readers that Stuyvesant Town is not just a historical case study about an anonymous piece of real estate, but
rather a community with important human and cultural dimensions, we highlight residents’ first-person accounts and provide readers with an opportunity to better understand the nuanced ways in which housing policy decisions shape people and places over time.

Chapter 2 shifts the focus to the longtime residents’ experiences of Stuyvesant Town. This chapter provides readers with an understanding of older residents’ perceptions of the joys and problems of community life through their accounts of their early years in Stuyvesant Town, as well as their current experiences there. Though residents describe the original Stuyvesant Town of their childhoods and younger adulthoods in generally positive terms, they also report the desperate circumstances that drove them to seek housing there, and they assert that the road to gaining access to a Stuyvesant Town apartment was littered with obstacles to overcome. This chapter also shows that today, older residents are ambivalent about the community, viewing it as an ideal environment for aging in place, but also a place where landlord policies and management practices have made life difficult. Sources of stress include the practice of subdividing apartments to attract college students, the implementation of costly and inconvenient upgrades, and the removal of valued amenities. With so much flux in Stuyvesant Town's rent fees, ownership, management, and population, many longtime residents feel alarmed about housing insecurity at this fragile stage of their life cycle.

Chapter 3 is the first of two vignette chapters that spotlight resident narratives and demonstrate how members of tenant subgroups interpret their respective places in Stuyvesant Town. Ruthie Goldblum has resided in Stuyvesant Town since 1948. Her chapter provides the groundwork for understanding long-term residents’ perceptions of the changes in Stuyvesant Town and their decision to become activists in the fight to maintain quality of life and “stay put” in their homes at an affordable rent. Her account highlights the sense of place that longtime residents of a stable community have constructed over time, detailing their sentimental attachments to their home in the city, their investment in their community, and their vigilance about their right to stay.

Stuyvesant Town’s story is tied to the broader currents of New York City’s housing policy and economic development. Chapter 4 provides a context for understanding Stuyvesant Town’s recent history in three ways. First, it provides a brief overview of neoliberal policies that af-
fect housing, such as rent deregulation. Second, it explains the historical role of New York government interventions in subsidizing housing and regulating rents to preserve middle-class residency. Third, using housing market data, it provides readers with an understanding of the current state of housing in New York City, and the particular challenges for the middle class. Finally, we discuss the economic crisis of 2008–2009, which coincided with sweeping home foreclosures across the country, significantly affecting New York City’s housing market as entire apartment complexes, some filled with tens of thousands of tenants, underwent foreclosure. It was in this fragile climate that Tishman-Speyer defaulted. Though many tenants viewed this as a case of “just desserts” for real estate moguls choosing to take speculative risks, residents were left in a state of limbo, worried that their lives in Stuyvesant Town were hanging by a thread and scared of what would come next. We assert that New York’s global investment networks and urban development patterns are fueled by a neoliberal economic paradigm that values housing solely as an investment, rather than as a building block for neighborhoods, sense of community, and sustainable, vibrant urban life.

Chapter 5 explains the ways in which landlords in general, and specifically Stuyvesant Town’s owners and tenants, have reacted to the real estate conditions and deregulation described in the previous chapter. It uses interviews with residents to show how the rising cost of living and the transition to market rate has affected the Stuyvesant Town residents who are most in need of affordable housing. Residents describe their concerns about declining quality of community life and share their fears about housing insecurity, which mostly stem from the bold imposition of costly “major capital improvements” that seem to have been designed to increase rents, to attract a different class of residents, and to push out older rent-stabilized tenants and residents who rely on only one income. Residents explained that life in Stuyvesant Town has become infused with worry and paranoia about aggressive eviction tactics and large, unexpected, and immediate rent increases, sometimes in the middle of a lease term. This chapter also highlights tenant activism as a meaningful response to increased rents.

The focus on Stuyvesant Town’s social dynamics continues in chapter 6. We describe the market-rate tenants, outlining their diverse subgroupings and the ways in which they differ from longtime residents. Expect-
ing to age in place in the city with stable rents, longtime residents simply want to remain in their homes and maintain their way of life. Many report a decline in their satisfaction with Stuyvesant Town since the immigration of college-aged market-rate tenants, although some appreciate the younger residents’ energy and liveliness. In contrast, the younger, market-rate tenants (many of whom are singles, college students, and single- or dual-income professional families with small children, some with nannies and housekeepers) have more resources and different lifestyles. Some market-raters have embraced the fact that Stuyvesant Town is a community and continue to make an effort to become acquainted with their older neighbors, form friendships, and appreciate this new sense of stability and safety in the city. However, many others, especially those without children, feel detached from Stuyvesant Town’s history and the longtime residents’ concerns, and to varying degrees, they actively contribute to disorder and conflict. With no memory of another Stuyvesant Town and strained, or at best minimal, contact with elderly neighbors and families with children, many newcomers seem oblivious to and disinterested in the community, and many resent their neighbors who pay lower rents and whom they view as over-involved in community life in their apartment complex.

Chapter 7 is the second vignette chapter and showcases the most controversial category of newcomers: college students. The narrative of a New York University undergraduate named Kara provides a stark contrast to longtime residents’ stories, but also highlights the diversity among Stuyvesant Town’s market-raters and their role in neighbor conflict and decline in community quality of life. Kara’s story provides a glimpse into the reasons that the growing population of college students is a major source of neighbor tension, especially to the longtime residents and families.

In the conclusion chapter, we review and discuss the book’s key findings and implications. Stuyvesant Town residents have come to create a real home for themselves in a city where this is notoriously hard to do. Unfortunately, the rare combination of characteristics that make Stuyvesant Town an idyllic community for middle-class families and longtime aging residents—its use value—is of limited interest to Manhattan’s powerful real estate actors; to them, anything other than high-rent apartments on this prime chunk of land is a wasted opportunity to
increase profit. The changes that landlords and management imposed upon residents were not merely cosmetic, but were accompanied by dramatic shifts in the neighborhood’s population composition, family structure, and community norms and values. In light of the tentative sale agreement (as of November 2015), we conclude by discussing Stuyvesant Town's future, highlighting the ways in which our study contributes to urban theories about the social and economic value of community stability—a facet of neighborhood vitality that is often overlooked in the ever-churning New York housing market. We conclude with our assertion that Stuyvesant Town provides an ideal case for investigating middle-class residents’ right to the city, especially in an era of neoliberal urban policy that privileges the city’s business elite—their development projects, their tax agendas, and their push for housing attributes that diminish affordability and community for other citizens.