SOCIAL HOUSING TASK FORCE

Wednesday, October 22, 2025 at 6:00 PM
Portland City Hall Basement, Room 24
Kippy Richardson Room

MEMBERS
City Councilor Kate Sykes
City Councilor Sarah Michniewicz
Paul Styslinger
Bill Stauffer
Jason Spector
Cat Buxton
Wendy Cherubini
Cullen Ryan
Matthew Peters
Kristin Leffler
Jon Fetherston
Jonathan Culley
Tim Wells

The Social Housing Task Force will conduct this meeting in-person. If you are not able to attend in person, a recording will be available in the Agenda Center following the meeting.

PUBLIC COMMENT INFORMATION:
To submit written public comment on an agenda item, email socialhousingrtaskforce@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Social Housing Task Force meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

AGENDA:

1. **Review and Approve Minutes from the September 24, 2025 Meeting**

   i. SHTF Draft Mintues of Meeting 9.24.2025

2. **Administrative Updates, Announcements, etc.**

   i. Review and approval of City of Portland Remote Participation Policy re Social Housing Task Force

3. **Discussion of Social Housing Models and Path Forward**

   i. Social Housing Matrix

   ii. Assorted Resources and Articles

Social Housing Task Force Minutes of Business Meeting held September 24, 2025 at 6:00 pm

Recording of meeting is posted here. NOTE: Due to a technical issue the recording ended approximately 1 hour and 16 minutes into the meeting.

In attendance:

City Councilor Kate Sykes
City Councilor Sarah Michniewicz
Mayor Mark Dion
Paul Styslinger
Bill Stauffer
Jason Spector
Catherine Buxton
Wendy Cherubini
Matt Peters
Kristin Leffler
Jon Fetherston
Jonathan Culley
Tim Wells
Cullen Ryan

Greg Watson, Director of City's Housing and Economic Development Department
Mary Davis, Division Director, City's Housing and Community Development Division
Christian Roadman, GPCOG, Senior Planner
Kali Loughlin, GPCOG Sustainability

The meeting opened with review and approval of the minutes from the august 18 meeting. (Bill Stauffer moved for approval, seconded by Councilor Michniewicz). The minutes were approved unanimously.

GPCOG and City staff provided brief administrative updates, including reference to the task force web page on the City's website and the new task force email (socialhousingtaskforce@portlandmaine.gov).

Next Christian Roadman led the group through a discussion and comparison of the various types of social housing programs referenced on the Social Housing Matrix included in the agenda packet. Follow-up discussion by task force members included questions regarding how the group would define "social housing", how developments could be managed, how residents might be chosen, and need for data on housing needs (rental, homeownership, affordability, unit sizes, etc.). Several members expressed that the task force should look at ways to create opportunities that do not compete with already existing programs and resources such as the Low-Income Housing Tax Credit (LIHTC) program and HOME program, as well as investigating ways to leverage resources such as the Jill C. Duson Housing Trust Fund and city-owned property. Other topics discussed included democratic control of properties by tenants; permanent affordability; mixed income developments creating a flexible framework for one aspirational "pilot" project to build, grow and aspire to; purchase and rehabilitation of existing buildings; tax abatements.

The task force then discussed a draft work plan for the upcoming year, developed by Chairs Sykes and Fetherston. Members offered thoughts as well as potential revisions.

The meeting adjourned at 7:40 pm.

REMOTE PARTICIPATION POLICY OF THE CITY OF PORTLAND SOCIAL HOUSING TASK FORCE

ADOPTED on __________, 2025

Pursuant to 1 M.R.S. § 403-B, and after public notice and a hearing, the City of Portland Social Housing Task Force hereby adopts the following policy to govern remote methods of participation in public proceedings or meetings (collectively, "meetings") of the Social Housing Task Force (hereinafter collectively referred to as "Tack Force").

In addition to conducting meetings with in-person participation, the Task Force conducts meetings with two other types of participation: remote and hybrid.

Remote meetings allow Task Force members and the public to participate only by telephonic or video technology allowing simultaneous reception of information but may include other means necessary to accommodate disabled persons (referred to herein as "remote methods of participation"). Remote meetings will not be by text-only means such as e-mail, text messages, or chat functions.

Hybrid meetings allow Task Force members and the public to participate in-person or by remote methods of participation. Members of the Task Force are encouraged to participate in-person for hybrid meetings.

Prior to each meeting, the chair or other presiding officer, in consultation with other members of the Task Force if appropriate and possible, will determine whether participation at a meeting will be in-person, remote, or hybrid in as timely a manner as possible under the circumstances. Any Task Force member who is unable to attend a meeting in-person will notify the chair or other presiding officer as far in advance as possible.

The public and City officials and staff will be provided a meaningful opportunity to attend a meeting via remote methods of participation when any member of the Task Force participates via remote methods or when remote methods are available and operational at a given Task Force meeting. If public input via remote methods is allowed or required at a meeting, an effective means of communication between the Task Force and the public will also be provided. The public will also be provided an opportunity to attend the meeting in person unless there is an emergency or urgent situation that requires the entire Task Force to meet only by remote methods.

Notice of all Task Force meetings will be provided in accordance with 1 M.R.S. § 406, and the City Charter, City Code or policy, if applicable. When the public may attend via remote methods, the notice will include the means by which the public may access the meeting remotely and will provide a method for disabled persons to request necessary accommodation to access the meeting. The notice will also identify the location where the public may attend the meeting in person. The Task Force will not restrict public attendance to remote methods except in the case of an emergency or urgent issue that requires it to meet using remote methods of attendance.

The Task Force will make all documents and materials to be considered by it during a meeting available, electronically or otherwise, to the public who attend remotely to the same extent customarily available to the public who attend in person, provided no additional costs are incurred.

All votes taken during a Task Force meeting using remote methods will be by roll call vote that can be seen and heard if using video technology, or heard if using audio technology only, by other members of the Task Force and the public. A member of the Task Force who participates remotely will be considered present for purposes of establishing a quorum and voting.

This policy will remain in force indefinitely unless amended by the Task Force.

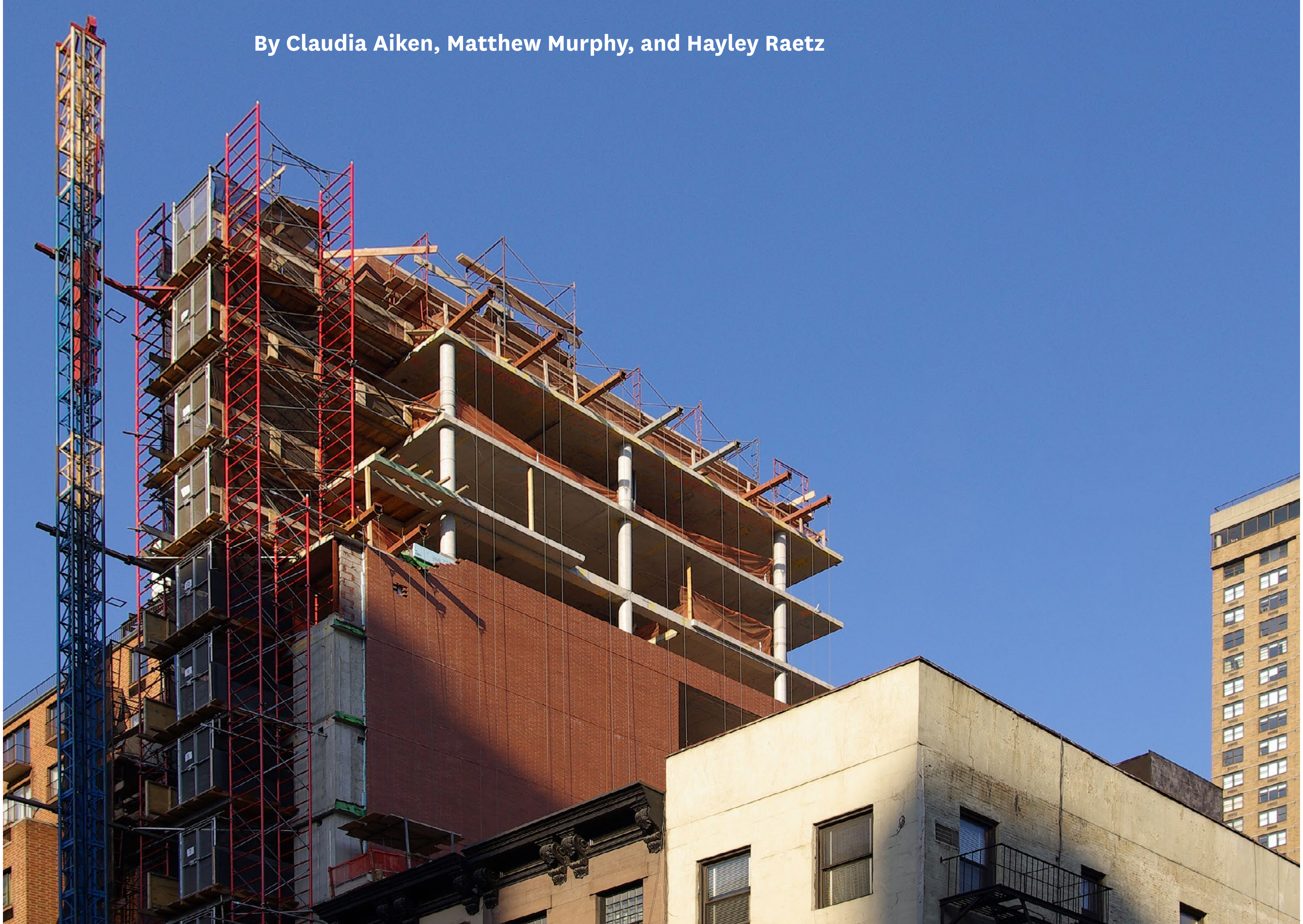
Social Housing Example	Status	Structure	Funding	Notable Details
Vienna	Existing, decades-old	Government agency	National income tax	Includes both City-owned housing and third-party-developed housing. ~220,000 dwellings in total. Initial rent set by income, increased with inflation
Singapore	Existing, decades-old	Public housing authority	National funding	More than one million dwellings. Largely focused on home-ownership through a mandatory national savings program, though rental housing exists also
Denmark	Existing, decades-old	National financing institution	National and non-profit-funded revolving loans	Not income-restricted. Relies on local and national no-and-low interest loans
Finland	Existing, decades-old	Government agency	National funding & loans	Apartments provided both through municipal companies and non-profits
Mongomery County	Existing, completed social housing project (decades-old agency)	Public housing authority	Bond-seeded revolving loan	Proof of concept for revolving loan-funded, mixed-income housing in the United States. Montgomery County partners with private developers but is controlling owner
Atlanta	Existing, no completed projects	Non-profit subsidiary of public housing authority	Bond-seeded revolving loan	Similar to the Montgomery County model
Seattle	Existing, no completed projects	Public development authority	Local income tax and $850,000 local start-up funds	May purchase existing building(s) to start
Chicago	Existing, no completed projects	Independent non-profit	Bond-seeded revolving loan	Recently approved (May 2025)
Chattanooga	Existing, no completed projects	Non-profit subsidiary of public housing authority	Municipally-seeded ($20 million) revolving fund	Intended to provide low-interest, subordinate loans to cover up to 25% of cost and serve as equity investment
California	Existing, completed projects	Joint powers authority	Bond	After initial period, city may sell property if desired
Massachussetts	Anticipated, potential funding	N/A	Bond	Potential revolving loan fund
Rhode Island	Anticipated, potential funding	N/A	Bond	Specifics unclear
San Francisco	Theorized	N/A	Locally funded ($62 million) revolving fund, theoretically	Example project pro-formas developed and available as part of municipal research regarding establishment of a social housing program
Kingston	Anticipated, unfunded	N/A	N/A	Specifics unclear
Dakota County CDA	Existing, decades-old	Local government agency	Bonds, tax-levy dedicated funding	100% affordable housing (no market rate units) without use of national tax credits. Non-LIHTC funding allows project flexibility. Large property pool stabilizes maintenance
The Housing Company	Existing, decades-old	Non-profit organization	Federal tax credits, other	100% affordable housing (no market rate units) utilizing federal tax credits. Large pool of existing projects facilitates investment in new projects

NYU Furman Center

POLICY BRIEF | OCTOBER 2024

The Emerging Spectrum of Government-Led and Publicly-Owned Housing Development Models

By Claudia Aiken, Matthew Murphy, and Hayley Raetz



Executive Summary

Amid a national affordable housing shortage, a range of government-led development models are emerging as state and local governments explore more active roles in housing production and ownership. These proposals and models, sometimes termed "social housing," vary widely. In some cases, state and local authorities directly build housing, while in others, they offer low-cost loans, investments, and tax exemptions to build mixed-income housing developments that are ultimately owned in some form by a government entity.

Traditional public housing authorities (PHAs) have faced significant underfunding and operational challenges over time, prompting a contemporary shift toward today's conventional model where public entities finance, regulate, and incentivize low-income housing development that is undertaken by non-profit and for-profit private entities. But in various pockets of the country, there is growing interest in government entities taking a more aggressive role in stimulating housing development, including taking an ownership stake.

This interest grows out of both ideological and pragmatic reasons. However, an expansion of the public's role in this direction raises several key considerations: Can these emerging models actually achieve deep affordability while maintaining high quality over time? How do they balance public ownership goals with financial sustainability? And at what cost? This policy brief examines emerging models of public development and ownership across three main groups, providing insights into their design, benefits, risks, and policy implications.

Reasons for Renewed Interest in Public Development

State and local governments are revisiting public development for a diverse set of reasons. In some regions, limited capacity among private affordable housing developers has necessitated government action. Other jurisdictions face federal funding constraints and are turning to local resources to fill funding gaps. In addition, among some policymakers there is an increasing interest in creating "decommodified" housing, consisting of affordable, mixed-income communities in which private entities are not able to capitalize on rising land values over time.

Spectrum of Public Development Models

We broadly categorize the models of public development as follows:

Group A: Mixed-Income Development with Public Equity Investment: Public entities use revolving loan funds to finance mixed-income developments, aiming to secure long-term public ownership stakes. These models leverage market-rate rents to cross-subsidize affordable units and appear to be most feasible when built on public land and paired with local investments. Examples include Montgomery County, Maryland's Housing Production Fund and Atlanta's Urban Development Corporation.

Group B: Public Housing Conversions: PHAs use federal programs like Faircloth-to-RAD to redevelop existing public housing and add units. These models retain some form of public ownership and leverage additional subsidies through Section 8 funding to support deeply affordable units. They address capital improvement needs and expand the public housing supply while navigating financing gaps and Faircloth capacity limitations.

Group C: Fully Affordable Housing Models: Long-standing models like those in Dakota County, Minnesota, and Idaho's The Housing Company showcase how publicly driven development can sustain long-term affordability with and without relying on the Low-Income Housing Tax Credit (LIHTC). These models use dedicated funding streams and portfolios of smaller properties to cross-subsidize costs, highlighting how specialized entities can focus on affordable housing needs effectively.

Policy Considerations

Each model presents unique considerations for policymakers:

1. Balancing Affordability and Financial Viability: Public developers must balance the goal of creating affordable housing with the need for financial feasibility. Government financial support will always be required in some form, and using revolving funds, tax exemptions, and cross-subsidization models can support affordability while maintaining market viability.

2. Managing Development Risks: Public entities face unique risks in real estate development, from market fluctuations to construction and operational challenges. They face these risks both when acting as a developer and as an investor. Strong underwriting capacity, dedicated risk management strategies, and the ability to adapt to market cycles are critical for long-term success.

3. Leveraging and Maximizing Existing Subsidies: Alongside any new development efforts, public entities should maximize federal programs (e.g., LIHTC, HUD's Rental Assistance Demonstration (RAD) program, and federal risk sharing programs) to finance any new affordable housing development. Coordinating new and existing tools ensures more comprehensive development and preserves local financial resources.

4. Responding to Local Contexts and Building Capacity: The effectiveness of public development still depends on local zoning, construction costs, and market rent levels. Policymakers should build local expertise and adapt to local needs while using resources like publicly owned land or addressing gaps that private or non-profit developers cannot fill.

5. Ensuring Long-Term Sustainability and Reinvestment: Long-term sustainability involves planning for the life cycle of properties, including recapitalization for aging systems and quality management. If projects are not underwritten to be financially sustainable, establishing dedicated funding streams may be necessary to ensure proper maintenance over time.

Public development and ownership models offer an additional pathway to increasing affordable housing beyond the conventional toolkit currently available to most places. However, these models also require a detailed assessment of their risks, benefits, operational demands, and the overall cost of such an approach. Balancing affordability with market viability, financial feasibility, and long-term sustainability will be critical as governments explore whether and how to embark on these new roles in housing development.

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Introduction

Following a long and steady decline of federal support for public housing, the landscape of affordable housing in the U.S. has shifted dramatically. Over the past 20 years, the nation's public housing stock has shrunk by 300,000 units.[1]

While Housing Choice Vouchers and units developed through LIHTC have more than replaced those units by count, those programs operate under far different structures and requirements than public housing. Today, with nearly three-quarters of assisted households live in privately owned and operated properties,[2] there is a renewed interest in "social housing," where public entities take an active role in development and ownership of income-restricted housing.

This brief explores emerging models of public development and ownership in the U.S., defined as scenarios where state or local governments act as developers, investors, or long-term owners.[3] We examine the potential benefits, risks, and challenges of these approaches, along with the cost considerations, and offer insights on how policymakers can expand public development to address housing shortages—especially for lower-income households—while ensuring responsible stewardship of public resources.

Reasons for the Renewed Examination of Public Development and Ownership of Housing

States and localities are examining public development for various reasons. Part of the interest stems from a desire to create housing that can remain affordable in perpetuity by never expiring out of program restrictions, be socioeconomically diverse, and ensure that for-profit entities cannot capture rising land values over time. In some areas, the lack of robust for-profit or non-profit affordable housing developers has led to an increased role for government. In other jurisdictions, a well-established affordable housing sector faces constraints on federal funding allocations, particularly for LIHTC, prompting local strategies to address gaps by exhausting existing resources and identifying new financing approaches to support affordable housing. Additionally, PHAs are using federal programs like Faircloth-to-RAD to renovate existing public housing and expand their stock of affordable units.

1. Collinson, R., Ellen, I. G., & Ludwig, J. (2015). *Low-income housing policy* (Working Paper No. 21071). National Bureau of Economic Research. https://www.nber.org/papers/w21071.

2. Ibid.

3. We define public development and ownership as one or more of the following: 1.) Acts as a real estate developer, or engages closely with development partners (i.e., enters into a partnership or other development agreement), with the end goal of ensuring a degree of public ownership in the project; 2.) Invests significant financial resources in exchange for an active role in the decision-making, development process, and ongoing management of housing, beyond basic regulatory oversight. This includes retaining a full or partial ownership stake in the properties; 3.) Is the long-term owner of the housing or the land on which it is built, maintaining continuous public control and oversight over the properties.

Theoretical Benefits and Risks of Public Development and Ownership Models

Large-scale examples of long-term residential public developers are limited in the U.S., outside of PHAs, where a history of mismanagement, funding shortfalls, and long-term operational challenges in public housing across the country is well documented.[4] But emerging public development and ownership models differ significantly from America's traditional model of public housing. Limiting comparisons only to that history risks overlooking the emerging models' potential, and also their distinct challenges. Furthermore, while theoretical benefits and trade-offs between public and private developers can be analyzed, it is important to acknowledge that these emerging domestic models have not yet been in place long enough to fully assess their success in maintaining affordability and quality over time, and at what cost.

The potential advantages of a public developer are two-fold. In theory, public development offers a mission-driven approach that would prioritize long-term social benefits over short-term financial gains. Public developers would also have the advantage of leveraging a wider array of resources—public land, favorable financing terms, and regulatory tools—that can be used together to create and preserve affordable housing.

However, these potential benefits also come with significant operational, financial, and political challenges. Public developers will face the same market complexities as their private counterparts, including navigating zoning regulations, securing building approvals, and managing escalating construction costs. The long-term success of these models depends on public developers' ability to efficiently manage operations, adapt to shifting political priorities, and maintain financial sustainability. Public developers will also need to mostly, if not entirely, rely on public sources of funding in order to pay for development, rehabilitation, and perhaps even the operating costs of such developments. The degree depends on a program's design, but public funding in some form will always be necessary in order for public development to operate at scale.

Moreover, managing and maintaining affordable housing requires strong property management, compliance, and tenant service skills, which may not always be a strength of government entities. Aiming for permanent affordability can strain resources over time as rising costs, inconsistent revenue, and funding gaps can make it difficult to sustain both affordability and quality in the long run.

These considerations underscore the need to carefully balance public ownership goals with market realities and financial feasibility. The models explored in this brief range in their structure and approach, offering insights into how public development entities navigate these challenges and potential benefits.

4. Public housing authorities (PHAs) in the United States have historically faced significant challenges related to funding limitations, deferred maintenance, and operational inefficiencies. Decades of federal disinvestment, combined with the complexities of managing large-scale housing portfolios as in NYC and other large cities, have contributed to the deterioration of public housing stock. See: Schwartz, A. F. (2014). *Housing Policy in the United States* (3rd ed.). Routledge. https://doi.org/10.4324/9780203458204.

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The Spectrum of Emerging Public Development and Ownership Models

In a recent report for RIHousing and the Rhode Island Department of Housing, the NYU Furman Center examined types of publicly-driven housing currently in use or recently approved across the U.S., identifying three groups of models:

Group A: Mixed-Income Development with Public Equity Investment

Public entities use revolving loan funds to finance mixed-income developments, aiming to secure long-term public ownership stakes. These models leverage market-rate rents to cross-subsidize affordable units and appear to be most feasible when built on public land and paired with local investments.

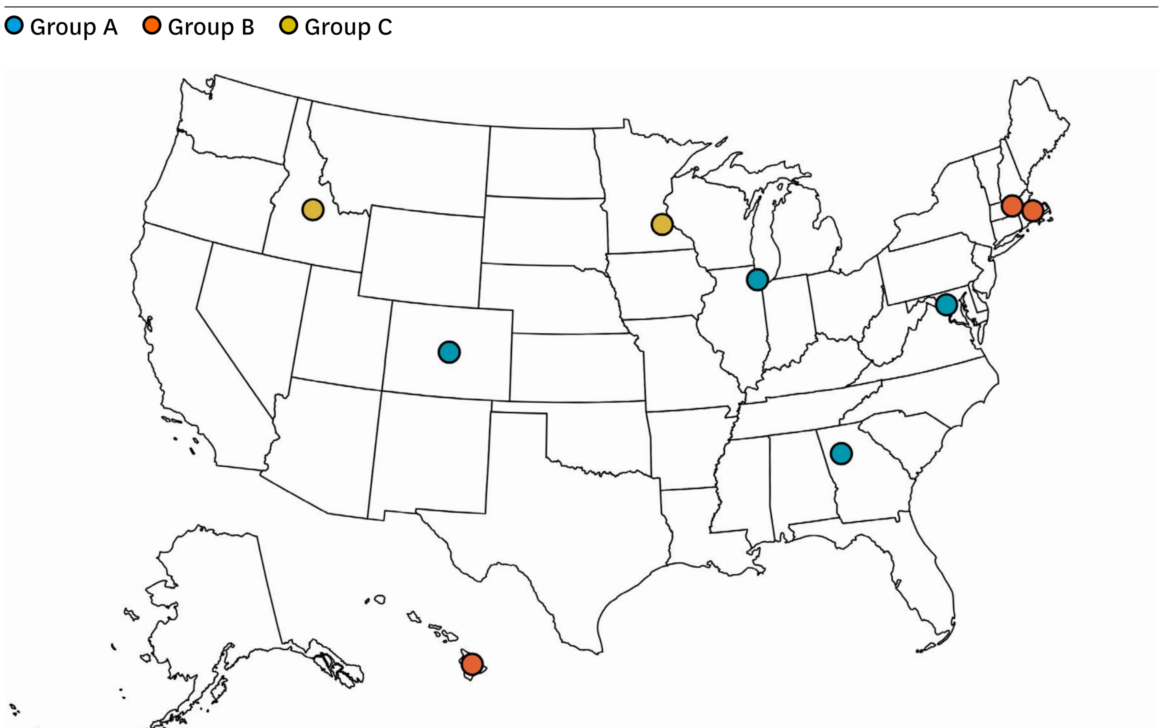
Group B: Public Housing Conversions

PHAs use federal programs like Faircloth-to-RAD to redevelop existing public housing and add units. These models retain some form of public ownership and leverage additional subsidies through Section 8 funding to support deeply affordable units. They address capital improvement needs and expand the public housing supply while navigating financing gaps and Faircloth capacity limitations.

Group C: Fully Affordable Housing Models

Long-standing models like those in Dakota County, MN, and Idaho's The Housing Company showcase how publicly driven development can sustain long-term affordability with and without relying

Public Developer Models Across the U.S.



Source: NYU Furman Center

on LIHTC. These models use dedicated funding streams and portfolios of smaller properties to cross-subsidize costs, highlighting how specialized entities can focus on affordable housing needs effectively.

Below, we outline those models, take a closer look at the financing structure behind actualized projects, and share key policy considerations and takeaways from each.

Group A: Mixed-Income Development with Public Equity Investment

Examples:

- Montgomery County, Maryland's Housing Production Fund (HPF)
- Atlanta Urban Development Corporation (AUD)
- Chicago's Green Social Housing Revolving Fund
- Colorado's Affordable Housing Financing Fund

Summary: Models like those in Montgomery County, MD; Atlanta, GA; and Chicago, IL use revolving loan funds to finance a portion of the construction of mixed-income housing developments, where both market-rate and affordable units are built together. These government-backed funds offer financing that is lower cost than what private lenders would provide given the risks involved. In return, the government often secures an ownership stake. Unlike traditional affordable housing that is often 100 percent income-restricted to low-income households, these developments rely on market-rate units to help subsidize the affordable ones, which usually serve households earning 50-80 percent of the area's median income (AMI). While these funds are designed to be self-sustaining, the below-market interest rates they offer (relative to what private investors would expect) may require ongoing subsidies or support to maintain financial viability over time.

Group A models invest, or intend to invest, public funds that take the place of private equity in the construction financing for large, mixed-income developments, and in turn secure a public ownership stake in these projects that goes beyond basic regulatory oversight of privately owned affordable housing. Many make this investment in part using a revolving loan fund. In these examples, a revolving loan fund is a pool of capital from which loans with favorable terms are made as one of several construction financing sources of housing developments. Once these loans are repaid after the construction phase, the funds are "revolved" back into that same pool in order to sustain its operations, theoretically making them available for other projects. An exception is Colorado, where there is less pressure for the state's investment to revolve, because its Affordable Housing Financing Fund (AHFF) is supported by a dedicated funding stream (a 0.1% state income tax set-aside). In the case of Colorado, to the extent there are any returns to the state's equity investment, those returns would be distributed to tenants in the new buildings as part of a program to promote renter wealth-building.

In Montgomery County, MD and Atlanta, GA, revolving loan funds are seeded with public capital and are used to make short-term (5-year) construction loans. These loans are designed to replace higher-cost market-financing, complementing conventional construction loans to complete the capital stack required for housing development.[5] Because these revolving loan funds are publicly-controlled, they offer financing at lower interest rates compared to the private market. Similar to mezzanine financing, these revolving funds provide construction financing that is subordinate to senior construction loans. Funds like these can

5. A capital stack is the structure of the various financing sources used to fund a real estate project, and typically includes a combination of equity and debt. The stack determines who will receive the income and profits generated by the development and in what order (usually, senior debt lenders are paid first, followed by mezzanine debt or a "second" mortgage, then private equity). Each layer of the stack carries different levels of risk and return; senior debt is the least risky and therefore has the lowest return, while equity is the riskiest and demands the highest return. Often, a project has one set of loans with terms of 3-5 years specifically to finance the construction phase, followed by a permanent loan phase upon a project's completion.

participate as a hybrid of debt and equity, or as direct equity investments, but with the feature of accepting lower financial returns than private market investors due to their public-oriented goals.[6]

In a hybrid development structure that combines public and private financing, the government investment might grant varying degrees of ownership or control. In some cases, the public entity may gain a direct ownership stake, while in others, it may have more limited influence, primarily receiving financial returns or using that stake to prioritize social outcomes. In Montgomery County, Housing Production Fund (HPF) loans are made with interest rates that are significantly lower than those expected by private equity investors given the riskiness of the investment, which again reflects the public-oriented goals of the investment.[7] When offering loans, the public entity must consider the potential risk of the investment, including potential losses if the project fails to meet performance expectations. Because the revolving loan is expected to be "taken out" (the principal balance owed is repaid) by other forms of private or public capital when a project converts to permanent financing,[8] its main function is to help overcome the hurdle of construction financing (whether due to the cost of capital or the lack of available capital altogether).

What Distinguishes Group A Models

It is important to note that a local government or HFA providing low interest loans that subsidize the development of affordable housing is not new. In fact, such subsidized loans, which are often subordinated to more senior public or private loans, are commonplace in 100 percent affordable housing development. What is unique about the relatively new HPF fund, which was created in March 2021, is that it creates an ownership stake for the local government entity (in combination with other public financing tools). To establish the HPF, the county's PHA, called the Housing Opportunities Commission (HOC), issued a $50 million bond, with the County Council agreeing to fund the principal and interest payments.[9] The Council approved a second issuance of an additional $50 million in May 2022 for a total of $100 million raised through the sale of bonds. Each of the two $50 million fund tranches is expected to fund two projects at a time and revolve every five years. One of the first projects to receive an HPF construction loan paid interest on that loan at a rate of 3.5 percent; that interest accrued during the construction term and was repaid to the county, along with principal, at permanent loan closing (the proceeds of which came with a 40-year, instead of a traditional 30-year loan term). Going forward, the HOC estimates that the HPF will cover a total of $250 million in construction loans, funding approximately 3,000 units over the first 20 years. The HOC will indefinitely retain majority ownership in these units. The bond issuance is expected to be fully repaid

6. See footnote 5. In these cases, the entity might not act as a typical equity investor in that their primary goal is to achieve positive social outcomes. In the case of affordable housing with market rate units included, they might seek lower than market rate returns or to translate dividends back into building operations and/or other development activities. The key distinction is that the investor is not also acting as the mortgage lender.

7. Underwriting documents suggested that the interest rate on HPF construction loans ranges 3.5 and 5 percent (with the higher rate assumed during the recent high inflation period), a rate significantly below what mezzanine debt would cost.

8. Permanent financing is long-term, fixed financing that replaces short-term or interim financing, which in this case is the construction loan. It is typically used to finance a property after it has been developed, providing a stable source of funding with set repayment terms over a longer period. Spreading out payments over a longer term reduces shorter term debt repayments, and is structured to ensure the property's long-term viability.

9. The HOC calculates that in exchange for issuing a low-cost triple-A municipal bond for $50 million, the County might pay about $4.25 million per year in today's high-interest environment. But the fund revolves at no cost after 20 years, and in the meantime, the HOC earns a 5 percent development fee on each project–totaling to about $2.5 million per year–which it repays to the County. This means that the HPF may cost the County as little as $1.75 million per year.

through a combination of project proceeds and any additional equity investments within this period, after which they anticipate that the fund will revolve with no additional costs.[10]

How Projects Are Identified

We observe at least two approaches Group A models use to identify viable projects. The first is to enter a development project that has already secured permits, but has stalled due to lack of financing (such as due to a lack of affordable financing). Montgomery County has used this approach, where the public entity offers HPF financing to stalled sites that are relatively far along in their pre-development in exchange for affordable housing commitments. The result is a simultaneous fast-tracking of multifamily mixed-income development as well as securing affordable unit inclusion. Similarly, developers must already have site control when they apply for an equity investment through Colorado's AHFF, and are expected to close within a year of receiving an equity award.

The second approach is to develop a strategy for building mixed-income housing on public land. For instance, Chicago, IL, is exploring the potential for mixed-income development on sites that will open up during the course of the Red and Purple Modernization, the largest capital project in the Chicago Transit Authority's history. This approach allows the public entity to manage projects from their inception. Montgomery County has also leveraged public land in some of their projects, although they are also planning a project on land they purchased at a market rate price.

How Projects Are Financed

It is important to note that the revolving loan funds described are not designed to fully cover total development costs – they cover a portion of the total by filling a financing gap that exists after a conventional construction loan is secured. On the private market, this subordinated position is a riskier loan to make, as it is typically repaid after the senior debt, increasing the likelihood of losses if a project underperforms or defaults. These public entities accept this riskier position to support the development of mixed-income housing, aiming to achieve affordability goals that may not be met through private financing alone.

Group A models also rely on a package of public resources beyond the revolving loan fund. The HOC of Montgomery County is both a PHA and an HFA, and has discretion to provide low-cost capital, tax-exempt and taxable bond financing (including recycled tax-exempt bonds[11]), property tax exemptions, discounted land, and a county-run property insurance program. The HOC also already has two lines of credit with a local bank in an aggregate amount of $210 million, which theoretically allows it to act nimbly as a joint venture developer and/or lender, with more flexibility than comparable entities.[12] For example, in the case of the aforementioned HPF-financed deal, the project was able to call upon a full property tax exemption, a 40-year permanent mortgage

10. Housing Opportunities Commission of Montgomery County, MD. (2024). Adopted Budget Book, p.147. https://www.hocmc.org/images/files/Publications/FY_2024_Adopted_Budget_Book.pdf.

11. Recycled tax-exempt bonds are a source of capital for affordable housing development. Such bonds reuse repaid or refinanced private activity bonds to finance new multifamily affordable housing projects. While the original use of the bonds generate Low Income Housing Tax Credits (LIHTCs), recycled bonds do not produce additional LIHTC equity. While the LIHTC portion is stripped upon recycling, in order to avoid additional federal allocation costs, the recycling allowance does extend the life of the bonds, providing financing for new projects without needing new volume cap allocation. Orrick, Herrington & Sutcliffe LLP. (2024). *Tax-exempt bond financing for middle-income housing*. https://www.orrick.com/en/Insights/2024/01/Tax-Exempt-Bond-Financing-for-Middle-Income-Housing; California Housing Finance Agency. (2019). Presentation on the New York City Housing Development Corporation and the use of Recycled Private Activity Bonds. https://www.calhfa.ca.gov/about/events/board-meetings/books/2019/20191219/20191219-handout-1.pdf.

12. Housing Opportunities Commission of Montgomery County, MD. (2023). "New Issue: Multiple Purpose Bonds, 2023 Series C." *Bond Prospectus*, October 19, 2023, p.8. https://prospectus.bondtraderpro.com/$MDHSG23.PDF.

loan (with default risk shared with the Federal Housing Administration through a risk-sharing program made available to HFAs[13]), cross-subsidy from market-rate rentals (70 percent of all apartments are market-rate), and a separate equity investment from the HOC itself. In the case of Atlanta, the AUD operates as a subsidiary of the city's PHA, Atlanta Housing. Georgia law allows PHAs and their subsidiaries to grant tax exemptions. The AUD also relies on public land, funding, and debt guarantees from the City of Atlanta, and underwriting and development capacity from the city's economic development agency, as well as FHA risk-share loans for permanent financing.

Finally, unlike traditional public housing or fully affordable developments, Group A models produce mixed-income housing, with most units priced at market rates. To reduce the need for ongoing subsidies, these models expect to rely on revenue from market-rate rents to subsidize the affordable units, typically targeted to households earning 50-80 percent of the Area Median Income (AMI). These projects are usually larger in scale, often with hundreds of units, compared to the typical size of LIHTC developments in many regions.

Considerations for Adoption of Group A Models

Adopting Group A models requires careful consideration of both market conditions and financial feasibility. On the demand side, market-rate rents must generate enough income to cross-subsidize affordable units targeted at households earning 50-80 percent of the AMI. On the supply side, development costs—such as land acquisition, construction, and labor—must remain manageable to keep the project viable, even when leveraging public subsidies. If costs are too high or market rents are insufficient, the model may struggle to be financially feasible without additional support.

Group A's cross-subsidization strategy works best when paired with publicly owned land and investment, particularly for creating "workforce housing" rather than addressing the need for the most deeply affordable units. In this respect, Group A models can complement an overall strategy that maximizes the use of LIHTC by focusing on affordability gaps for moderate-income households and offering rental options for voucher-holders who may face challenges in the private market.

Proponents also argue that Group A models have the potential to produce returns through rental income and property value appreciation—which could be reinvested in affordable housing. But this can create a certain tension. Capitalizing on property value growth can conflict with maintaining long-term affordability, and decisions on how returns are used—whether reinvested into the development or distributed to stakeholders—depend on the model's structure.

Finally, operational capacity and expertise are critical to the successful adoption of Group A models. Public entities must manage all stages of development, including underwriting, financing, construction, and long-term asset management. Entities like Montgomery County's HOC, with a history of public-private partnerships, illustrate the need for strong development expertise and strategic decision-making. Additionally, determining which aspects of the development process to outsource—such as architectural design, construction, and project management—requires careful consideration of costs and skills needed.

13. U.S. Department of Housing and Urban Development. (2023). *FHA Risk Sharing Program for Multifamily Housing: Section 542(c)*. https://www.hud.gov/program_offices/housing/mfh/progdesc/riskshare542c. The FHA Risk Sharing Program allows eligible housing finance agencies (HFAs) to partner with the Federal Housing Administration (FHA) to provide affordable financing for multifamily housing. Under this program, the HFA and FHA share in the risk of potential losses on the mortgage, with the HFA assuming a portion of the risk in return for more flexible underwriting and loan terms, aiming to facilitate the development and preservation of affordable housing through attractive, lower-cost financing options.

Broad Policy Considerations Group A Models Present

Several policy considerations arise from the structure and goals of Group A models, which leverage public funds to secure ownership stakes in mixed-income developments:

Balancing Rents and Affordability. To support affordable units, these models partially rely on market rents that can raise sufficient revenue to fund the upkeep of affordable units and the building overall. If the model is designed to sustain a revolving fund, the revenue may need to exceed costs to the extent that it can replenish the fund for future projects. A key aspect of these models is balancing revenue brought in via market rents against development and operations costs and the depth and breadth of affordability. For this reason, these models are often designed to provide "workforce housing" for households earning higher incomes than those typically targeted by LIHTC development. In addition, these properties also typically combine tools, such as public land and property tax exemptions, to lower costs. Even with these tools, however, these models typically need higher market rents to make a project "pencil out," and, for that reason, may be limited to the highest cost markets in a region.

Managing Development Risks. By taking a more active role in the development of a new project as an equity investor, public entities open themselves up to additional risk involved in developing and owning a property. For example, the public entity takes on additional responsibility in terms of the property design and construction, as well as moving the project from the conception stage, through securing financing and the permitting process, all the way to construction and ensuring lease up. Each of these steps involves risk, time, and expertise. While entities can partner with a developer to gain some of that expertise, they will still need to ensure that they are well-aligned in terms of project goals and mission. However, in these models, the trade-off of additional development risk is a long-term ownership stake in housing.

Navigating Construction and Market Risks. While the primary goal of such funds is to provide lower-cost capital to support affordable housing development, public entities still face substantial risks similar to those encountered in private lending, investing, and building. Offering financing at reduced rates means that these entities assume financial risk without the compensation of higher interest returns (and instead focus on affordability). As a result, public entities must exercise careful underwriting and risk assessment, as they could face challenges if a project underperforms or revenues fall short of covering costs. Additionally, public entities would be responsible for managing unforeseen circumstances, such as economic downturns that affect rental income or unexpected maintenance costs from events like severe weather. To mitigate these risks, public entities need robust risk management strategies, ensuring that the potential benefits—the creation of affordable housing units and public ownership stakes—outweigh the financial risks involved.

These models also demand strong underwriting and development capacity within the public sector to manage the financial exposure effectively. To be successful, they will demand a competitive approach. To be competitive, public entities must be able to adapt quickly to changing market conditions and respond to pressures from private developers.

Result in large-scale development that includes affordable units in neighborhoods with higher housing costs. Group A models work best in more expensive neighborhoods, where market rents can subsidize affordable units. Group A models are designed to produce larger scale projects without federal tax credits.

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Building mixed-income housing increases the overall housing supply and can produce a significant number of new affordable units, even if only a proportion of the units are designated as such. This approach provides low-income households access to high-opportunity areas they might not otherwise be able to afford and where it is more difficult to make 100 percent affordable housing deals financially feasible.

Require additional public financing and regulatory tools beyond a revolving loan fund. Beyond revolving loan funds, Group A models rely on a variety of public tools to support development, including using recycled tax-exempt bonds, property tax exemptions, and public land. The ability to coordinate these resources effectively is key to enhancing project feasibility and ensuring the revolving nature of the loan fund.

Group B: Public Housing Conversions

Examples:

- Boston Housing Authority
- Cambridge Housing Authority
- Hawaii Public Housing Authority

Summary: Public housing authorities like those in Boston, MA; Cambridge, MA; and Hawaii are leveraging programs like Faircloth-to-RAD to expand their portfolios by redeveloping existing public housing units and adding new ones while retaining a public ownership stake. These models use federal and local subsidies to renovate or rebuild housing, often adding deeply affordable units and, in some cases, market-rate units to cross-subsidize rent-restricted units.

The second set of models, Group B models, involves the redevelopment and expansion of existing public housing. Using federal and other subsidies, Boston, Cambridge, and Hawaii's public housing authorities aim to preserve or replace existing affordable units, add additional deeply affordable units, and in some cases add market-rate units to cross-subsidize rent-restricted units.

What Distinguishes Group B Models

Unlike Group A models, which focus on creating new mixed-income developments, Group B models are centered on revitalizing and expanding existing public housing. Importantly, the models in Group B all leverage Faircloth-to-RAD conversions.[14] Faircloth-to-RAD allows PHAs to build new public housing units and immediately convert them to units funded with Project-Based Section 8 contracts. The conversion to Project-Based Section 8 funding contracts enables PHAs to access a higher per-unit subsidy than the operating and capital funds typically available to public housing. This subsidy, tied to the tenant's income, ensures that rent is capped at 30 percent of the household income, and any shortfall between the rent paid by tenants and the operating costs of the property is covered by the subsidy. However, it's important to note that these subsidies come from a limited federal funding pool, and their availability can be subject to annual budget constraints and allocation processes. The enhanced subsidy structure can make the development or redevelopment of affordable housing more financially feasible, providing a deeper and more predictable revenue stream to support operations, services, and debt service payments on any financing used for the development. In the models we examined,

14. The Faircloth Amendment prohibited the construction of any new public housing beyond the number of units PHAs owned as of October 1, 1999. Many PHAs have since de-densified their public housing stock through HOPE VI and other programs, and so are below their "Faircloth Limit." Faircloth-to-RAD allows these authorities to convert their unbuilt Section 9 public housing units into Section 8 Project-Based Vouchers. In 2021, HUD first offered guidance for Faircloth-to-RAD conversions. Faircloth-to-RAD builds on the Rental Assistance Demonstration (RAD) Program, which was created in 2011 to enable PHAs to preserve and improve their public housing by converting it from Section 9 to project-based Section 8. Section 8 contracts are stable, predictable, and can unlock opportunities to increase the subsidy the federal government pays for the unit relative to public housing operating subsidies, though there are limits on when those opportunities are available. PHAs use this margin to reinvest in their public housing stock. Faircloth-to-RAD uses the same model to enable housing authorities to build *new* units.

PHAs used or anticipated using Faircloth-to-RAD to add new units as part of redeveloping existing public housing sites. They also intended to retain an ownership stake in and management responsibility for these units, though that is not a requirement of the Faircloth-to-RAD program.

Considerations for Adoption of Group B Models

Faircloth-to-RAD comes with several caveats that PHAs must navigate. First, PHAs can only harness this tool to build up to the number of units they owned or operated as of 1999 (their "Faircloth limit"); some PHAs have much less Faircloth capacity than others. Second, although PHAs can better leverage Section 8 Project-Based Vouchers to attract other private or public financing for development, Faircloth-to-RAD typically still leaves a financing gap. The PHAs we include in our scan are finding different ways to address this gap. The Boston Housing Authority, as a non-Moving to Work (MTW) authority that has implemented Small Area Fair Market Rents (SAFMRs),[15] has a special ability to increase RAD rents to their small area payment standards, creating a deeper level of ongoing federal subsidy in high-rent ZIP Codes. The Cambridge Housing Authority, on the other hand, is an MTW authority, and so does not have the ability to implement SAFMRS. Instead, the Cambridge Housing Authority must combine Faircloth-to-RAD with LIHTC financing in order to make new development financially feasible.

In these models, a PHA's capacity, experience, and reputation as a developer or development partner is critical. The Boston Housing Authority's strong in-house development capacity has allowed them to successfully partner with private developers in large-scale public redevelopment projects. The Cambridge Housing Authority has gained so much development expertise that it acts as a development and preservation consultant to at least two other Massachusetts housing authorities.

Broad Policy Considerations Group B Models Present

We find that Group B models, which use programs like Faircloth-to-RAD to leverage existing public housing authorities to add affordable units:

Result in much-needed improvements to existing public housing. Group B models take advantage of the statutory powers retained by PHAs in order to improve the quality of existing public housing, which serves very low-income and vulnerable households. In addition, they expand the supply of these deeply affordable units, opening up new opportunities for households that would otherwise struggle to pay rent on the open market.

Depend on Faircloth capacity. To develop housing under Faircloth-to-RAD, a PHA must have a gap between the number of public units that they owned or operated in 1999 and the current number of public housing units in their portfolio. This "Faircloth capacity" can then be filled via the creation of new public units. However, not all PHAs have Faircloth capacity.

Typically require additional public investment (in the form of tax credits and other sources). Even after converting public housing to Section 8 Project-Based Vouchers under Faircloth-to-RAD, PHAs are typically faced with a financing gap. This gap can be filled in a variety of

15. Moving to Work (MTW) is a demonstration program for PHAs that gives participating agencies the opportunity to design and test new strategies. It exempts from many existing public housing and voucher rules and allows greater flexibility with how they use their federal funds. Small Area Fair Market Rents (SAFMRs) are payment standards for Section 8 Voucher holders that are calculated at the ZIP Code level, rather than at the level of the entire metropolitan area. SAFMRs are designed to allow voucher holders to access high-cost neighborhoods by increasing the amount a PHA can pay in those neighborhoods. HUD permits non-MTW agencies to augment Faircloth-to-RAD rents in certain scenarios, including in ZIP Codes where 90 percent of the SAFMR is more than 110 percent of the metropolitan area FMR.

ways. For example, PHAs that have implemented SAFMRs can leverage the deeper subsidy provided by small area rents in more expensive neighborhoods. While MTW PHAs are not eligible for SAFMRs, their MTW designation does give them greater flexibility to shift funds between programs, including using LIHTC financing to fill the gap in Faircloth-to-RAD projects.

Group C: Affordable Housing (No Market-Rate Units)

Examples:

- Dakota County, Minnesota's Community Development Agency (CDA)
- Idaho's The Housing Company (THC)

Summary: Established public or quasi-public models showcase long-term public development and ownership with and without federal tax credits.

While Groups A and B include emerging models, there are longer-standing models of public development and ownership in the U.S. One example is the Dakota County CDA in Minnesota, which has developed relatively small, 100 percent affordable buildings housing seniors without using federal tax credits since the 1980s. Minnesota state statute allows the CDA to issue tax-exempt "essential function" bonds, which are credit-enhanced with a general obligations pledge from Dakota County, to finance new senior housing developments. Each new bond issuance is amended to join one, large common bond, which allows the CDA to pool revenue from across its developments to service the debt.[16] It is important to note that Dakota County CDA's approach is successful partly because of its large portfolio, which helps support the model. Aggregating all operating revenue and costs also allows the CDA to allocate the cost of major repairs, such as new roofs, windows, and siding, over time—an approach that is increasingly important as its earlier projects reach thirty and forty years of age. Importantly, in addition to its rent revenue, the CDA relies on a special property tax levy authorized by the Minnesota legislature in 1999 to service a portion of the bond debt.

Moreover, because the CDA does not use any LIHTC financing for its senior housing program, it has more freedom to design its projects without more expensive amenities such as dishwashers, in-unit washers, or large common spaces. These construction cost savings are passed along in the form of more deeply affordable rents. According to the CDA, it has not experienced any lack of demand for its units despite the absence of such amenities, but it is not clear whether the same would be true in buildings aimed at families.

Another long-standing model in Idaho highlights the importance of developing a strategy to avoid cannibalizing existing funding streams for affordable housing. The state's HFA, the Idaho Housing and Finance Company, created a nonprofit called The Housing Company (THC) in 1992, when there was little competition for the state's LIHTC allocation. As evidence of how public development entities can grow and evolve, THC has since become a relatively large affordable housing developer, producing units all over the state and, like the Dakota County CDA, uses this large portfolio to leverage investment into new developments.

16. In New York City, a similar model is employed by the New York City Housing Development Corporation (HDC). HDC uses its Open Resolution, established in 1993, to issue bonds under a single, overarching framework. This allows for cross-collateralization and pooling of revenue streams across multiple developments, which enhances HDC's ability to manage financial risk, stabilize cash flow, and draw from a larger pool of resources to fund repairs and improvements. A key difference, however, is that HDC is not a direct owner of property, instead acting as a direct lender.
New York City Housing Development Corporation. (2024, June 17). *Official Statement: Open Resolution Bonds*. https://www.nychdc.com/sites/default/files/2024-06/2024BC%20OS_06172024.pdf.

Considerations for Adoption of Group C Models

THC was founded to fill a gap in developers positioned to build affordable housing via the LIHTC program. However, THC must now perform a careful balancing act. On the one hand, because it competes with other nonprofits for the state's allocation of tax credits, it must be seen as not benefiting from the HFA's favoritism. On the other hand, its expertise and public mission have made it an attractive way to funnel non-LIHTC financing, including Idaho's American Rescue Plan Act (ARPA) funds, into affordable housing. Such a model runs the risk of raising concerns in the local development community about creating additional competition for tax credits, as well as preferential treatment for the government agency. As such, this model is designed to address a recognized shortfall in affordable housing development capacity. The CDA models one way to alleviate concerns about limited tax credits or other forms of funding, by drawing on a separate dedicated funding source (via a tax levy) and using their bonding authority to finance affordable projects.

This model would also face significant financial barriers in high-cost markets, where development expenses are much higher. In such areas, the per-unit costs for building affordable housing can be substantially greater than in lower-cost regions, especially when models cannot leverage LIHTC. Without LIHTC equity, which reduces the funding gap by providing substantial federal subsidies, public entities will need to allocate significantly more local or state resources to finance the development. This could make the model less viable or require substantial subsidies that may be difficult to sustain over time, ultimately limiting the model's scalability in high-cost environments. If public entities focus on smaller-scale, less expensive projects, these challenges may be mitigated. However, this tradeoff might not be one that entities in higher-cost regions would be willing to make in order to achieve the broader goals of expanding affordable housing in high-demand areas and promoting desegregation at a larger scale.

Broad Policy Considerations and Lessons Learned from Group C Models

Our analysis finds that Group C models, which showcase long-term, fully affordable development with and without federal tax credits:

Create smaller, fully affordable buildings, which may be more politically and financially feasible in certain localities. Dakota County's model focuses on smaller properties (often around 60 units), which can be more politically palatable than larger-scale developments, given that they might not require zoning amendments.

Highlight the value of a large portfolio of units, which can be used to allocate the cost of financing, management, and repairs over time. Both models in Group C benefit from a large number of properties developed over many years, which can help cross-subsidize operating and maintenance costs.

Benefit from specialized entities equipped to focus on affordable housing needs. The CDA and THC models illustrate the advantages of having a dedicated entity, such as a nonprofit, to manage affordable housing development and operations. This specialization allows them to build and maintain affordable housing effectively, bringing deep expertise to financing, regulatory, and property management decisions. It also ensures mission alignment and allows these entities to be more responsive to the specific needs of affordable housing markets, ultimately contributing to long-term sustainability and affordability.

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New York Context: PACT and the Preservation Trust

Recently, the New York City Housing Authority (NYCHA) implemented two models to finance the renovation and modernization of existing public housing units: the Permanent Affordability Commitment Together (PACT) program and the Public Housing Preservation Trust (the Trust). Under both programs, NYCHA retains ownership of the public properties and land while unlocking new sources of subsidy and financing. As of 2022, residents in select NYCHA developments can vote to remain in Section 9 (public housing), convert to Section 8 Project-Based Vouchers via the PACT program, or convert to Section 8 under the Trust.[17]

Unlike the rest of the models in this paper, these new models were designed with a focus on preservation rather than new development. However, the PACT program has already led to one project that includes new mixed-income units.[18] The PACT program converts public housing units to Project-Based Section 8 via the Federal Rental Assistance Demonstration (RAD), unlocking public and private financing options that would otherwise be inaccessible to NYCHA, including bond financing through the New York City Housing Development Corporation (HDC). PACT relies on partnerships with private for profit and non-profit developers, who lease properties from NYCHA and take on responsibility for property management.[19] As a result, PACT properties are removed from the purview of a federal monitor that manages a 2019 settlement with NYCHA, which has raised concerns about a loss of oversight and transparency.[20] However, they remain subject to HUD's Project-Based Section 8 regulations. Residents do have the option, a year after the conversion, to apply for a portable voucher and use that voucher to move to another property.

The Trust, a state-created public entity known as a public benefit corporation, enables NYCHA to access funding for renovations via bond issuances. The legislation that created the Trust gave the entity flexibility to employ alternative project delivery methods, such as construction manager build, construction manager at risk, and design-build contracts, with the goal of expediting and modernizing rehabilitation work. The Trust uses third parties to conduct facility work and manage the property; however, under the Trust, properties are not leased to a third party, unlike in the PACT program.

Under both PACT and the Trust, tenants retain existing protections. Rents are capped at 30 percent of household income. Tenants also retain succession rights and the right to organize, and future tenancy is restricted to low-income households and pulled from NYCHA waitlists.[21]

17. New York City Housing Authority. (2023). *Residents Vote*. https://www.nyc.gov/site/nycha/residents/voting.page.

18. The redevelopment of the Fulton and Elliot-Chelsea Houses under the PACT program is slated to demolish and replace the 2,056 existing NYCHA units at the campus, as well as add approximately 3,500 new mixed income units (including an estimated 875 new affordable units). New York City Housing Authority. (2024). *Fulton and Elliot-Chelsea Houses*. https://www.fultonelliottchelsea.com/home.

19. New York City Housing Authority. *Permanent Affordability Commitment Together (PACT)*. https://www.nyc.gov/site/nycha/about/pact.page.

20. Human Rights Watch. (2022, January 27). *"The Tenant Never Wins": Private Takeover of Public Housing Puts Rights at Risk in New York City*. https://www.hrw.org/report/2022/01/27/tenant-never-wins/private-takeover-public-housing-puts-rights-risk-new-york-city#.

21. New York City Housing Authority. (2022). *Public Housing Preservation Trust*. https://www.nyc.gov/site/nycha/about/public-housing-preservation-trust.page, New York City Housing Authority. *Permanent Affordability Commitment Together (PACT)*. https://www.nyc.gov/site/nycha/about/pact.page

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The Economics of Public Development: Resources Needed to Close the Financial Gap

To explore the financial pathways and obstacles to developing affordable housing beyond the prevailing method of using LIHTC equity, we worked with affordable housing finance experts at Forsyth Street Advisors to build a simple model of a hypothetical multifamily rental project in Rhode Island, the area of focus for our recent report.[22] This analysis aims to shed light on the financing needs for a prospective mixed-income project, as well as the potential impact of various financing and regulatory tools commonly used by the public development entities we studied.[23]

Regardless of where the funding comes from, public development and ownership models will need more state and local funding per unit as compared to deals that include LIHTC funding, because they cannot leverage LIHTC equity (a cost which ultimately the federal government absorbs). In sum, because the construction costs of development do not change solely because a public development entity is involved, to see affordable housing built, local and state governments would need to bridge the financing gap that would typically be covered by LIHTC funding using local funds.

The full workbook used in the analysis below is available for download on our website, localhousingsolutions.org:

ACCESS THE FINANCIAL WORKBOOK

22. The Rhode Island context is, of course, specific and this analysis and its findings are not representative of every development context. As we highlight in our report, much of Rhode Island has comparatively low rents and high construction costs, for example. However, specifying a location allows for the collection of the data needed to identify the assumptions in a pro forma financial analysis. To conduct this analysis with different assumptions, please use the financial workbook linked above.

23. Although this brief is focused on public development and ownership, the economics of this model hold regardless of whether the development is owned and developed by a public, nonprofit, or for-profit entity. It is also important to note that this model is simplified, and cannot substitute for a full financial analysis of a project. See Appendix A for more details on the model assumptions.

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Baseline Case

To understand how different combinations of subsidies work together to underwrite a project, we begin with a "baseline case" of a simple mixed-income, multifamily project in Rhode Island. The base project uses the following high level assumptions:

- 100 units
  - *All 2-bedroom units (800 square feet per unit)*
  - *100,000 square feet of development, 80,000 of which is rentable*
- Mixed income
  - *70 percent market-rate*
  - *20 percent affordable - 60 percent AMI*
  - *10 percent affordable - 40 percent AMI*
- Public land
- Partial property tax exemption[24]
- Located in Rhode Island

For more detailed information on our assumptions please refer to Appendix A.

Our model highlights the challenges of developing affordable housing without relying on LIHTC equity. Using construction cost and market condition assumptions for Rhode Island, we find that in the baseline mixed-income case, there is a substantial financing gap of $12 million ($120,000 per unit and nearly $400,000 per affordable unit), after accounting for a conventional construction loan and an equity investment.[25] This is the case even assuming no site acquisition cost and preferential property tax treatment, implying that not even a shift in land acquisition costs could make such deals financially feasible. This gap highlights the necessity of deploying multiple strategies to achieve financial feasibility.

Even with free land and preferential property tax treatment, ***our base case has a financing gap of $12 million (or $120,000 per unit)***.

24. In this analysis, we use Rhode Island's 8 percent property tax treatment which can be applied to affordable housing properties. Under Rhode Island statute §44-5-13.11 (enacted in 1995), properties in which a covenant restricts either rents or tenants' incomes (or both) may be taxed at a rate that equals eight percent of the property's previous years' gross scheduled rental income, or a lesser percentage as determined by each municipality. There has been some debate about whether the preferential tax treatments apply only to low-income units, or to the entire property, and whether 'low-income' should be better defined. Providence City Council in April 2024 passed an ordinance restricting application of the '8-Law' to housing that restricts tenants' income to 80 percent of AMI, and where rent is capped at 30 percent of income. Source: Leslie, A. (2024). "'8-Law' Tax Break Ordinance Passes Providence Council Despite Concerns." *WPRI,* April 19, 2024. https://www.wpri.com/news/local-news/providence/8-law-tax-break-ordinance-passes-providence-council-despite-concerns/. A recent report also found that not all low-income housing in Rhode Island uses the 8 percent tax treatment. Potential reasons include the completion of developments prior to the creation of the 8 percent tax, the use of separate local tax stabilization agreements, or cases where the general tax structure is more advantageous. RI Housing. (2024). *2024 Report on RIHousing Development Activity and 8% Tax.* https://www.rihousing.com/wp-content/uploads/2024-Report-on-RIHousing-Development-Activity-and-8-Tax.pdf.

25. Financing gap refers here to the shortfall that remains after accounting for a project's available equity investment and conventional construction loan. Even with these financial resources in place, the project may still lack sufficient funds to cover total development costs, especially in affordable housing projects where rental income is capped at lower levels. This gap arises because the equity investment and loan, constrained by underwriting standards and debt service coverage ratios, often fall short of what's needed to fully finance the project. Closing this gap typically requires additional subsidies or innovative financing tools to achieve project feasibility.

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Table 1. Hypothetical Mixed-Income Project, Base Case

Development Program	
Residential Rentable SF	80,000
Maximum Dwelling Units	100
Average Unit Size per Unit (SF)	800

Operating Proforma	**Unit Distribution**	**$/Unit**	**Total**
Rental Revenue - Market Rate Units	70%	3,000 (per month)	2,520,000
Rental Revenue - Low-Income Units 60%	20%	1,686 (per month)	404,640
Rental Revenue - Low-Income Units 40%	10%	1,124 (per month)	134,880
Gross Potential Rental Revenue	**100%**		**3,059,520**
Residential Vacancy	5%		(152,976)
Effective Gross Income			**2,906,544**
Operating Expenses Before Property Tax		(9,150)	(915,000)
Property Tax (Applying Rhode Island's 8% Law)		(2,448)	(244,762)
Net Operating Income			**1,746,782**
Max First Mortgage Debt Service		(15,189)	(1,518,941)
Net Cash Flow			**227,841**

Development Budget	**$/Unit**	**Total**
Total Development Cost	**422,500**	**42,250,000**

Permanent Sources	**$/Unit**	**Total**
Total Sources	**302,588**	**30,258,811**

(Financing Gap)	**(119,912)**	**(11,991,189)**

Closing the Gap

Financing gaps are typically closed using a combination of interventions. To better understand how different tools can impact project feasibility, we test a variety of interventions often employed by the public development entities featured in the models above. They include a full property tax exemption that could accompany land owned and/or developed by a public entity, along with layering the rental income from Project-Based Section 8 Vouchers in affordable units. We also look at the impact of the soft subsidy that might come from a revolving loan fund or other subsidized financing source, a 40-year loan (typical of FHA risk-share), and relatively high market-rate rental income (reflecting supplying this kind of housing in the highest demand markets).

As Table 2 shows, these key interventions individually lower the $12 million existing financing gap in our base case by between $1.5 and $4.6 million each. ***Combining all of these interventions would fully eliminate the financing gap***, making the project financially feasible, leaving $2.6 million in residual value (typically considered residual land value, although this model assumes no cost for land acquisition).

Table 2. Financing Gap Under The Base Case And Interventions

Case Examples	Total Financing Gap
Base case	$12.0M
+ Full property tax exemption	– $3.1M
+ Project-Based Section 8	– $3.0M
+ Subsidy loans of $5k/affordable unit	– $150K
+ Extended loan term (40 years)	– $2.1M
+ Higher market-rate rents ($3,500)	– $4.6M
Combined Interventions	**None - excess value of $2.6M** (residual land value)

While our analysis demonstrates the importance of knitting together several tools and funding sources that states and localities are able to use to achieve feasibility for mixed-affordability projects without LIHTC, it does not address broader questions about whether public development or ownership generates long-term benefits that justify its cost, particularly in comparison to the prevailing tax credit-financed development model. Agencies should conduct this analysis themselves, with a particular focus on the specific structure of the public entity, its capitalization and funding, staff capacity and expertise, its authority and ability to manage risk, competition, and access to public land, property tax exemptions, Section 8 subsidies, and other public goods. As discussed, these are critical questions for policymakers to consider when grappling with the question of standing up a public developer entity, and answers will significantly depend on local context.

Summary of Key Policy Considerations

Our analysis surfaced a number of key takeaways for policymakers and stakeholders to have in mind when considering the potential role that public development and ownership could play in an overall affordable housing strategy.

For each typology of public development and ownership we identified, it is important to consider:

Risks and returns of public funds.

Public entities will need to assess and manage the risks associated with acting as real estate developers, including market fluctuations, public resistance to development, and changes in institutional structure or capacity. These risks must be weighed against potential returns, including new housing units, length and depth of affordability, and profits that can be reinvested in further development or housing programs. Public developers could also be designed to work in "counter-cycles" when market development has slowed down due to broader economic factors.

Ways to maximize and streamline existing programs.

Alongside any expansion of public development, policymakers should make sure to maximize the use of existing programs like LIHTC, FHA risk-share loans, and the U.S. Department of Housing and Urban Development's (HUD) RAD program to finance new affordable housing projects.

Discrete needs that only a public developer can fill.

Public development models should be used when they add to the affordable housing landscape, and where they can create and or utilize new or underused resources. Rather than replacing existing partners that are already capable of performing development work, policymakers should also consider the specific needs that a public developer could address—either because for-profit and nonprofit organizations are unable to fulfill these roles or because a public entity would have a distinct advantage. Examples include using publicly-owned land for mixed-income housing, handling tax lien foreclosed properties, and rehabilitating distressed government-owned properties.

Unique local contexts that may facilitate or hinder development.

The success of any of the models described above depends on local context and resources. For example, policymakers should consider whether current zoning requirements allow for the density that some public development relies on for efficiencies of scale, or if rezoning or inclusionary zoning may be helpful in smoothing the path for affordable housing. In addition, understanding local market conditions, including land, construction, and labor costs, as well as rent levels, is vital. Cross-subsidization models, which rely on market-rate rents to subsidize affordable units, may be limited by local market conditions such as relatively high development costs.

The importance of establishing a dedicated funding stream.

Policymakers should explore ways to establish dedicated funding streams for public investment in housing, similar to Dakota County's property tax levy. Such funding can provide a stable foundation for development and maintenance that is less susceptible to shifts in policy priorities.

The local capacity and expertise needed to act as a public developer.

While public entities can hire consultants to help them navigate the potential risks outlined above, they should also have internal underwriting and risk management capacity to oversee contracts and ensure that public funds are used responsibly.

Long-term sustainability.

Policymakers should consider the long-term sustainability of publicly-developed housing through proper maintenance, management, and reinvestment strategies. Such projects need re-capitalization every 15-20 years to address issues from aging building systems and require quality management for successful operations, including leasing, maintenance, and compliance with local, state, and federal laws.

Conclusion

By examining emerging models across states and localities, this brief highlights a growing interest in reclaiming a stronger government role in developing and owning housing. While these models present potential benefits—such as increased control over affordability, long-term stability, and broader social outcomes—they also come with inherent risks and challenges that demand careful consideration.

Key takeaways from our analysis underscore the importance of balancing financial feasibility, regulatory flexibility, and operational capacity. Public development models succeed by assembling a mix of funding sources, managing risk, and navigating market and political contexts. Whether leveraging mixed-income developments to cross-subsidize affordable units, redeveloping and expanding existing public housing stock, or creating fully affordable buildings without federal tax credits, each model has unique requirements and implications that policymakers must evaluate based on local context.

Ultimately, expanding public development and ownership won't be a one-size-fits-all solution. Success is more likely when these models adapt to local conditions, and build on existing local efforts, rather than launching entirely new, large-scale, and costly initiatives. Finally, ensuring long-term sustainability is critical, as public developers need the capacity to build, maintain, and operate housing developments over time.

The decision to engage more directly in housing development and ownership should also align with broader policy goals, especially the preservation of deeply affordable housing and public housing. In considering the use of these emerging models, policymakers should weigh them against existing approaches to creating and preserving affordable housing, assessing how the cost, risk, and long-term impacts align with their broader housing and community goals.

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Appendix A

Financial Model - Assumptions

The analytic model describe above utilizes several key variables and assumptions:

Project Scale

Our baseline case assumes a 100-unit rental project, which can be scaled up or down. For simplicity, the model assumes that the project contains only 2-bedroom apartments, each sized at 800 square feet. Both the number of units and average square footage per unit are variables that can be manipulated.

Income Mix

The baseline model assumes the following mix of apartments by affordability:

Market-Rate Units

In the base case, 70 percent of the apartments (70 units) are available at market rents of $3,000 per month, which represents rents at the highest end of the market, and the likely rent in a few years when a project is completed and leased up. In general, market rents vary by location (see Figure 2, below), and this market rent is not likely to be supported in Rhode Island's lower-cost areas. Conversely, a well-located project with desirable amenities will support a higher market rent. Analysis of ACS microdata suggests that the 75th percentile of contract rents exceeds $2,500 in only five census tracts in Rhode Island, which are located primarily in coastal areas–Melville (a very small US Census-designated place between Portsmouth and Middletown), Barrington, Portsmouth, and Little Compton–with the exception of a tract in North Providence (the village of Greenville).[26] According to CoStar data, the average rent in Providence was $1,920 (with a high of $2,180 in its most expensive submarket) as of summer 2024.[27] These tracts also all have high homeownership rates (averaging more than 85 percent), which suggests that it may be difficult to build new multifamily rental buildings in these areas even if market rents would support development.

Moderate-Income Units

The model provides the user an opportunity to include moderate-income units affordable to households at 80 percent of Rhode Island's AMI, although the base case assumes no units at this affordability band.

Low-Income Units

20 percent of the apartments in the base case (20 units) are priced at rents that are affordable to low-income households earning 60 percent of AMI. In this model we assume a monthly rent for these apartments is $1,686.

Very Low-Income Units

Finally, 10 percent of the apartments (10 units) are priced at rents that are affordable to households earning 40 percent of AMI. In this model, we assume monthly rent for these apartments will be $1,124.

The model allows the user to change the distribution of units and the rents charged for each unit type. The affordable rents presented in the base case are based on statewide averages. Actual AMI-based rents vary by region. Additionally, for simplicity, the model does not adjust for utility

26. These figures reflect American Community Survey (ACS) 5-year estimates from 2018 to 2022, reported in 2023 dollars, and may not fully capture recent rent increases in some neighborhoods.

27. RIHousing. (2024, August). *Underwriting Report: 99 Water St.*

allowances. In an actual rather than a hypothetical mixed-income project, utility costs borne by low-income tenants are deducted from rent, resulting in a modest decrease in the revenue available to support the project.

Operating Expenses

Based on an analysis of comparable market-rate multifamily rental projects in Rhode Island, the baseline model assumes that it will cost $9,150 per unit per year to fund the operations of the project before property tax obligations. Operating expenses include maintenance and repairs, electricity and heating costs for the common areas of the building, water and sewer expenses, insurance, property management fees as well as staffing and administrative costs. It is possible to adjust operating expenses to reflect projects designed to operate at a lower cost, if, for example, passive house standards are used to reduce energy use, or if government co-insurance programs are available to reduce insurance premiums. They can also be adjusted upwards, if, for example, insurance costs escalate.

Property Taxes

In the baseline case, we assume that the property will benefit from the 8-Law, which sets property taxes at 8 percent of scheduled gross rental income ($2,448 per unit).[28]

Debt Sizing

Our model assumes that first mortgage debt is sized based on a 1.15 debt service coverage ratio, with a 30-year loan term and a fixed interest rate of 5.7 percent. Lending institutions require debt service coverage for all developers, whether non-profit or for-profit. The return on equity for the developer/owner is factored into this debt service coverage ratio. All three of these variables may be adjusted to understand how financing rates and terms can impact financing gaps. Under the baseline case, the project can support a maximum mortgage loan of $21.8 million.

Development Costs

The following variables are used for the development budget, all of which can be manipulated:

Acquisition Cost

For this hypothetical analysis, we assume zero land acquisition cost.

Hard Construction Costs

Based on recently developed comparable projects, the analysis assumes hard costs of $325,000 per unit.

Soft Construction Costs

For simplicity, we assume that soft costs are equal to 30 percent of hard costs, which equals $97,500 per unit. Soft costs generally include architectural and engineering fees, legal fees, permitting fees, environmental assessments, title fees, financing fees and carrying costs during the construction period.

Developer Cash Equity

The analysis assumes that the developer invests 20 percent cash equity.

28. See footnote 24.

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POLITICS

How state governments are reimagining American public housing

States are remembering that they can own housing, too.

by **Rachel Cohen Booth**
Aug 4, 2022, 8:00 AM EDT

Vacant homes in Providence, Rhode Island, are seen though a chain link fence in April, shortly before ground was broken on a new affordable housing project. Suzanne Kreiter/The Boston Globe via Getty Images

Rachel Cohen Booth is a senior policy correspondent for Vox covering social policy. She focuses on housing, schools, homelessness, child care, and abortion rights, and has been reporting on these issues for more than a decade.

What if one of the answers to America's housing crisis is something that's been staring us in the face?

Public housing — but not exactly the kind most people think of.

Even before the pandemic, the nation had too few homes available to buy or rent. Housing prices were eating up bigger chunks of people's budgets every year — and that was all before inflation started wreaking havoc on American bank accounts. Now, with the Federal Reserve hiking interest rates to try to rein in inflation, one unfortunate but entirely predictable consequence is a reduction in home construction. With mortgage rates going up, fewer people are looking to buy, which means fewer private developers projects started later, worsening an already serious housing shortage.

To prevent this grim spiral, a small but growing number of analysts and lawmakers are turning their sights to an idea that has fallen mostly out of favor over the last 50 years: what if the government steps in to develop its own housing? Specifically, state and local governments.

In June the Rhode Island legislature approved $10 million in its state budget for a new pilot program to build mixed-income public housing. It's one of several state and local governments starting to get into a game that's historically been the federal government's purview.

K. Joseph Shekarchi, a Democrat who serves as the state's powerful House speaker, pushed to include this funding as one way to tackle Rhode Island's affordable housing crisis. "I think housing authorities in Rhode Island are one of the best-kept secrets. They produce clean, affordable, low-income housing that are really well-maintained and high quality," he told Vox. "So with this $10 million, we want to see if there's an appetite for incentivizing housing authorities to increase their housing stock."

Governments have successfully addressed past housing shortages through publicly developed housing in places like Vienna, Finland, and Singapore, but citing these examples often leads to glazed eyes and weary skepticism that such models could ever work in the US, with our more meager welfare systems and our strong cultural attitudes toward private homeownership. America's 958,000 units of federal public housing have also long suffered from reputation problems both real and exaggerated, with many seen as ugly, dirty, or unsafe. Few understand that many of the woes of American-style public housing have had to do with rules Congress passed nearly 100 years ago that predictably crippled its success and popularity, rules like restricting the housing to only the very poor.

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"There's just real skepticism that governments can do things well, and there's the stigma of American public housing driven by racist and classist policy choices that have undermined public housing here in ways that European and Asian public housing programs have not," said Alex Lee, a California state representative, who introduced a bill this year to create new publicly owned mixed-income housing.

Lee prefers the term "social housing" — to help differentiate his vision from the segregated, income-restricted, and underfunded public housing that has defined the American model. "But just because there were mistakes made doesn't mean we're doomed to repeat them," he added.

Lee's legislation commanded wide support from powerful constituencies in California, and passed through both his chamber and the state Senate's housing committee. Though his bill is now stalled out, experts say it went farther than anyone expected on its first try, and Lee has pledged to keep pushing next year.

In Colorado, lawmakers just passed a bill creating a new state office to develop 3,500 new housing units targeted to middle-class families. And in Hawaii, lawmakers recently passed several bills that make it easier for the state to build mixed-income condos with 99-year leases, similar to how public housing works in Singapore.

But where this model may already most clearly demonstrate the government's power to increase housing supply is in Montgomery County, Maryland — a suburb just outside Washington, DC. The local public housing authority there is on track to build nearly 9,000 new publicly owned mixed-income apartments over the coming years, by leveraging relatively small amounts of public money to create a revolving fund that can finance short-term construction costs. One of their initial projects — 268 new apartment units located near a planned bus rapid transit line — is set to be finished this year.

"What I like about what we're doing is all we have effectively done is commandeered the private American real estate model," said Zachary Marks, the chief real estate officer for Montgomery County's housing authority. "We're replacing the investor dudes from Wall Street, the big money from Dallas."

experienced in this kind of real estate acquisition. But the public sector can start with acknowledging they have the tools and resources that make it easier to build even in weak economic periods, plus no voracious investor to satisfy at the end of a project. Governments could even step in now to buy half-finished housing from companies that suddenly find themselves unable to make their financing math work.

The Hillandale Gateway development in Montgomery County, Maryland, includes affordable housing. It just got permit approval and work on the site is slated to begin early next year. Montgomery County Housing Opportunities Commission

While Montgomery County is a liberal area in a blue state, Marks notes there's nothing about what they're doing with the Housing Production Fund that heavily relies on government subsidies, which is typical of traditional affordable housing projects. "This kind of project is better for the taxpayer, it avoids a concentration of poverty, and it's very capitalist in my view," he said. "A lot of this is just convincing governments that you don't even know how powerful you actually are."

States can become public developers in different ways

When Meghan Kallman was first elected to the Rhode Island state Senate in 2020, she knew she wanted to focus on housing. The pandemic had intensified housing insecurity in her district, and Rhode Island ranked near the bottom nationally for building new units. And while an early 1990s law already required every Rhode Island city and town to have at least 10 percent of its housing be affordable to low and

Kallman said this all showed more aggressive state action was needed. With the backing of Reclaim RI, an activist group formed by leaders of Bernie Sanders's 2020 presidential campaign, Kallman proposed the Create Homes Act, legislation to launch a new state agency that could build, own, and operate housing.

The idea, Kallman explained, is to have an agency that could develop plans not only for increasing housing supply but also for maintaining and repairing existing housing stock. She introduced it near the end of this year's session, and though it didn't pass, it picked up significant support, including Rhode Island's Senate President Dominick Ruggerio. Kallman thinks they're well positioned to get it over the finish line in 2023.

"What would it look like to have a system where rental units are state-administered, and it falls into the category of a public good that people can avail themselves of?" she asked. "I think that's a really interesting proposal and something I'm really excited to support and see how it works out."

Andrew Friedson, a Montgomery County councilmember who has been leading efforts in Maryland to address his region's housing shortage, told Vox he's been supporting the public development idea because "there is now much broader recognition and understanding" that governments have to be more aggressive. "The status quo and even marginal improvements are not going to come anywhere close to meeting the need," he said.

Indeed, states typically have not attempted any of this. While states since the 1980s have taken a leading role in funding and administering affordable rental housing, developing and owning mixed-income housing has not been something governments in the US have done, or even seen as their responsibility.

Mark Shelburne, a national housing policy consultant, said the public developer idea holds promise. "It's pretty rare that someone actually has a truly new idea in this space," he said. "Pretty much every idea out there has already been said before — and who knows, maybe at some point in history someone had this same concept and we've all just forgotten — but I will say this does seem like a new idea today." Shelburne added that the concept "absolutely can be viable" if the authorizing legislation is set up properly and flexibly.

Paul Williams, the founder and director of the Center for Public Enterprise, a recently launched think tank, has been leading efforts to promote the idea of state and local public housing developers.

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viable solutions he sees.

"Congress is not going to fund new public housing, we can't even get them to fund the capital backlog," Williams told Vox, referring to the billions of dollars needed for outstanding repairs and maintenance of existing federal housing units. "So getting local and state governments to create public enterprises to do public development is what I see as the way to move this forward."

States are rediscovering their self-interest

Why did states retreat from developing their own affordable housing, anyway? Part of the reason is that the federal government stepped up to the plate, with the Housing Acts of 1937 and 1949, and establishing the US Department of Housing and Urban Development in 1965. States and local governments were happy to let HUD take over, but when federal public housing started to lose support in Congress in the 1970s, and the Reagan and Clinton administrations slashed HUD's budget in the '80s and '90s, there was no real state and local infrastructure around to fill the void.

Shekarchi, the Rhode Island House speaker, noted that housing has always been a difficult and complicated issue, and on the local level, many communities balk at any hint of affordable housing construction and associated tax increases. "Many people don't want it because they think affordable housing means more traffic or diminishing of home values or crime or drugs or low-income people," he said. "And I think state government is reflective of those views. We have two-year election cycles and legislators are reflective of the public."

But despite these NIMBY attitudes, some local policymakers are beginning to recognize their own self-interest in stepping up on housing development, capitalizing on tools and public ownership that can create value and be reinvested into the community.

"Both because we don't have to meet the private sector return requirements, and because it's much easier to set policy on things that you own, all of that [revenue] just gets poured back into overall housing production and operation," said Marks, of Montgomery County. "A lot of the time I'm talking to people about the short-term benefits [of our development model], but frankly the biggest benefit is that value that we're creating very slowly over 20 years, so that the people sitting in my chair in two or three decades will have a ton of resources that can be realizable by them then, to continue the mission."

Singapore to understand regions that actually solved their housing shortages. "I'm not arguing we should copy-and-paste but I do think we should learn the lessons from these places," Chang said.

Kallman, the Rhode Island state senator, says she doesn't view her proposed public developer bill as a revenue generator for the state, though she acknowledges it could indeed turn out to be one. "For me this is primarily about the state stepping up," she said. "To solve a housing problem that is affecting huge numbers of people."

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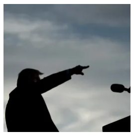

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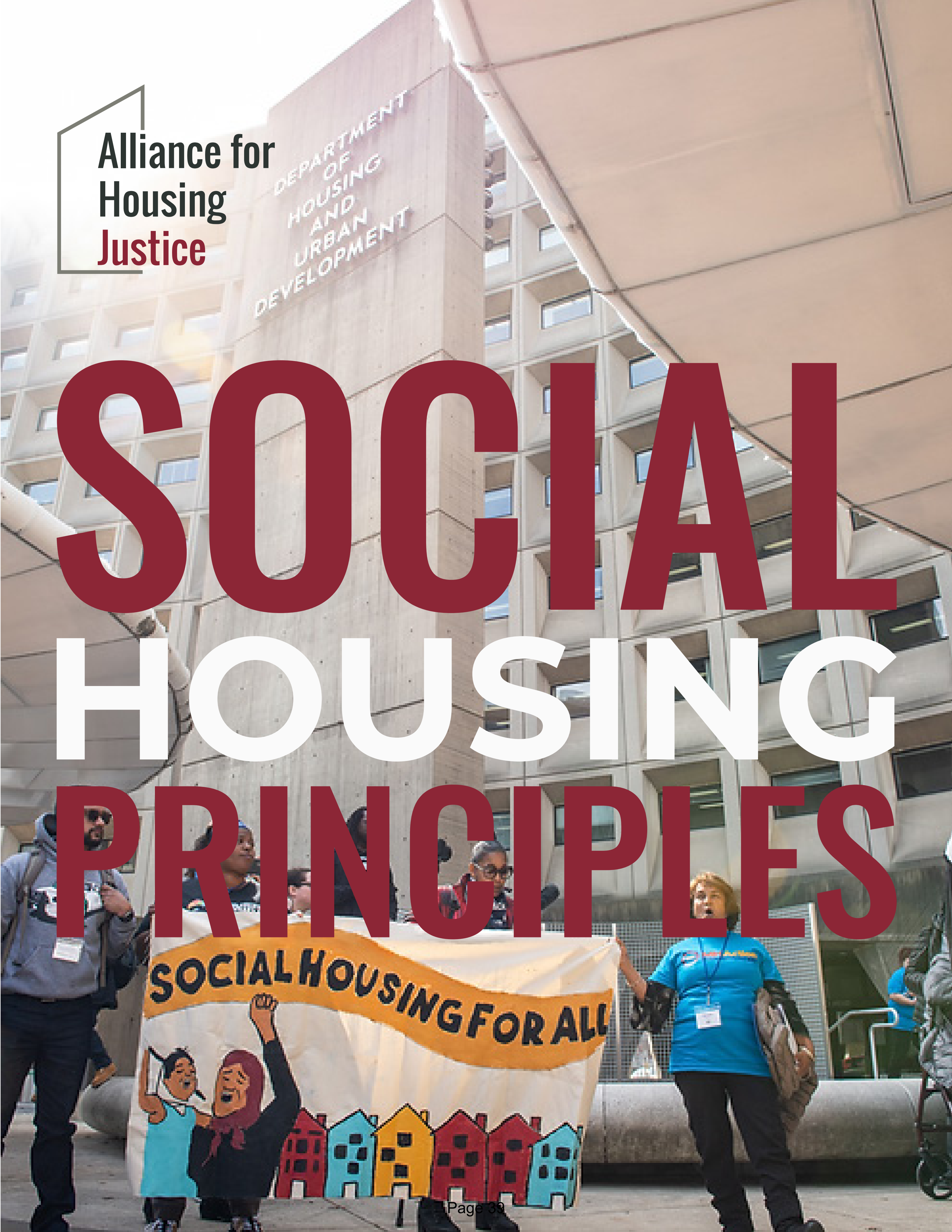
SOCIAL HOUSING PRINCIPLES



WHAT IS SOCIAL HOUSING?

Social housing is a public option for housing. Social housing is permanently and deeply affordable, under community control, and most importantly, exists outside of the speculative real estate market. Social housing can exist in different forms. It can be owned by public entities, residents or mission-driven nonprofits. It can be occupied by renters or homeowners. It includes public housing, community land trusts, new construction, existing affordable housing, and conversion of current market-rate housing, and should meet the scale of the housing crisis.

The Alliance for Housing Justice defines social housing as follows:

- **Socially owned.** Social housing must be owned by public entities (cities, housing authorities, counties, states, or the federal government), tenants, or mission-driven nonprofits, such as cooperatives and community land trusts.
- **Permanently decommodified.** Social housing must be protected from for-profit investors and the speculative market. It must never be resold for profit. It should be treated as a human need, not a commodity to provide profit to landlords or investors.
- **Permanently affordable.** Social housing must be permanently affordable to all, even the lowest income residents, including residents with no incomes. It should be deeply affordable. No social housing resident should pay over 30% of their income on housing costs.
- **Under community control.** Social housing must be developed, owned, managed, and operated in a way that is accountable to residents, the community, and the public. Residents should have a direct role in management and decision-making, including through tenant unions.

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- **Anti-racist and equitable.** Social housing must be designed to promote racial and gender equity and end displacement of communities of color. Immigration status and criminal records should not disqualify people from residence. Social housing should be planned to advance the access of marginalized communities to greater social and economic opportunities, by equalizing these resources across geography.
- **Sustainable.** Social housing should be built using green construction methods according to the principles of energy efficient design. It should include the renovation and sustainable rehabilitation of existing buildings for energy efficiency and disaster resilience.
- **High quality and accessible.** Social housing must be high quality and built to last. It should be accessible to all people regardless of age, physical need, or other factors.
- **With tenant security.** Social housing should be operated within a set of practices that protect tenants from evictions and displacement, such as rent regulation, just cause protections, right to counsel, right to organize, and more.

The Alliance for Housing Justice is powered by the Action Center on Race & the Economy, the Center for Popular Democracy, Housing Justice for All NY, Housing Now! California, Lawyers Committee for Civil Rights Under Law, Liberation in a Generation, the National Housing Law Project, PolicyLink, the Poverty & Race Research Action Council, PowerSwitch Action, Public Advocates, and the Right to the City Alliance.

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SOCIAL OWNERSHIP

Social housing must be owned by residents, a public entity, or a mission-driven nonprofit, not a for-profit developer. Examples of social housing ownership structures include public housing, community land trusts, limited equity tenant cooperatives, and international social housing systems.

Public housing is the primary form of social housing in the United States and often the only source of affordable housing for America's lowest-income families. 1.2 million families currently live in public housing.[1] However, our government has, time and again, chosen to disinvest from public housing – and done so in racially discriminatory ways – causing too much to be in a state of extreme disrepair. Residents have reported being mistreated by management and criminalized by the police.[2] Despite legal requirements to the contrary, public housing residents often don't have much say over their living conditions. Current public housing residents also face eviction if their incomes rise too much. Any social housing program must include public housing and its residents by returning the program to its original promise of high quality, stable, affordable housing for all residents.

Currently, over 225 community land trusts (CLTs) exist in the United States. CLTs are non-profit, democratically governed organizations that provide shared equity opportunities for communities. By separating the ownership of a structure from the ownership of the land it sits on, CLTs are able to provide permanently affordable housing to both homeowners and tenants.[3] Ground leases ensure the property stays permanently affordable. CLTs are often governed by boards that are made up of residents and community members.[4] However, CLTs are limited in scale. Any social housing program should expand CLTs through seed grants, pension loan funds, federal and local public funds, and ongoing funding from taxes, as well as mandating prices that are affordable to all (including low/no-income) residents.

Thousands of limited equity housing cooperatives exist across the country. Many provide permanently affordable housing to lower-income people, through community-controlled non-profits. However, government support for these is very limited.

Other cities and countries produce social housing differently. Most land in Helsinki and Vienna is owned by the government and used for social housing. While priority access is given to homeless applicants, residents can remain in their homes even if their incomes change.[5]

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PERMANENT AFFORDABILITY

Almost half of renters in the U.S. are considered cost-burdened, meaning that they pay more than 30% of their income on rent and utilities. According to the federal government, housing is affordable if it costs no more than 30% of the monthly household income for rent and utilities.[6] Permanently affordable housing is housing that is kept affordable to its residents in perpetuity (unlike other forms of affordable housing, which can “expire” and be put back on the speculative market after a period of time).

Any social housing program must guarantee permanently and deeply affordable housing for the lowest income residents, including those with no incomes. While our goal is for everyone to one day have the option to live in social housing, people with the lowest incomes have the fewest choices and should be prioritized, and public funding should be targeted to support them. To that end, social housing should exist and be funded in a way that does not rely exclusively on a need for cross-subsidization to ensure that everyone, including those without incomes, are housed. No tenant in social housing should pay more than 30% of their income inclusive of all housing costs. Where allowable, that amount could be lower for extremely low-income people in order to ensure they can afford their basic needs and the needs of their families.

Examples around the globe show that public ownership of housing is the best way to keep housing affordable for even the lowest-income residents. In the United States, most affordable housing — even government-subsidized housing — is usually owned or financed by for-profit companies.[7] Lack of investment from the federal government means that affordable housing developers often cannot afford to build for the lowest-income residents.[8] And when for-profit companies like Wells Fargo and Google get involved as investors, they expect a return on that investment — anywhere from 5% to 14% a year, which also limits how affordable the housing is to the tenants who need it.[9]

Currently, in the United States, even government-subsidized housing such as LIHTC, Section 8, and other HUD-assisted projects may be owned or financed by for-profit entities or reliant on for-profit investors. Any social housing program should ensure adequate funding from nonprofit investments, such as government grants, low-interest public bank loans, or bonds to ensure that social housing is permanently affordable to all low-income or no-income residents.

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DECOMMODIFICATION

"Communities are built on land, and we — as human beings — get most of our food, fibers and materials from it...However, the very concept of land ownership is problematic...It suggests that the earth is essentially up for sale. To consider and create the types of societies we would like to see in the future, I believe we must examine this concept critically and think about how we can create equal opportunities for land access without reinforcing conventional ideas about ownership."

– Malik Yakini, from Land Justice: Reimagining Land, Food, and the Commons in the United States

Decommodifying housing means making housing for people. Specifically, it means taking housing off of the speculative market, so it cannot be bought, sold, and exploited for a profit. Decommodifying housing is a prerequisite for keeping it permanently affordable.

For far too long, housing has been primarily treated as an asset — something to create and hold value — rather than as a social good (a roof over one's head, a home). In fact, because of government policies (like secondary markets, backstop insurance, and securitization), speculative investment (betting that an asset will be worth more in the future) is going up. In 2021, one of every seven homes for sale in a major metropolitan area was bought by an investor.[10] These investors get money to purchase these homes through private equity firms, who often demand profits of 20% or more for their shareholders.

It is clear that the private market, with its goals of investor profits instead of providing shelter for people, cannot meet the needs of the vast majority of people. There is simply no way to provide permanently affordable housing for all without decommodification.

Public, not-for-profit financing is an important way to ensure decommodification. Any social housing system must be publicly financed, through government grants, low-interest public bank loans, or bonds, and not allowed to be used to make a profit. Public banking should be expanded as part of the infrastructure to support social housing.

Democratic accountability, through ensuring that social housing is owned by residents, a public entity, or a mission-driven nonprofit — along with mandated permanent affordability — will also help guarantee that social housing remains permanently decommodified.

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COMMUNITY CONTROL

RESIDENT CONTROL

Resident control describes the level of meaningful influence a housing model's residents have over decision-making and governance of their housing. Resident control includes decisions about management, what residents' living space looks like, and more.

Traditional public housing was developed with the promise of high resident control, but that promise is not currently fully realized. While residents do have a legal right to organize and to elect a resident council to represent their interests, the power of resident councils can be limited in practice.

Any social housing program should realize the full promise of resident councils and ensure that public housing residents achieve a meaningful level of control over their homes.

In multifamily buildings, New York's cooperative model is another example of high resident control. Residents of cooperatives elect a board of directors who make decisions about how the property will be run. However, neither of these examples meets our other criteria of social housing, namely permanent affordability and decommodification.[11]

COMMUNITY CONTROL

Community control goes beyond resident control by recognizing that the entire community, especially the most marginalized members, deserve a say in the production and maintenance of the built environment. Democratic community control begins with the planning, development, and construction of social housing to ensure that new developments will not gentrify neighborhoods or displace existing residents. Community control also provides an opportunity for intergenerational involvement for communities, especially marginalized groups with different voices and identities, to shape their future.

An example of community control is community land trusts, where residents democratically control their housing. Some CLT boards also incorporate non-resident community members, ensuring that neighborhood residents, even those who do not live in the CLT properties, can have a say in their neighborhoods.

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Any social housing program should have a high level of community control from the planning stages through day-to-day operations and maintenance.

ANTI-DISCRIMINATION & EQUITY

Due to centuries of racist policies and practices, low-income people of color have suffered the most harms from our housing system. Most people are now familiar with the practice of redlining, a practice endorsed by the Federal government, which along with many government and private sector policies, facilitated the creation and perpetuation of racially segregated neighborhoods by denying Black homebuyers the same wealth building opportunities through homeownership conferred upon white home-buyers. The reverberations from these discriminatory housing policies, i.e., entrenched racialized wealth disparities and continued racialized disinvestments, continue to this day. Even now, wealthy communities fight viciously against affordable housing developments in their neighborhoods in an attempt to exclude Black residents and other people of color from being able to live there.[12] Any social housing program must vigorously combat these inequities by ensuring that social housing development investments are made not only in disinvested communities that are predominantly Black, Latinx, and Indigenous but also provide low-income residents with access to well-resourced education, recreation, and other amenities.

Social housing offers alternative ownership models that provide more stability to lower-income households of color.

Further, predatory investment, wealth-stripping, and present-day exploitation by corporate landlords, has targeted low-income communities of color. Many Black and Brown communities, and lower-income neighborhoods of color, “once stigmatized as ghettos and pockets of immorality” have been redeveloped and gentrified to attract younger, whiter, higher-income people while pushing the original residents out.[13] Predatory subprime mortgage lending and the foreclosure crisis disproportionately harmed Black and brown communities, which lost over half their wealth in the aftermath. Social housing offers alternative ownership models that provide more stability to lower-income households of color. Social housing developments should take care to not exacerbate gentrification and displacement, but prioritize serving the needs of low-income Black, Brown, immigrant,

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and other residents most in need, in order to promote racial justice and social equity.

Ultimately, everyone deserves the right to self-determination. The right to choose where you live should not be restricted to people with disposable income. Abundant social housing, affordable to all, must be available in every neighborhood and community.

"Social housing is for everyone. To curb homelessness and displacement, social housing programs must first start by prioritizing those most in need: low-income residents and people of color who have the least housing options. But at scale, social housing provides affordable housing options for the majority of the population, including moderate-income households – in order to limit the power and influence of large corporate landlords."

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SUSTAINABILITY

"Confronting climate change means more than just the aggressive abolition of carbon pollution. We must also adapt to extreme weather, sea level rise, and chronic effects from climate change like heat and drought that are already locked into projections of the near future."[14]

Sustainability is an environmental justice issue. A 2007 study found that the majority of people who live within two miles of a hazardous waste facility are people of color.[15] A 2016 study confirmed that people of color are twice as likely as white people to live near chemical facilities or near a fenceline zone of an industrial facility and that two thirds of children living within one mile of a high-risk chemical facility in the U.S. are children of color.[16] Residents of public housing, our main existing source of social housing and often the only option for people with the lowest incomes, disproportionately suffer from mold, lead, and poor indoor air quality.[17]

Green social housing is energy efficient, disaster resilient, and produced through sustainable renovation or construction techniques.

Any newly constructed social housing should be fully carbon-neutral, meeting the most stringent sustainability requirements, including those relating to embodied carbon. They also must be carefully located away from areas at high risk of flooding from sea-level rise, wildfire, drought, and extreme heat. But equally importantly, existing buildings, like the 1.1 million public housing units in need of repair, must be renovated into healthy, safe, zero-carbon, green housing. Retrofitting public housing alone would not only improve the living conditions of nearly two million Americans, but would also reduce annual carbon emissions by the equivalent of taking over 1.2 million cars off the road.[18]

Social housing development can first prioritize acquisition, rehabilitation, and renovations of existing buildings, including vacant, underutilized, and distressed properties – as this is both more ecological and less expensive than new construction. Wasteful allocations of resources and harmful environmental impacts often result when housing production is driven by profit, not human needs: e.g., market-rate luxury construction contributes to greenhouse gas emissions even as vacancy rates in these properties are higher.

Both newly constructed and renovated social housing developments should have resilience hubs — community serving facilities that can also be used as shelters and resource centers during natural disasters.

All of this would involve the creation of hundreds of thousands of well-paying, career-track, union jobs in construction and maintenance.

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TENANT PROTECTIONS

Stable "housing is foundational to the rest of our lives — without it, it's hard to meet our needs around health, school, jobs, or community."[19] Any social housing program must guarantee the stability of its residents by providing them with robust tenant protections, including (but not limited to):

JUST CAUSE FOR EVICTION REQUIREMENTS

Just cause (or good cause) for eviction protections make it harder for tenants to be evicted by limiting the reasons a tenant can be evicted. Just cause for eviction protections promote stability by limiting displacement and empower tenants to advocate for themselves without fear of retaliation.[20]

There are many examples of just cause for eviction legislation and the specific protections in each ordinance vary by jurisdiction. Just causes for eviction usually include failure to pay rent, damaging property, threatening other residents, and lease violations.

RENT CONTROL

Permanent affordability should be guaranteed in part by rent control measures that limit total rents by limiting allowable annual rent increases. Rent stabilization not only limits tenants' contribution towards rent payments – by limiting total rents, it also helps dampen housing speculation and price inflation in the market more broadly, protecting affordability throughout our housing stock.

RIGHT TO ORGANIZE

For tenants, collective action is often the most effective way to solve issues with a landlord. The right to organize enshrines the right of tenants to form and operate tenant unions. It should protect activities like doorknocking, leafleting, and postering. And it should include the collective bargaining rights, like the right to regular negotiations over rents, living conditions, leases, contracts, and more, with landlords. The right to organize will help residents enforce community control and other tenant protections.

RIGHT TO COUNSEL

In eviction cases, landlords are much, much more likely to be represented by attorneys than their tenants. Studies show that having an attorney in an eviction case increases a family's chance of avoiding homelessness by over 70%.[21] Right to counsel would provide any tenant who has been served with an unlawful detainer lawsuit the option to have a free attorney represent them through all stages of their eviction case.

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ACCESSIBILITY

Every person, irrespective of their diverse physical and mental health needs has the right to equal enjoyment of their housing. The ability to fully enjoy one's home should not depend on an individual resident's conformity to the housing available. Rather, accessible housing demands that the housing stock accommodate the various needs of the residential population and ensure integration of individuals with diverse accommodation needs into the larger residential community. Accessible housing must address a broad range of needs including those of the aging population, individuals with physical and cognitive disabilities, individuals with mental health needs, and caregivers. Accessible housing promotes independent living, reduces reliance on institutional care, and enhances overall well-being. It allows individuals with disabilities to participate more actively in education, employment, and social activities, contributing to the economic and social fabric of the community. Furthermore, accessible housing designs have the potential to benefit a wide range of individuals, including older adults and parents with young children. By embracing accessibility, social housing initiatives create communities that are not only more inclusive but also more resilient and adaptable to changing needs. Social housing would be available to everyone, regardless of their age or abilities.

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People with disabilities face many barriers to securing housing including physical constraints, social stigmas, and disparate economic burdens to accessing housing. First, with respect to physical constraints, most of the federally assisted housing stock for people with the lowest incomes was built before the 1970s, making it exempt from the design and construction standards of the Fair Housing Act.[22] Likewise, deferred maintenance and unsafe housing conditions contribute to exacerbating pre-existing illnesses for individuals with particular disabilities, such as asthma. Second, in regards to social stigmas, individuals with disabilities are likely to confront barriers at the initial tenant screening process and beyond. Last, many individuals with disabilities are unable to work and thus live on a fixed and limited income. Because of these work-related economic constraints, many individuals with disabilities cannot afford market rate housing.

The ability to fully enjoy one's home should not depend on an individual resident's conformity to the housing available.

Social housing should be designed, constructed, and renovated to accommodate a broad range of residential abilities and needs so that all residents have equal enjoyment of their housing. By integrating accessibility into the design, construction, and renovation of social housing, communities can create environments that respect and support the rights, comfort, and dignity of all residents. Accessibility also extends beyond physical accommodations. It encompasses inclusive design principles that consider a range of needs, including those related to sensory impairments, cognitive disabilities, and mental health conditions. By creating an inclusive environment, social housing fosters a sense of belonging and improves the overall quality of life for all residents.

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HEADWAY

This Is Public Housing. Just Don't Call It That.

Montgomery County, Md., like many places, has an affordable housing crisis. So it started acting like a benevolent real estate investor.

By Conor Dougherty
Conor Dougherty has covered housing for more than a decade. He reported from Montgomery County, Md.

Aug. 25, 2023

The Laureate is one of those apartment buildings that developers love to build and anti-gentrification types love to hate. Marketed as "inspired living," it sits outside Washington, D.C., across the street from a Starbucks and a short walk from the Metro's red line. The boxy frame and clean lines mark it as a haven for young professionals, and it is part of an effort by Montgomery County, Md., to turn a former industrial area with a bus yard into a high-cost insta-neighborhood.

Technically speaking, the Laureate is also public housing.

When it opened in April, Kadiatou Sylla was the first resident. She wanted to live there because it was new and had a brochure that listed amenities like a courtyard pool, a room for washing pets and a gym where she speed-walks on a treadmill. Ms. Sylla was similarly excited to shave her 45-minute commute to 10.

For decades, Montgomery County has led the country in affordable housing innovations, including a landmark law that requires developers to set aside about 15 percent of the units in new projects for households making less than two-thirds of the area's median income, which is now $152,100 for a family of four. The Laureate goes further.

While for-profit developers built it, the controlling owner is a government agency, the Housing Opportunities Commission of Montgomery County. Because H.O.C. has a 70 percent stake, the Laureate sets aside 30 percent of its 268 units for affordable housing. Ms. Sylla, who makes $48,000 a year as an administrator at a biotech company, pays $1,700 for a one-bedroom apartment, compared with a market rent around $2,200. Depending on their income, other residents pay as little as half the advertised rate.

Kadiatou Sylla, an administrator for a biotech company, was the first resident of the Laureate. The discounted rent made it possible for her to move out of her sister's house. Justin J Wee for The New York Times

America's affordable housing problem is so bad and so broad it can be hard to figure out where the fix should start. Since a shortage of available units is the root cause, many policymakers have focused on relaxing zoning and building rules to speed up construction. The idea is that if supply catches up with demand, prices will eventually fall or at least moderate.

But since so much new development is aimed at high-end buyers and renters, another group has countered that only interventions like rent control, subsidies and a revival of public housing can truly reduce housing costs. Families that need relief can't wait decades for supply to meet demand, they argue.

The Laureate is an attempt to marry these ideas — supply and subsidies; public and private — in a single project. It's the first building financed with a new $100 million fund that Montgomery County created to speed development by having H.O.C. invest directly in new projects, then using its ownership position to become a kind of benevolent investor that trades profits for lower rents.

Public housing, in other words — just not the way most people think of it.

"The private sector is focused on return on investment," said Chelsea Andrews, H.O.C.'s executive director. "Our return is public good."

Over the past half-century, the phrase "public housing" has become so stained by failure that the overwhelming impulse from lawmakers has been to run from it by creating programs that either demolish government-owned apartments or offload them to the private sector. Traditional public housing, financed by the Department of Housing and Urban Development and operated by one of the nation's roughly 3,300 public housing agencies, is locked in steady decline.

Today, instead of building taxpayer-owned buildings, much of the federal housing money flows through the private sector. Section 8 vouchers pay private landlords market rent for tenants who can't afford it. The Low-Income Housing Tax Credit gives corporations a break on taxes when they invest in subsidized buildings operated by nonprofit and for-profit developers. The underlying message of those programs is that the era of government-owned housing is over.

In Montgomery County, however, the stock of government-owned housing has steadily grown for decades while the definition of what it can be has expanded. The reason: In the Washington region, as in every other high-growth metropolitan area, the demand for affordable housing is way beyond what federal housing programs can provide. So the county tries to make up the gap.

It has gone only so far. Montgomery County still has a housing shortage and suffers from the same not-in-my-backyard politics that have exacerbated it. And some of the housing, like the Laureate, serves middle-class tenants, not someone earning, say, the minimum wage.

But H.O.C.'s ability to take a direct role in expanding the supply of housing is exactly the sort of approach that experts say is needed to slow the rise of rents — a key driver of inflation and the biggest bill in almost every tenant's budget.

When I met Ms. Sylla, she was sitting at a marble table in the clubhouse, near a pool table, a fireplace and the hot chocolate machine she visits on nights when she has trouble sleeping. Before moving into the Laureate, she had a basement apartment in a house where she lived with her sister, her sister's husband and their three children. She is 28 years old, and the new one-bedroom is her first official apartment, her first time living away from family, the first taste of the privacy and the independence of being able to shut her own door.

A common room in the Laureate, which has 268 apartments. Justin J Wee for The New York Times

"It was time for me to be my own person," she said.

Nobody in Montgomery County calls the Laureate public housing, and few of the tenants seem to know who their real landlord is. This seems like a feature, not a bug, and is being watched by other places. Over the past few years, as the nation's housing shortage has spread to more places and deepened the outright crisis on the coasts, a number of states including California, Massachusetts, Colorado, Hawaii and Rhode Island, along with cities like Seattle and Atlanta, have either passed or considered new public housing programs that avoid those words or rebrand themselves as "social housing."

One way or the other, they all borrow ideas from the Montgomery County model.

"We have to get out of the view that certain things are dirty words: 'Public housing' is not a dirty word. 'Developer' is not a dirty word," said Andrew Friedson, a member of the Montgomery County Council who championed the new housing fund. "The market on its own is not functioning the way we need it to, and that's when we want the government to step up."

A Wild Idea

Fifty years ago, Joyce Siegel and other residents pressed hard for Montgomery County to pass an innovative ordinance to increase affordable housing. Justin J Wee for The New York Times

On a drive north out of Washington, Montgomery County begins on the far side of a busy traffic circle and continues through miles of suburban affluence before the landscape thins into an urban-edge jumble of farms and fresh subdivisions. Like every suburb, it lives in relation to the economic engine next door, in this case the nation's kitty.

Seemingly every federal agency has an office somewhere in the county, and most of its one million residents live in households that either work for the government, make a living trying to influence it or have moved there to sell goods and services to people engaged in one of the first two. The story of how the county became America's housing innovator is tied up in its connection to the federal government's growth, beginning in the 1960s, when adjacent counties exploded with new homes and families.

In Montgomery County, many of these families consisted of a husband who worked for an agency like NASA or the Federal Communications Commission and a wife who raised the children. Educated and progressive, energized by the civil rights movement, a handful of these women became activists who took up fair and affordable housing as their cause.

Joyce Siegel was one of them. Raising three children while reading books like "The Feminine Mystique," Ms. Siegel started working with the League of Women Voters and others to push for a law to improve housing affordability.

"Anytime my name was in the paper, it was like 'young Bethesda housewife' was my last name: Joyce Siegel, young Bethesda housewife," she said.

Much as they are today, professionals were being priced out of the housing market, and low-income families had to double up.

"People's social consciousness was rising," Ms. Siegel said. "And housing is just so fundamental."

The ordinance they championed was called the Moderately Priced Dwelling Unit program. Its wonky title concealed an innovative idea: Developers of large projects would have to set aside a portion of the units for families making below the area's median income. The law also allowed the county to buy a portion of those units to operate as low-income rentals.

Many of those who pushed for what was described as fair housing (as opposed to affordable housing) explicitly framed it as a way to undo racial segregation. At times they even argued that the county's proximity to the nation's capital gave it a duty to be an example.

"They felt like everyone was watching," said Bianca Serbin, whose honors thesis at the University of Pennsylvania, which focused on the M.P.D.U. program, is the most comprehensive document I could find on its origin and the activists behind it. "They knew that if they passed the law, it could become a national model."

Developers argued that the idea amounted to the government's taking their property, and the measure sat on the County Council's agenda for over a year. But in the early '70s, Democrats took control of the Council, and volunteers packed the meetings. They were so fervent about its passage, and so disproportionately female, that their husbands started referring to Montgomery County as "a gynecocracy."

"They used to call the League of Women Voters 'the plague of women voters,'" Ms. Siegel said.

The law passed in 1974, and H.O.C. was created by state charter out of what was the public housing agency. It continues to administer programs like Section 8 vouchers and has a portfolio of some 9,300 units, most of them federally assisted apartments for extremely low-income households.

For decades, the Housing Opportunities Commission has bought up housing units, like this single-family townhouse in Rockville, Md. It now owns some 2,000 moderate-income units around the county. Justin J Wee for The New York Times

What makes H.O.C. unusually powerful is that, unlike most local housing organizations, it operates as both a public developer and a housing finance agency. The dual role allows the organization to sell bonds to finance its own projects. In essence, it can lend itself money to build buildings, while paying itself the interest.

Steadily, for four decades, H.O.C. has used that power and others to build and acquire some 2,000 moderate-income units that exist outside federal housing programs. The stock consists of basically every kind of housing, from single-family homes with colonial-style shutters to glass towers near the train.

And it blankets the entire county: You can find H.O.C. housing in wealthy enclaves like Chevy Chase, in downtown Silver Spring, in exurban subdivisions where publicly owned rowhouses sit across the street from homeowner neighbors with two-car garages.

When I met Ms. Siegel at her condominium in Bethesda on a recent morning, she told me that I had picked an auspicious day. It was her 90th birthday. She was nevertheless eager to talk housing. Ms Siegel, who served as an H.O.C. commissioner and later joined the staff, offered to take me on a tour of early projects whose addresses remain fresh in her memory.

Driving past garden apartment complexes and rows of townhomes, she pointed to hidden pockets of density. A three-story brick structure that looked nearly identical to nearby single-family residences contained two separate units. Other developments have quadplexes that are hard to distinguish from their single-family neighbors, until you notice the four mailboxes out front.

At one point, the developer of Avenel, an exclusive subdivision in the rolling hills of Potomac, tried to cut a deal to build lower-income units in a different city. The idea was voted down, and today a cluster of small brick homes sit in Avenel on Pleasant Gate Lane, across the road from columned estates, as the law intended.

“Potomac had to have its fair share,” Ms. Siegel said. “That was a big, big deal.”

In the decades since Montgomery County passed the housing ordinance, the idea that developers should provide affordable housing in every kind of building and neighborhood, once regarded as a wild notion pushed by volunteer activists, has spread around the country. It is known as “inclusionary zoning” and has become a staple of many cities' housing policy.

A Cake-and-Eat-It Story?

One unseasonably warm day in February, a couple of months before tenants moved into the Laureate, I put on a hard hat and toured the building with McLean Quinn while construction workers painted and did detail work. Mr. Quinn is the chief executive of EYA, a Maryland-based builder that developed the Laureate and several other properties in the Shady Grove area with H.O.C. and Bozzuto, another builder based in Maryland.

Mr. Quinn was patient, willing to suffer a high volume of questions on the micro-details of finance and affordability. This is a useful skill if you are going to work closely with government agencies and build transit-centric projects with a lot of affordable units, as his company does.

Developers elsewhere have been pilloried for building affordable housing with lower-end finishings and separate entrances that are derisively called "the poor door." The Laureate has neither, but there are some tweaks that indicate its dual mission. For instance, because affordable units attract families, the building has a higher share of three-bedroom apartments and a heavily padded playroom across the courtyard from the clubroom, where 20-somethings in headphones type on their laptops.

One side of the courtyard "is designed to be a little bit louder and kid friendly," Mr. Quinn said. "One is a little more showy and reserved."

Putting affordable and family-friendly housing inside luxury projects is the sort of cake-and-eat-it story that developers and politicians love to tell, and a big reason that inclusionary zoning programs are politically popular. By offloading the cost and responsibility for building affordable housing onto developers, politicians can say they are meeting an important need while not having to raise taxes or borrow money from infrastructure or schools.

Like the Laureate, the Lindley in Chevy Chase, Md., was built by private developers with H.O.C. funds and offers affordable apartments. Justin J Wee for The New York Times

Hina Khan had to close her shuttle bus business when it didn't bounce back after the pandemic. She now qualifies for reduced rent at the Laureate. Justin J Wee for The New York Times

But inclusionary zoning has plenty of detractors who argue the policy is well meaning but counterproductive. The problem, they say, is that it can discourage building by making apartments less lucrative, and encourages developers to focus on higher-end properties whose high market rents make up for the mandated subsidized units.

Montgomery County is trying to address this with a bit of creative finance that, in effect, lowers the cost of development. Here's how it works: When a developer builds a project, it typically teams up with a private equity firm that puts up about a third of the cost. (The rest comes from a bank loan.) They want a return, however, and the money isn't cheap. The going annual rate in private equity is in the mid- to high teens, Mr. Quinn said. A $50 million investment, for example, is expected to return about $90 million after four years — money that is made up for with rent.

So in 2021, the Montgomery County Council voted to create the $100 million Housing Production Fund. The fund allows H.O.C. to replace private equity as developers' main source of investment, and charge a 5 percent return. The discount saves the developer tens of millions of dollars off the project's effective cost.

There are, of course, conditions. H.O.C. demands that projects built with the Housing Production Fund have a higher share of below-market-rate units and deeper affordability than what is currently being built. Most of the time, developers in Montgomery County set aside units for people earning 65 to 70 percent of the area's median income. Some of the units at the Laureate, however, are available to families that earn less than 50 percent.

EYA still makes money. It gets a fee for overseeing the project, and because H.O.C. projects are exempt from property taxes, and because it is willing to take a low rate of return, the building can profitably operate with double the normal number of affordable units.

This isn't going wipe away the region's entire affordability problem: Creative financing can lower rents only so far, and in high-income areas like Montgomery County even "affordable" is expensive. Ms. Sylla has a steady professional job but is still paying half her income in rent, which housing researchers consider "severely rent burdened." But the fund is adding housing to a region that badly needs it, without federal subsidy, and doing it with better affordability than private actors can provide.

"There is this common conception that the public sector just regulates the market," said Paul Williams, executive director of the Center for Public Enterprise, a nonprofit in New York that encourages greater public investment in the economy.

"But in Montgomery County they've realized they can play in the market, too, and bring more public benefit than the private sector is structurally capable of."

Building During a Bust

Her less expensive apartment at the Laureate allows Iryna Skidan to invest in her education and her daughters'. Justin J Wee for The New York Times

When the owner of the townhouse where Iryna Skidan lived with her two daughters told her that her lease was ending, Ms. Skidan started a spreadsheet of Montgomery County apartment buildings with affordable units. Several dozen properties ran down the columns, and notes included whether the building allowed her on the wait list, or told her to call back, or said it would call her back, then didn't.

"Pretty much all of them were occupied," she said.

This is what a housing shortage looks like, and inclusionary zoning on its own can't solve it. Requiring developers to include affordable units in their projects creates affordable housing only if developers are building in the first place. In the meantime, demand for low-cost units is so high that local governments, Montgomery County included, often have yearslong lists for both vouchers and affordable housing.

In 2021, the United States had a housing deficit of about four million units, according to Freddie Mac. It would take decades of above-average building to fill it, and there is no sign that it's coming. More than almost any other sector of the economy, housing is a boom-and-bust businesses that rises and falls with interest rates.

A street in Rockville. Housing owned by H.O.C. can be found in wealthy enclaves, downtown urban centers and exurban subdivisions where publicly owned rowhouses sit across the street from homes with two-car garages. Justin J Wee for The New York Times

Zachary Marks, H.O.C.'s chief real estate officer, drove home this point to me just before I toured the Laureate. Mr. Marks began his career in the private sector, so he is sympathetic with developers for wanting to turn a profit. And changing zoning and land use laws to make it possible to build faster and denser will be a crucial way to encourage the private sector to build more.

But clearing away bureaucracy and allowing more units on a parcel won't address the boom-and-bust pattern that prevents developers from ever catching up with the amount of housing needed.

"The whole private model is built on a shortage," Mr. Marks said.

The only way to really dent it is for public agencies to keep building when the private sector stops.

The Housing Production Fund was designed to address this. Today, despite an increasingly desperate housing shortage whose cost pressures are moving up the income ladder and pushing the lowest-income families nearer to homelessness, development has started to slow. Analysts predict more slowing. The reason? Interest rates are rising and rent and home prices are starting to decline, after surging during the pandemic.

"No one can start a building," said Mr. Quinn, the developer from EYA. "Multifamily development is screeching to a halt."

Just behind the Laureate sits a dirt mound covered in wood chips. EYA's plan is to replace it with a five-story complex containing 413 apartments. Mr. Quinn's original plan was to bring in a private equity investor, but rising rates and higher costs have prompted such investors to back out of deals or demand even higher returns. Mr. Quinn can't build what he can't finance.

So instead EYA is working with H.O.C., which means the project (for now just called Building B) will reserve 124 apartments for below-market-rate tenants.

The project is scheduled to break ground late next year. "If we had to wait for financing markets to return, it could be several years before we even started the design," Mr. Quinn said.

Building now means apartments will be available more quickly, and more people like Ms. Skidan, who need immediate help, can get it.

Through dogged research and a lot of following up, Ms. Skidan, a 37-year-old single mother, eventually landed a three-bedroom apartment in the Laureate for $1,900 a month. (The market rate is over $3,000.) It's about 15 minutes from her old place — a proximity that allowed her two daughters, 10 and 6, to stay in their school district.

Unlike the building's market-rate residents, Ms. Skidan has to produce a haul of pay stubs and tax statements every year to prove that her income is still below the $64,050 cutoff for her unit. Aside from that private exchange, there is no way to tell her apartment from any other.

Before the pandemic, Ms. Skidan worked as a permanent makeup artist — tattoos, basically, which she applied to people who wanted to mask conditions like alopecia or chemotherapy hair loss. The pandemic crushed her business, and her income plunged by more than half, to about $30,000 a year. The rent is about $1,000 less than her old place, which means she can afford to enroll in trade courses in hopes of finding a higher-paying career as a user experience designer for apps and websites.

H.O.C.'s investment in the Laureate allows Ms. Skidan to invest in her financial future and offer her children stability. It allows Ms. Sylla to live independently and much closer to work. Hina Khan, another Laureate tenant, lost her business during the pandemic and was able to pay an affordable rent while she found a new career. Other H.O.C. tenants I talked with described getting their children their first bedrooms and moving to school districts with expanded programs for students with special needs.

Mr. Marks, who joined H.O.C. a decade ago, said that after 10 years in the government he had come to view the concept of return on investment in something other than dollar terms. When he was in the private sector, he saw lower rents as lower profits. Working for the public sector has taught him to see lower rents instead as less homelessness and happier families.

When you think about it like that, he said, your idea of success looks different.

Have you ever lived in below-market rate or public housing or have questions about it?

What do you think of Montgomery County's approach? *

0 words

Do you have experience with affordable, below-market rate or public housing? *

Check all that apply.

- [ ] Yes, as a tenant
- [ ] Yes, I've applied but have not secured a unit (e.g., waitlisted or denied)
- [ ] Yes, as a landlord or developer
- [ ] Yes, in some other way (e.g., government housing agency, tenant organizing, legal services, etc.)
- [ ] No

Tell us more about that experience.

0 words

What questions do you have about affordable, below-market rate or public housing in your city?

What is your name? *

If we publish your submission, we may include your name.

What is your email address? *

Where do you live? *

If we publish your submission, we may include your approximate location.

Search places

Which of the following best describes your race or ethnicity? Check whichever apply.

We are committed to making this project inclusive. This question asks for personal sensitive information that is protected by privacy laws. Answering is optional.

- [ ] American Indian or Alaska Native
- [ ] Asian
- [ ] Black or African American
- [ ] Native Hawaiian or Other Pacific Islander
- [ ] White
- [ ] Other Race

How old are you?

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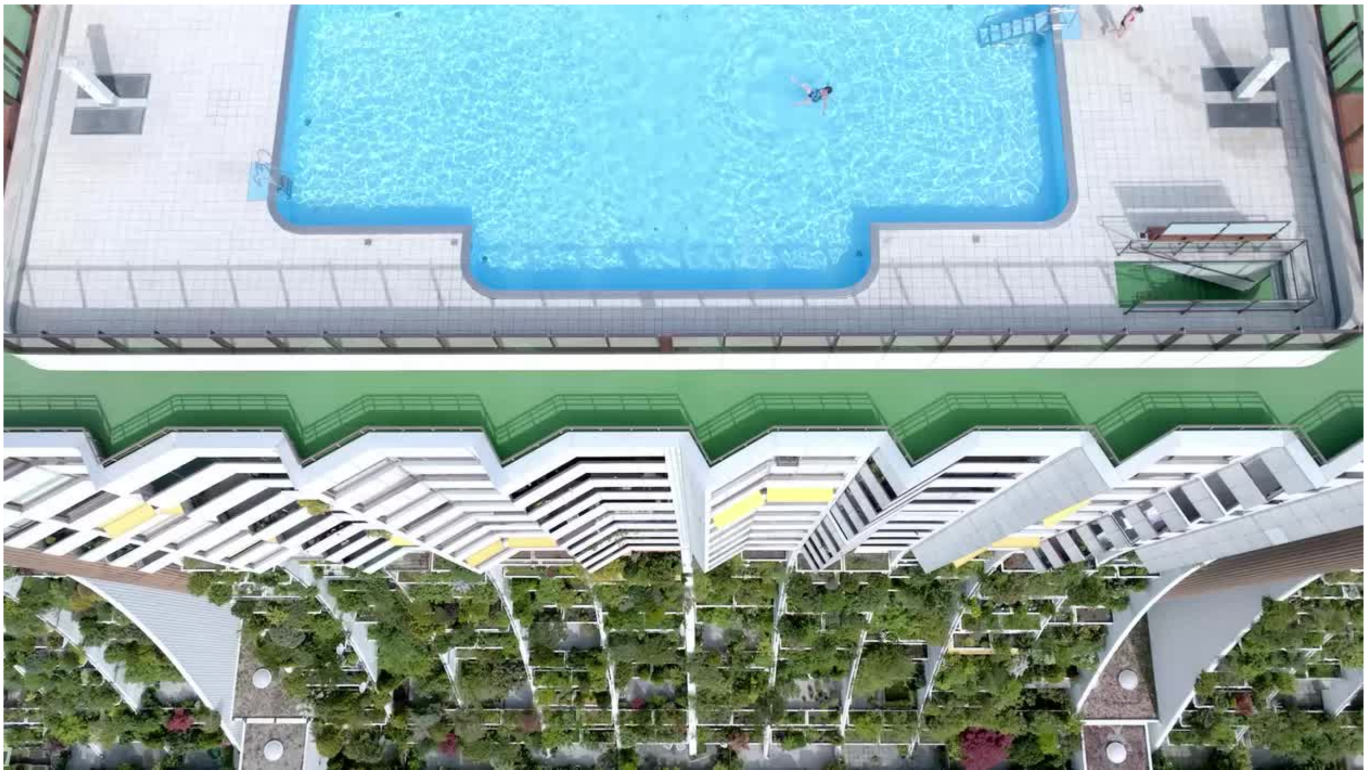
Imagine a Renters' Utopia.



It Might Look Like Vienna.

Soaring real estate markets have created a worldwide housing crisis. What can we learn from a city that has largely avoided it?

By Francesca Mari Photographs by Luca Locatelli

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When Eva Schachinger married at 22, she applied for public housing. Luckily, she lived in Vienna, which has some of the best public housing in the world. It was 1968. Eva was a teacher, and her husband, Klaus-Peter, was an accountant for the city's public-transportation system. She grew up in a public-housing complex in the center of the city, where her grandmother, who cared for her from 6 in the morning until 6 at night, lived in one of five buildings arranged around a courtyard. Eva played all day with friends from the complex.

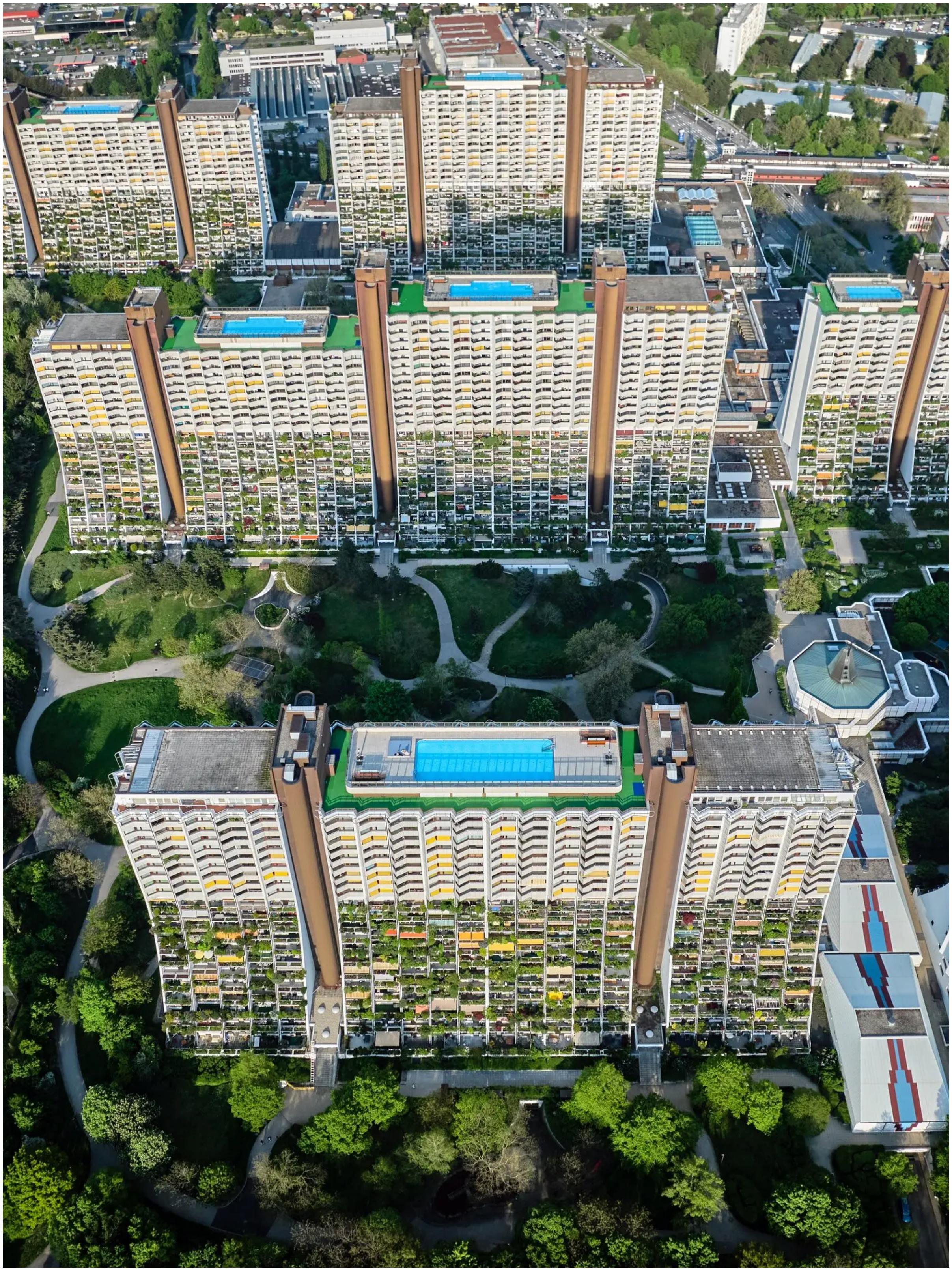
Her mother, who was renting on the private market after a divorce, had recently applied for public housing, too, and she was offered a unit first, in 1971. By then, Eva had a young daughter, and her mother decided Eva needed the spot more and offered it to her. The available unit was in the 21st District, on the northeastern edge of the city. Eva's father-in-law warned her — not entirely jokingly — that out there, they would be the first to be occupied by the Russians. But she and Klaus-Peter liked the floor plan: Although the apartment was an economical 732 square feet, it had two bedrooms, a living room, a dining room, a toilet and washroom and a balcony. The rent was 700 schillings. (That's about 55 euros, though the currency wasn't introduced until 2002.) Eva transferred her teaching job to the 21st District, to a school a 15-minute walk from her new apartment.

When I met Eva late last year, she looked smart in a jean jacket with a neatly tied silk scarf around her neck, small dangly earrings and cropped curly hair. Over the course of the last 44 years, as she continued to teach English to fifth through eighth grades, Eva's rent increased almost fivefold, to 270 euros from 55, but her wages increased more than 20-fold, to 3,375 euros a month from 150. Viennese law dictates that rents in public housing can increase only with inflation, and only when the year's inflation exceeds 5 percent. By the time she retired in 2007, Eva's rent was only 8 percent of her income. Because her husband was earning 4,000 euros a month, their rent amounted to 3.6

percent of their incomes combined.

That's about what Vienna was aiming for back in 1919, when the city began planning its world-famous municipal housing, known as the Gemeindebauten. Before World War I, Vienna had some of the worst housing conditions in Europe, Eve Blau notes in her book, "The Architecture of Red Vienna." Many working-class families had to take on subtenants or bed tenants (day and night workers who slept in the same bed at different times) in order to pay their rent. But from 1923 to 1934, in a period known as Red Vienna, the ruling Social Democratic Party built 64,000 new units in 400 housing blocks, increasing the city's housing supply by about 10 percent. Some 200,000 people, one-tenth of the population, were rehoused in these buildings, with rents set at 3.5 percent of the average semiskilled worker's income, enough to cover the cost of maintenance and operation.

Experts refer to Vienna's Gemeindebauten as "social housing," a phrase that captures how the city's public housing and other limited-profit housing are a widely shared social benefit: The Gemeindebauten welcome the middle class, not just the poor. In Vienna, a whopping 80 percent of residents qualify for public housing, and once you have a contract, it never expires, even if you get richer. Housing experts believe that this approach leads to greater economic diversity within public housing — and better outcomes for the people living in it.



Alt-Erlaa, one of the largest limited-profit complexes in Vienna. Luca Locatelli for The New York Times

In 2015, before they bought an apartment on the private market, the Schachingers were making about 80,000 euros ($87,000) a year, roughly the income of the average U.S. household in 2021. Eva and Klaus-Peter paid 26 percent and 29 percent in income tax, respectively, but just 4 percent of their pretax income was going toward rent, which is about what the average American household spends on meals eaten out and half a percentage point less than what the average American spends on "entertainment." Even if the Schachingers got a new contract today on their unit, their monthly payments would be an estimated 542 euros, or only 8 percent of their income. Vienna's generous supply of social housing helps keep costs down for everyone: In 2021, Viennese living in private housing spent 26 percent of their *post-tax* income on rent and energy costs, on average, which is only slightly more than the figure for social-housing residents overall (22 percent). Meanwhile, 49 percent of American renters — 21.6 million people — are cost-burdened, paying landlords more than 30 percent of their *pretax* income, and the percentage can be even higher in expensive cities. In New York City, the median renter household spends a staggering 36 percent of its *pretax* income on rent.

To American eyes, the whole Viennese setup can appear fancifully socialistic. But set that aside, and what's mind-boggling is how social housing gives the economic lives of Viennese an entirely different shape. Imagine if your housing expenses were more like the Schachingers'. Imagine having to think about them to the same degree that you think about your restaurant choices or streaming-service subscriptions. Imagine, too, where the rest of your income might go, if you spent much less of it on housing. Vienna invites us to envision a world in which homeownership isn't the only way to secure a certain future — and what our lives might look like as a result.

Writing about housing in the United States, I've become depressed. I'm the scold at the dinner party, revolted by big investors speculating in the housing market, yes, but also by the thousands of small-time investors — including some of my own friends — who are pooling money to buy homes in states they've never seen or buying rental properties in gentrifying neighborhoods. But the math is hard to argue with. Buying a home near work is more lucrative than working. The growth of asset values has outstripped returns on labor for four decades, and a McKinsey report found that a majority of those assets — 68 percent — is real estate. Last year, one in four home sales was to someone who had no intention of living in it. These investors are particularly incentivized to buy the sorts of homes most needed by first-time buyers: Inexpensive properties generate the highest rental-income cash flows.

Real estate is a place where money literally grows on tree beams. In the last decade, the typical owner of a single-family home acquired nearly $200,000 in appreciation. "Another word for asset appreciation is inflation," the academics Lisa Adkins, Melinda Cooper and Martijn Konings write in "The Asset Economy," "an increase in monetary value without any corresponding change in the nature of the good itself or the conditions of its production that would make it scarcer or justify an increased demand for it." That inflation is creating a treacherous gulch between the housing haves and have-nots. Harvard's Joint Center for Housing Studies found that, in 2019, the median net worth of U.S. renters was just 2.5 percent of the median net worth of homeowners: $6,270 versus $254,900. Last year, as higher interest rates slowed home sales and caused prices to plateau (and even soften in some overheated cities), the asking price of the median U.S. rental reached $2,000 a month, a record high, according to Redfin. Inflated rent prices line the pockets of landlords while preventing renters from saving for a down payment and ever getting off the treadmill.

The astronomical pace of appreciation is the culmination of decades of policy aimed at encouraging home buying. The fixed-rate, 30-year mortgage is a particularly American invention, possible only because the federal government insures the debt — if a borrower defaults, the government is on the hook. (Only one other country, Denmark, offers the same instrument.) Then there's our tax code, which allows those affluent enough to buy homes and itemize their deductions to write off the interest they pay on their mortgages: the bigger the mortgage, the bigger the deduction. Homeowners can deduct up to $10,000 of their property taxes from their federal taxes too, and if they sell their primary residence, they may be able to avoid paying capital gains on profits of up to $250,000 per person ($500,000 for couples). As housing activists like to point out, everyone who has a mortgage is living in subsidized housing.

Last year, troubled by the seeming intractability of these problems, I began looking for solutions outside the United States. Could the answer be rent control, as in Berlin? It might have seemed that way a decade or so ago, before investors and new residents began pouring into the city, causing land values to quintuple; now, despite rent-stabilization laws, even the apartments that no one else wanted to buy 15 years ago are huge moneymakers. Many residents with affordable rental contracts are locked into them because it would be too expensive or competitive to move. Frustrated by the housing squeeze, tenant organizers recently put forth an "expropriation" measure, which called for landlords with more than 3,000 units to sell their holdings back to the government at below-market prices. In a 2021 referendum, 59 percent of Berliners voted in favor of it, but it's not clear whether it will ever be implemented.

Eighty percent of residents qualify for public housing in Vienna. Luca Locatelli for The New York Times

Could the answer be loosening zoning restrictions, as Tokyo did in 2002? That has certainly helped. In 2014, there was more home construction in the city than in all of England. Since then, home prices have stabilized. Tokyo is largely celebrated as a model by YIMBYs (members of the "yes, in my backyard" movement) because they like its market-driven approach to housing abundance. They often point out that the city builds five times as much housing per capita as California. But Japan is a very different market because of its earthquake risk: Because regulatory codes and mitigation technologies are ever improving, structures often fully depreciate within 35 years. Older homes are often undermaintained because there's little expectation that any investment might be recaptured upon resale; they're thought of like used clothing or cars — you resell at a loss.

Auckland, New Zealand, might seem like a more applicable example. In 2016, the city, which has one of the most expensive housing markets in the world, "upzoned" 75 percent of its residential land, increasing its legal capacity for housing by about 300 percent in an effort to encourage multifamily-housing construction and tamp down prices. In areas that were upzoned, the total number of building permits granted (a way of estimating new construction) more than quadrupled from 2016 to 2021. As intended, the relative value of underdeveloped land increased, because it could suddenly host more housing, and the relative value of units in densely developed areas decreased, tempering sky-high prices. But there are limits to what upzoning can do. Often the benefits of allowing greater density are captured by developers, who price the new units far above cost. It doesn't offer renters security or directly create the type of housing most needed: affordable housing.

That's what differentiates Vienna. Perhaps no other developed city has done more to protect residents from the commodification of housing. In Vienna, 43 percent of all housing is insulated from the market, meaning the rental prices reflect costs or rates set by law — not "what the market will bear" or what a person with no other options will pay. The government subsidizes affordable units for a wide range of incomes. The mean gross household income in Vienna is 57,700 euros a year, but any person who makes under 70,000 euros qualifies for a Gemeindebau unit. Once in, you never have to leave. It doesn't matter if you start earning more. The government never checks your salary again. Two-thirds of the city's rental housing is covered by rent control, and all tenants have just-cause eviction protections. Such regulations, when coupled with adequate supply, give renters a level of stability comparable to American owners with fixed mortgages. As a result, 80 percent of all households in Vienna choose to rent.

Construction of the Bildungscampus Berresgasse complex. Luca Locatelli for The New York Times

The key difference is that Vienna prioritizes subsidizing construction, while the United States prioritizes subsidizing people, with things like housing vouchers. One model focuses on supply, the other on demand. Vienna's choice illustrates a fundamental economic reality, which is that a large-enough supply of social housing offers a market alternative that improves housing for all.

One afternoon last fall, I walked through central Vienna, past ornate buildings with lacy balconies, balustrades and porticos — private apartments from the 19th century. They were interspersed with social-housing blocks from the 1920s and 1930s — the Gemeindebauten, which stood out not only for their modernist architecture but also for the triumphant red block lettering on their facades, announcing: *Erbaut von der Gemeinde Wien in den Jahren 1925-1926 aus den Mitteln der Wohnbausteuer*. ("Built by the municipality of Vienna in the years 1925-1926 from funds from the housing tax.") A stroke of political genius, I thought, as I waited for the tram: explanation and advertising. Half an hour later, I was in the 21st District, the "Russian territory" where Eva Schachinger used to live. Wohnpartner, the city agency that tries to foster community within the Gemeindebauten and helps resolve tenant conflicts, was having an open house at her old building, a flat, minimalist complex with orange elevator shafts.

Following Wohnpartner signs, I found the glass-walled community center and entered. Most of the attendees were mothers with small children or retired people. There was a painting station, table tennis and a plant exchange. People had brought their secondhand goods to give away, and a millennial Wohnpartner staff member offered tech help, which, surprisingly, no one seemed to need. Among the permanent fixtures was a library filled with free books and a play area with an array of wooden toys.

I took a seat with Eva in the communal kitchen, where someone had made a large pot of butternut-squash soup. (Some of Red Vienna's planners had hoped to centralize cooking in communal facilities with industrial-strength machines, but the fascists came first, and then, under capitalism, Austrian families quickly became accustomed to shelling out for their own KitchenAids, Vitamixes and Nespresso machines.) Since retiring, Eva has been collaborating with Malyuun Badeed, the building's caretaker, on a twice-yearly magazine for the complex that includes a recipe and a crossword, along with the latest community news. Badeed, who joined us in the kitchen, wore a black hijab with pearls and waved her hands as she spoke of leaving Somalia as a single mother in the 1990s. When she first arrived in Vienna, she hawked newspapers on the street; now she helped produce one.

Eva told me she often came back to the Gemeindebau to tutor students from the complex with a woman named Edith, an elderly neighbor who lived in a nearby Gemeindebau. Edith's next-door neighbors help buy and deliver her groceries, which she has difficulty carrying. In exchange, she watches over their three children. When Eva called to wish her a merry Christmas, Edith was busy wrapping 40 presents for the three kids; she hid them around her apartment so they wouldn't be found before Santa came to visit. "The Gemeindebau is where socialization happens," Eva was fond of telling me, and this is what socialization looks like across the generations.

I learned that the average waiting time to get a Gemeindebau is about two years (at any given moment there are 12,000 or so people on the waiting list, and each year about 10,000 or more people are housed). Vienna residents — anyone who has had a fixed address for two years, whether they are a citizen or not — may apply, and applications are evaluated based on need. Florian Kogler, a 21-year-old university student, was considered an urgent case because he lived in an overcrowded two-bedroom apartment with his mother, stepfather and two siblings. He shared a room with his brother, while his parents slept in the living room. He also got priority because he was moving into his own apartment for the first time. Kogler was offered an apartment in about a month. "That's unusually fast," he told me.

Applicants may decline up to two units; if they decline a third, they have to apply again. Kogler took the first flat offered to him, a 355-square-foot studio drenched in light overlooking a playground in the central 12th District. It cost 350 euros a month; his monthly income from working part time at a museum is about 1,000 euros. Those who need extra assistance to pay their rent receive individual subsidies. Students under 25, like Kogler, can qualify for 200 euros a month.

Every few years, there is a debate about whether the affluent should be forced to give up their Gemeindebau leases — that is, whether the units should be means-tested. The face of this debate, for some, is Peter Pilz, a former member of Austria's Green Party in Parliament. Pilz lives in Goethehof, one of the largest Gemeindebauten by the Danube River. He moved into a unit as a university student to live with his grandmother, who had been there since the building opened in 1932. Before she died, he took over her contract. (He was, one might say, grandmothered in.) Pilz was elected to Parliament in 1986 and eventually started making more than 8,000 euros a month.

Even in Vienna, Pilz's tenancy raised eyebrows, making headlines in Austria's conservative paper, Österreich, which claimed in 2012 that he was paying only 66.18 euros a month in rent. (Pilz says he was paying, including building costs, closer to 250 euros a month.) "Given that Pilz's income is well over the usual tariff for social housing, it does look like we're talking about social fraud here," said the general secretary of the conservative Freedom Party of Austria.

An apartment in Goethehof, one of the largest Gemeindebauten by the Danube River. Luca Locatelli for The New York Times

Pilz did nothing illegal. Once in a Gemeindebau, you never have to leave. But is it unethical for the wealthy to stay? City housing officials point out that having wealthier tenants in the Gemeindebauten helps thwart the problems that accompany concentrated poverty, creating a more stable, healthier environment for everyone. Unlike in the United States, where public housing is only for the poorest — the average resident's annual household income was $15,219 in 2019, well below the federal poverty line of $16,910 for a family of two — the relative integration of the Gemeindebauten means that they are not stigmatized.

That's not to say they are problem-free. Noomi Anyanwu, the 23-year-old founder of Black Voices Austria, told me that she grew up in a Gemeindebau with an Austrian mother and a Nigerian father. When she wasn't more than 5, a white boy in the complex who was a bit older called her brother a racial slur while everyone was playing in the courtyard. Overhearing the spat, the fathers descended into the courtyard. But the white father didn't apologize; he doubled down, repeating what his son said. Just a few years later, Anyanwu said, her father left the country because of employment discrimination and racist treatment by the police.

So I was surprised when Anyanwu told me that, on the whole, her experience with social housing was positive. The Gemeindebau was its own village within the city, she said. She estimated that 50 percent of her Gemeindebau neighbors were immigrants — "it reflected society," she told me. (Vienna actually has a slightly higher percentage of foreign-born residents than New York City.) A girl her age named Safiya lived in an apartment across the hall from hers and would become her best friend. Safiya's father was also from Africa — from Somalia — and he, too, left because of racism. But the affordability of the Gemeindebau allowed the girls' mothers to maintain stability.

Esra Ozmen, the daughter of Turkish immigrants, grew up in Sandleitenhof, one of the largest Geimendebauten, which has villa-like courtyards and stonework. As an adult, she moved into her own Gemeindebau studio. Ozmen says affordable housing gave her the stability to study for a Ph.D. in fine art while also pursuing a rap career. She makes 1,000 to 2,000 euros a month from her shows and from organizing cultural events. "I have a car," she told me. "A Mercedes A-Class from the '90s. I eat out. I drink one coffee out every day. I don't have a lot of money. But I live rich."

Social housing like Vienna's might seem inconceivable in America. But American politicians seriously considered it in the 1930s. After the stock-market crash of 1929, the U.S. housing market also collapsed; half of mortgage debt was in default by 1933. Both the right and the left agreed that the government needed to intervene. The question was how. According to the historian Kenneth T. Jackson in his book "Crabgrass Frontier," at the time, the typical mortgage ranged from five to 10 years, and borrowers paid interest only until the end of the term, when full payment was due or a borrower refinanced. When President Franklin D. Roosevelt took office in 1933, Congress created the Home Owners'

Loan Corporation to buy underwater mortgages and stabilize the housing market. Within two years, the H.O.L.C. restructured more than a million mortgages, covering 10 percent of all owner-occupied homes. Principal and interest were bundled together so that over about 20 years of manageable payments, borrowers became outright homeowners.

Esra Ozmen, the daughter of Turkish immigrants, grew up in Sandleitenhof and now lives in her own Gemeindebau studio. "I don't have a lot of money," she says. "But I live rich." Luca Locatelli for The New York Times

A studio in Sandleitenhof. Luca Locatelli for The New York Times

But that wasn't enough to salvage the real estate market or the economy. During the Great Depression, one-quarter of all Americans were unemployed, and the construction industry was hit particularly hard. The United States needed the same things as Vienna at the time: employment and better housing conditions for workers. Housing is "the wheel within the wheel to move the whole economic engine," said Marriner Eccles, Roosevelt's Federal Reserve chairman. The Federal Public Works Administration, an emergency jobs program, funded construction of about 50 new public-housing complexes, including the Harlem River Houses in New York City, a project seemingly straight out of Vienna, with Beaux-Arts-inspired buildings along a central courtyard with a nursery school, health clinics and a public library.

Although this housing was admired, it was costly and mired in controversy, writes the historian Gail Radford, who chronicles the New Deal-era debate over social housing in her book, "Modern Housing for America." Roosevelt sought a housing plan that didn't require the government to keep footing the bill. At a time when Communism was gaining traction, he preferred to wed Americans to capitalism. The best way to do that? Broaden the base of homeowners — increase the number of Americans with a personal investment in property.

Congress's National Housing Act of 1934 would rescue the housing market and establish the housing policy that defines America today. It made permanent the fixed-rate, long-term mortgage that the H.O.L.C. had helped introduce. Banks were reluctant to assume risk over decades, so the act created the Federal Housing Administration (F.H.A.) to insure mortgage debt with the full backing of the U.S. Treasury as long as loans conformed to standards it set — for instance, homes had to appraise for the purchase price and had to be in a stable-enough neighborhood, which meant a white-enough neighborhood, to make sure the government wouldn't lose money if a borrower defaulted. On its maps, the F.H.A. colored the neighborhoods deemed too risky for mortgage insurance in red — a form of "redlining," a policy that did a great deal to create the grave racial disparities in wealth that persist today. "No agency of the United States government has had a more pervasive and powerful impact on the American people over the past half-century," Jackson writes.

But the Federal Housing Administration had no plan to address low-income housing needs. So Senator Robert Wagner, a New York Democrat, introduced a second bill, inspired by what the housing scholar Catherine Bauer had seen in Vienna and other European cities. As proposed, the Housing Act of 1937, which Bauer helped write, would have included financing for the construction of both limited-profit housing and public housing. Faced with fierce opposition from the real estate industry, Wagner and Bauer accepted five fatal compromises in order to pass the bill. First, support for nonprofit and limited-profit cooperatives was eliminated. Second, location decisions were left to local governments, many of whose constituents greeted public housing like the bubonic plague, as one commenter put it. Third, a provision was added for an "equivalent elimination" of slum property, meaning that for each new unit built, a slum dwelling had to be cleared. (That way, public housing wouldn't dampen landlords' profits by increasing the overall supply of units.) Fourth, public housing would be eligible only to those so poor that they could never secure decent housing in the private market.

Fifth and finally, construction costs were severely limited. The problem with America's public housing today isn't just that it's underfunded and poorly maintained. It's that it wasn't built well to begin with. Doors were left off closets; interior walls were thin and cheap. At a public-housing complex in Red Hook, Brooklyn, the elevator only stopped on every other floor. As Radford writes, "Those who hated public housing remained hostile, while the minimal buildings produced by the [United States Housing Authority] attracted no new allies and discouraged some of the old ones." Indeed, America's public housing was designed to fail: to be unappealing to anyone who could afford to rent.

As Bauer predicted early on, housing programs targeting only the poor would lack the political support necessary to thrive. Only an integrated program, one that welcomed the majority like the Gemeindebau of Vienna, would be sustainable. But the U.S. government prioritized support for banking rather than construction. The 30-year mortgage was a huge economic boon for the millions of Americans who took one out, benefiting from the federal subsidies and the nation's long upward trajectory in home prices; the instrument leveraged many a renter and public-housing resident into homeownership and "turned many a former dependent of the public sector into a small-time fiscal conservative," as Adkins, Cooper and Konings write in "The Asset Economy."

This constituency of middle-class homeowners is what the Dartmouth emeritus economist William A. Fischel calls "homevoters": a coalition of Americans who — consciously or not — vote to protect the value of their property. They tend to oppose local development and favor exclusionary zoning — which ensures maximum appreciation and prevents their tax dollars from extending to poorer neighborhoods. This tendency, alongside stagnant wages, has transformed the nation's housing stock into an ever-scarcer and ever-more-expensive class of speculative asset. It's almost impossible to "cater to the expectations of an existing constituency of middle-class homeowners without raising the barriers of entry for the rest of society," Adkins and her colleagues write. "A middle-class politics of asset democratization has ended up undermining the conditions of its own viability."

I wasn't the only American looking to Vienna for possible answers to America's housing crisis. I was there following a delegation from New York that had come to study the city's housing system — 50 policymakers, researchers and activists invited by Housing Justice for All, an alliance of housing organizers across the state, and the Action Lab, a social-movement hub. One afternoon, I joined them on a tour of Karl-Marx-Hof, one of the largest housing complexes in the world.

The main square and facade of Karl-Marx-Hof. When it opened in 1930, it housed 5,000 people. As living standards have improved, Vienna allotted more space to tenants. Now it houses fewer than 3,000 people. Luca Locatelli for The New York Times

Ever since Karl-Marx-Hof opened in 1930, it has been a sort of Rorschach test — a domineering socialist monstrosity or a pioneering communitarian stronghold, depending on your political perspective. Exiting the subway station, the building shot up before me, seven stories tall and three-quarters of a mile long, a perimeter block that looks like a citadel. The core of the building is cream-colored, but its sandstone red elements draw the eye — red balconies and red towers topped by staffs that can fly enormous banners that are visible miles away. Its six huge arched passageways, also red, give the complex the civic stature of an aqueduct.

Julia Anna Schranz, a Ph.D. candidate at the University of Vienna and our guide, wore Converse, jeans and a long red wool coat. She pointed out four grim ceramic figures mounted on top of the archways, explaining that they were personifications of enlightenment, freedom, welfare and physical culture. These embellishments — commissions to increase employment during the period between the world wars, were also seen as an investment in the aesthetics of the Gemeindebauten and a tribute to its tenants.

Schranz opened the thick, thorny iron gates spanning one archway, and we passed into a grassy courtyard — nearly two football fields in size. Painted an off-white that glowed in the morning sun, the interior was a striking contrast with the more formidable exterior.

"*These* are the projects," India Walton, a community organizer from Buffalo, said wryly. There was a rose garden. Children — Black, brown, white — were running and shrieking in a playground attached to an on-site kindergarten. Walton, now in her 40s, had twins when she was just 19 and raised them while working as a nurse. Decades later, she became politically active, and in 2021 she won the Democratic nomination for mayor of Buffalo, only to be defeated by a write-in campaign by the Democratic incumbent. Where would she be now if she had the option of living in a place like this? She would have left her marriage sooner, Walton told me. "I might not have been a nurse, but a doctor." A child in the kindergarten waved at her, and she waved back.

When Karl-Marx-Hof opened, it housed 5,000 people in 1,400 apartments. These apartments were coveted. "It had two central laundries, two communal bathing facilities with tubs and showers, a dental clinic, maternity clinic, a health-insurance office, library, youth hostel, post office, and a pharmacy and 25 other commercial premises, including a restaurant and the offices and showroom of the BEST, the city-run furnishing and interior-design advice center," Blau writes.

Now fewer than 3,000 tenants live in Karl-Marx-Hof — not because it's undesirable but because living standards have improved and, in response, Vienna has allotted tenants more space. Vienna's housing authority believes that a family of four needs around 1,100 square feet, so it combined some of the units to create larger ones.

A bobblehead nodded from a balcony with potted plants and cairns. An older Austrian man waved. State Assemblywoman Emily Gallagher, a Democrat who had recently unseated the incumbent Democrat in the 50th Assembly District, which includes parts of Greenpoint, Williamsburg and Fort Greene, live-tweeted the tour on her phone. State Senator Julia Salazar, a Democrat representing the 18th State Senate District, which covers Bushwick, took notes with a gold pen on a notebook with black paper. Renette Bradley, a tenant organizer, wore a Nickelodeon shirt, overalls, a black New York beanie and lavishly long fake lashes. "Can you be paroled here?" she asked, her voice husky and direct. This affected many of Bradley's friends and relatives who, upon release from prison, were left homeless because they weren't allowed to join family living in public housing.

Schranz looked at her blankly.

"Can you come out of prison and live here?" Bradley repeated.

"Of course," Schranz said. "Why not? If you're out, you're out."

The New Yorkers murmured. Schranz continued to look at us questioningly.

"There's like four or five problems baked into that question that they just don't understand," Joseph Loonam, a housing campaign coordinator with VOCAL-NY, said as we walked toward the laundry facilities. He told me that a member of his organization had been arrested more than 40 times because whenever he visits his family in the Gowanus projects, he violates the terms of his plea deal.

At the museum store, I bought a red potholder crocheted by a local women's co-op: a Red Vienna-era schema of the "three evils" seizing Europe (Nazism, Communism, monarchism), each represented by white arrows. Several organizers and state legislators bought one, too. When the college student working at the museum shop said he was all out, a lawmaker suggested that he could sell the potholders in the display case. “We aren’t used to this,” the college student said, unlocking the case, by which he seemed to mean American patterns of consumption. The American need to own.

The Amalienbad, a well-known Art Deco swimming pool and sauna at the Reumannplatz housing complex. Luca Locatelli for The New York Times

Vienna has succeeded in curbing the craving to own. It has done it by driving down the price of land through rezoning and rent control. In general, the beneficiaries of these land-use policies are less the Gemeindebauten (they stopped building from 2004 to 2015 and now only produce some 500 units a year) and more the limited-profit housing associations, the origins of which preceded Red Vienna and have built 3,000 to 5,000 units a year for the last four decades.

Today limited-profit housing accounts for half the city's social housing. Limited-profit housing associations are restricted to charging rents that reflect costs. Investors — banks, insurance funds — may buy shares of the limited-profit housing associations, generally to help fund initial construction. They are paid a low rate of annual interest on their shares. Any profits beyond that must be reinvested in the construction of new social housing. "It creates a revolving flow of financing for social housing," said Justin Kadi, a professor in planning and housing at the University of Cambridge. Vienna's main outlay toward housing is now providing low-cost financing for construction — and the government gets that money back.

On a gray Friday, Wilhelm Andel, a tall 84-year-old wearing jeans and a leather jacket, greeted me at the Alt-Erlaa tram stop to show me the limited-profit complex where he had lived for 40 years. Alt-Erlaa is one of the largest limited-profit complexes in Vienna, with 3,181 units in 18 futuristic towers, 23 to 27 stories tall, built between 1973 and 1986. As we approached, I saw that the towers had aged surprisingly well, maybe because greenery is timeless, and vegetation seemed to cascade off the tiered balconies. Willie had chosen a unit on the sixth floor. His rent for a nearly-1,200-square-foot apartment was 824 euros — an amount that would be reasonable for Amarillo, Texas, or Shreveport, La., but out of the question in any of the 50 largest American metro areas.

Eighty percent of all households in Vienna choose to rent. Luca Locatelli for The New York Times

Living in Alt-Erlaa, Willie enjoyed access to seven rooftop swimming pools, seven indoor swimming pools, tennis courts, gyms and acclaimed art. When the rest of the delegation joined us, he led us toward one of his favorite aspects of the buildings: two murals in the lobby of the second building meditating on the role of the news media and labor in society. They were by the Austrian artist Alfred Hrdlicka. "They remind me of Orozco," said Dorca Reynoso, an employee at Verizon, referring to the political murals of the Mexican painter José Clemente Orozco. Reynoso's rent in Manhattan doubled in 2014 to $1,250. When her landlord proposed a 50 percent increase again in 2022, she was unable to pay and ratcheted up her organizing campaign against her landlord. "They're so beautiful," she said, gazing at the paintings.

For this very reason, Vienna's limited-profit and nonprofit units were many of the delegates' favorites. Art and aesthetics matter. We visited a small nonprofit building, a co-op, that was successfully designed and developed by strangers who responded to a newspaper ad. The top floor had an expansive roof deck, a communal kitchen, a playroom and a sauna. "You mean I could be in the sauna when my kids are in the playroom?" said Julie Colon, a Bronx organizer who told me she gave birth alone while in the shelter system. "This is crazy." Shanti Singh, a tenant-rights activist from the Bay Area with short, asymmetrically cropped hair, lingered in the sunny library with its tall windows and honey wood walls. "I never want to leave," she said.

The spiral of overvaluation in housing, which makes the housing-haves rich and the have-nots desperately poor, has brought us to a point where only something radical can solve it. The problem with housing in the United States is that it has been locked in as a means of building wealth, and building wealth is irreconcilable with affordability. The housing crisis in the United States is proof. Even in 2017, before the pandemic, around 113 million Americans — some 35 percent of the nation's population — were living with a serious housing problem, such as physically deficient housing, burdensome costs or no housing at all, notes Alex F. Schwartz, an urban-studies professor at the New School.

Calls for a federal social-housing plan in America might sound far-fetched, but make no mistake: The United States government intervenes heavily in the housing market. It's just a two-tiered system, as Gail Radford, the historian, argues. There's generous support for affluent homeowners and deliberately insufficient support for the lowest-income households. In 2017, the United States spent $155 billion on tax breaks to homeowners and investors in rental housing and mortgage-revenue bonds, more than three times the $50 billion spent on affordable housing.

That $50 billion isn't nothing. In fact, in many U.S. cities, public spending per capita on housing and community-development subsidies is higher than in Vienna. But it seems clear that much of this money is misspent, whether through inefficient private-public partnerships like the low-income-housing tax credit; or through distortionary vouchers; or, most dubiously of all, through subsidizing homeowners, the people who need it least. "If you give everyone demand-side subsidies, like vouchers, and there's a supply shortage, it's going to drive up prices," Chris Herbert, the managing director of Harvard's Joint Center for Housing Studies, told me. It costs the state more, and landlords often wind up pocketing the profits.

Though the Gemeindebauten represented a large initial government outlay, Vienna's social housing is now self-sustaining. Guess how much of the residents' salary goes toward the program. One percent. Social housing drives down rents in the private market by as much as 5 percent. Vouchers may appear cheaper in the short term, but directly financing well-regulated public and limited-profit construction is the only way to mitigate speculation and hedge against ever-increasing housing costs. In 2020, New York and California spent $377 and $248 per capita, respectively, in housing development, while Vienna spent just $124 — and approximately half of Vienna's spending is on low-interest financing that will be repaid and then re-lent.

In Vienna, 43 percent of all housing is insulated from the market, meaning the rental prices reflect costs or rates set by law. Luca Locatelli for The New York Times

Social-housing programs have existed in America before, and they exist in America to this day. Local social-housing programs, many of them inspired by Vienna, are underway in Montgomery County, Md.; Seattle; and California. And they have a long legacy in New

York, which built 66,000 affordable apartments and 69,000 limited-profit co-op apartment units from 1955 to 1981 under the Limited-Profit Housing Companies Law, also known as Mitchell-Lama, after the two legislators who introduced it. In combination with public housing, Mitchell-Lama units are a main reason economic diversity remains in the Lower East Side, Williamsburg and Chinatown.

Housing expense has been a staggering burden for so many of us, for so long, that it's hard to even contemplate what it would mean to have it recede in our minds. When I spoke to Peter Pilz, the politician who took over his grandmother's unit in Goethehof, I asked him, as I asked every Viennese tenant of social housing, what he did with all the money he saved thanks to his cheap rent. "I haven't invested a single penny in the stock market," he told me. "I would consider it an enormous waste of time to sit in front of my computer and study what the stock market is doing. I prefer to use my time writing, editing an online newspaper supporting interesting initiatives and having fun."

Pilz was staying in Tuscany when we spoke, and he had spent the day bicycling. He stopped in Pienza to admire the small purple cathedral and sample the famous pecorino. Then he cycled on to Montalcino, where he sipped some Brunello, before returning to Bagno Vignoni to go swimming. "That's my hard life," he told me. "If people don't have to struggle all day long to survive — if your life is made safe, at least in social conditions — you can use your energy for much more important things."

Video at the top from Luca Locatelli

Francesca Mari is a contributing writer for the magazine and an assistant professor of the practice in the literary-arts department at Brown University. She writes about all aspects of housing. **Luca Locatelli** is a photographer whose work focuses on environmental images and solutions to the climate crisis. He has been working on "The Circular Economy," an immersive project premiering in September at the Gallerie d'Italia museum of Turin, Italy.

***A correction was made on May 26, 2023**: An earlier version of this article misstated the year the euro was introduced in Austria. It was 2002, not 1999.*

When we learn of a mistake, we acknowledge it with a correction. If you spot an error, please let us know at nytnews@nytimes.com. Learn more

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A version of this article appears in print on , Page 28 of the Sunday Magazine with the headline: The Renters' Utopia

The New York Times https://www.nytimes.com/2025/08/26/realestate/switzerland-rental-coops-nonprofit-lausanne.html

A ‘Third Way’ Between Buying or Renting? Swiss Co-ops Say They’ve Found It.

Nonprofits are offering cut-price apartments as a way of combating the housing affordability crisis.

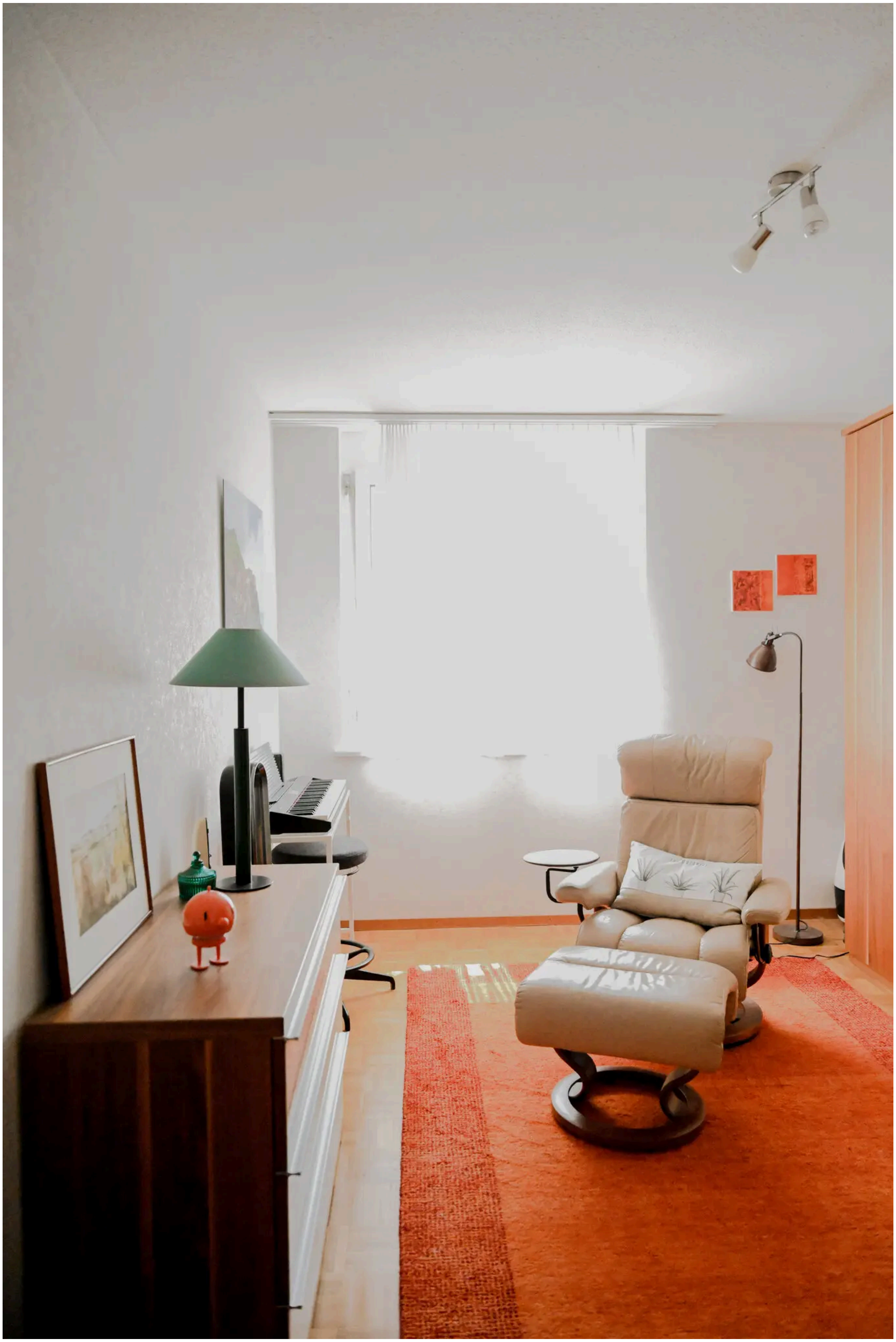
Listen to this article · 10:06 min Learn more

By Thomas Fuller Photographs by Clara Watt

Aug. 26, 2025

A few blocks from the shores of Lake Geneva, Claude Waelti shows a visitor his apartment in one of the most desirable neighborhoods of Lausanne, the Swiss city with sweeping views of the French Alps across the lake. It has two bedrooms, a small office, a south-facing balcony — and it costs 1,760 francs (about $2,200) a month, around half the typical rents in the area.

Switzerland is notoriously expensive, but affordable apartments like Mr. Waelti’s can be found in cities across the country. Known as cooperatives — though distinct from American co-ops — they are built and run by nonprofit organizations and represent a kind of “third way” beyond the classic rent-or-buy choice.



Claude Waelti's 1,180-square-foot apartment in Lausanne costs around $2,200 a month. The rent has barely increased since he arrived in 1991.

Advocates say the model could reshape how the world thinks about affordable housing, particularly in the biggest cities.

The details will seem foreign to many in the West, where building home equity is baked into the system. But the central idea is simple: What if homeownership had no profit motive and no capital gains?

In Switzerland’s member-based cooperative housing, new residents buy shares to gain admission to the building and get one vote in the corporation regardless of how many shares they own. The co-op uses the money to maintain the building, keep rents below market rate and, often, provide communal amenities like child care.

When a resident moves out, their shares are returned at face value. There is no capital gain.

Mr. Waelti’s co-op, Lausanne’s oldest and largest, comprises 101 apartment buildings and houses about 5,000 tenants.

While most Swiss co-ops finance themselves, newer ones are often helped to their feet by the government, which offers land at cheaper rates and low-interest loans, and sometimes buys shares in return for housing for low-income residents. Rents are calculated strictly on a cost basis, meaning there's no developer or owner seeking revenue.

"There isn't this aspect of chasing profits," said Isabelle del Rizzo, the Secretary General of Armoup, an association of cooperative housing in the French-speaking region of Switzerland. And unlike in a typical rental building, where an owner could sell or reclaim your unit, "people are secure in their apartments knowing that no one is going to kick them out."

Cooperatives are also distinct from other low-cost options across Europe, like public housing. For one, co-ops are not necessarily reserved for lower-income residents. Mr. Waelti, now retired, was an executive at a commodities trading firm. BMWs and Mercedes can be found in his building's parking lot. The average rent in his neighborhood is 3,600 francs ($4,465), according to Wüest Partner a real estate consultancy — double what he pays.

Claude Waelti on the building’s communal rooftop overlooking Lausanne, Lake Geneva and the French Alps.

"We can afford vacations and pay for our children's education," said Mr. Waelti, 63, who has lived in his apartment since 1991 — the rent back then was 1,638 francs a month — and is now the president of the cooperative that runs it. New members must pay 4,500 francs' worth of shares, which doubles as a security deposit.

Switzerland has long been a leader of cooperative housing, said Alice Pittini, a researcher at Housing Europe, a group that represents public, cooperative and social housing federations around the continent. That may seem paradoxical given the country's capitalist zeitgeist, but around 8 percent of dwellings in Lausanne, a city with about 140,000 residents, are co-ops. Mr. Waelti's co-op, the city's largest, comprises 101 apartment buildings that house a total of 5,000 tenants. There is a waiting list of 1,000 people.

Cooperatives are only one facet of Switzerland's welfare state, which has very low rates of homelessness and strong tenant protections. (The majority of Swiss are renters, partly because home prices are so high.) Even in Zurich, Switzerland's financial capital, nearly one in five apartments is a co-op, and the city aims to make it one in three by 2050.

And yet, awareness of co-ops can be low, or stigmatized. Ms. del Rizzo said the model was tarnished by the 2008 financial crisis, when a number of them collapsed. And many people have an image of cooperatives as refuges for "old hippies and a collection of free-love people," she said.

The city of Lausanne is more expensive than the French cities across the lake, with rents averaging around 3,600 Swiss francs a month.

"I remember meeting someone in the real estate business, and when I brought up the subject of cooperatives, he said, 'No thanks. I have no interest in sharing a shower with someone,'" Ms. del Rizzo said.

Although some Swiss co-ops are infused with a kibbutz-style sharing ethos, others, like Mr. Waelti's, resemble conventional apartment buildings, where neighbors might not even know each other.

One of the newer co-op buildings in Lausanne, Le Bled, has plenty of opportunities for community involvement. Founded by architects, it has a movie theater, a music practice room, a library, a laundromat and a wood shop. Children often wander from apartment to apartment and play together until the dinner bell rings. Hortense and Victoire Decosterd, 11-year-old twins, have pajama parties with their friends. For Halloween, they organized a treasure hunt.

“On weekends they leave the apartment at eight in the morning, they find their friends and come back at lunch with three other girls,” said their stepmother, Tania Zambrano Ovalle.

Tania Zambrano Ovalle and Jean-Gilles Decosterd with their family at home in the Le Bled co-op, where they pay around $3,000 a month for their three-bedroom unit.

Ms. Zambrano Ovalle, 55, said her neighbors still keep a degree of distance from one another, though residents of the Bled have set up WhatsApp groups to help one another with things like errands and child care. She treasures that camaraderie. “There’s not only a crisis of housing in the world, but a crisis of loneliness,” she said.

But the key attraction to co-op living for Ms. Zambrano Ovalle and her husband, Jean-Gilles Decosterd, is the rent: 2,400 francs (around $3,000) a month for their light-filled, three-bedroom place. “We realized that a commercial apartment of the same size would be around 1,000 francs more expensive,” she said.

One condition of moving in: The couple needed to buy shares for around 25,000 francs ($31,000) — more than a typical security deposit, but a fraction of what a down payment would cost on a similar home.

A visitor could mistake the Bled for one of the countless pricey Swiss condominiums that cater to wealthier citizens. Completed in 2023, it has picture windows and is trimmed with an expensive specialty timber known as meleze. From the roof terrace, the snowy pinnacle of Mont Blanc is visible across Lake Geneva.

Laurent Guidetti on his balcony in Le Bled, which he helped found. “We built the Bled to fight against real estate speculation,” he said.

The co-op thrives on a mix of wealthier residents who bought their units and thus injected cash into the project, and working-class tenants whose apartments are subsidized by the city, according to Laurent Guidetti, an architect who helped design the building and is one of the leaders of the cooperative. He said the residents include musicians, teachers, electricians, engineers, a wine salesman, an economist, a journalist, a psychologist, a janitor and retired people.

The city of Lausanne gave the co-op a 90-year lease that was cheaper than other housing projects, and bought shares in the co-op for lower-income residents. Natacha Litzistorf, the city councilwoman in Lausanne in charge of housing, architecture and the environment, said cooperative housing can help forestall the extreme segregation of rich and poor and help a city live "at peace with itself."

"When people meet each other, get to know each other, they are less afraid of each other and there is less risk of any violence in neighborhoods," she said.

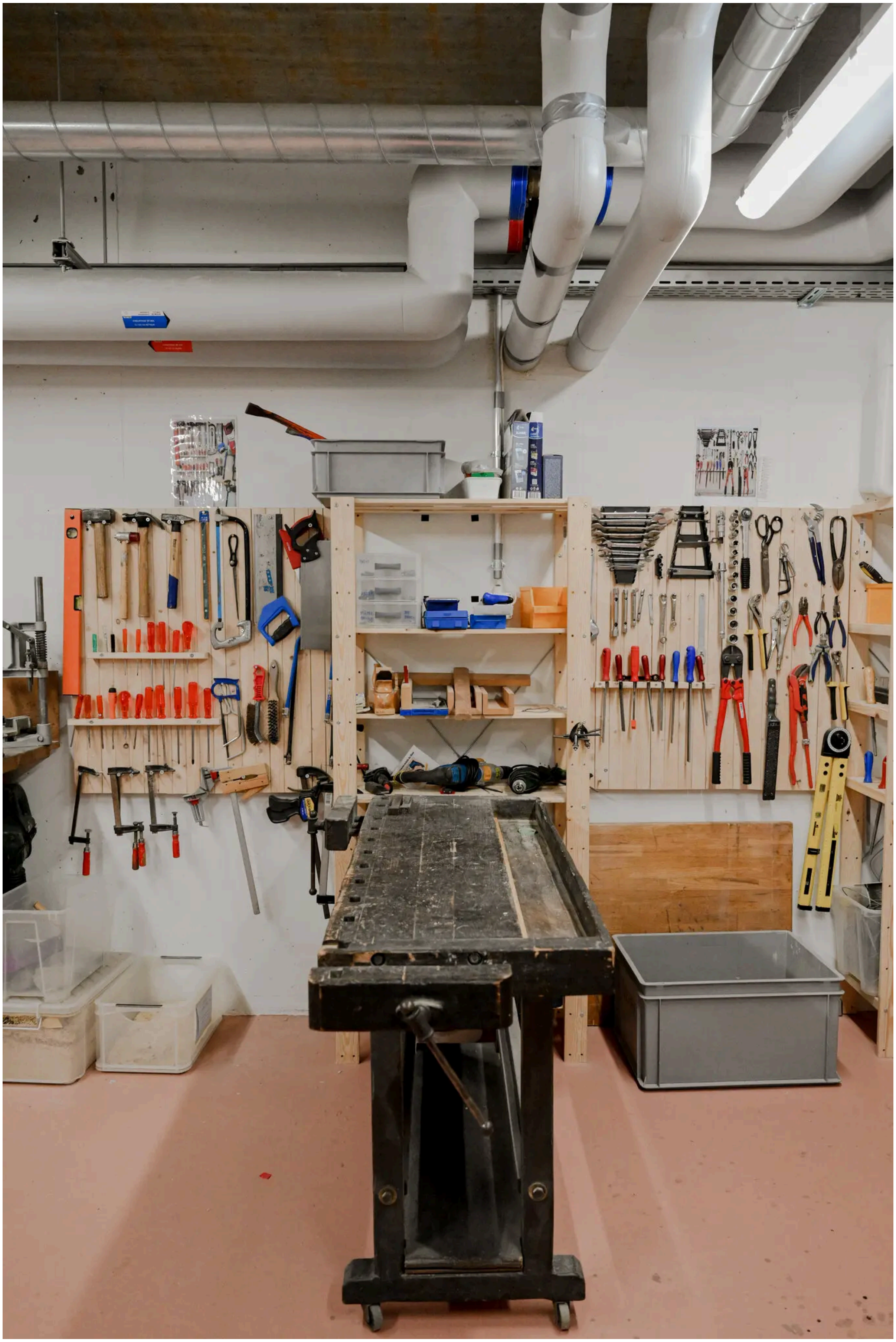
Completed in 2023, Le Bled was helped to its feet by the local government, which appreciated the building's energy-efficient features.

The city was also attracted to the project for environmental reasons. The Bled, which has 230 residents, has a heat pump that provides all of the building’s hot water. Solar panels generate a third of its electricity. Rooftop gardens are watered with recycled rainwater. Residents are not allowed to have washing machines in their apartments; they must use the high-efficiency ones in the building’s laundromat.

Mr. Guidetti, 54, makes furniture in the wood shop in the basement, and he’s experimenting with a composting toilet. He bought his own 1,500-square-foot apartment in 2023 for 950,000 francs (around $1.2 million), rather than pay monthly rent. It was a steal for a brand-new building in this neighborhood, where the average home price ranges from 1.9 million to 2.3 million francs ($2.3 million to $2.8 million), according to Wüest Partner. When he sells it, he can only receive the purchase price plus inflation.

To a large extent, the co-op’s viability is due to Mr. Guidetti and his fellow cooperative founders’ social vision. “We built the Bled to fight against real estate speculation,” he said.

Although building the Bled would not have been possible without support from the city — and from the government financial institutions that provided low-interest loans — older co-ops in Switzerland are often much less reliant on the government.



Many Swiss co-ops offer communal services such as child care. Le Bled has a wood shop for residents to use.

Mr. Waelti’s co-op, the Société Coopérative d’Habitation Lausanne, was established in 1920 and has ample assets in reserve. Its 101 buildings are valued at hundreds of millions of francs, which can be used as collateral for new projects. Two more apartment buildings are under construction.

The cooperative has no obligation to continue to expand, but Mr. Waelti said it must as part of its mission.

“Our goal is to use our capital to buy more,” he said. “We have a commitment to Swiss society to produce more housing that is cheaper than the market price.”

Thomas Fuller, a Page One Correspondent for The Times, writes and rewrites stories for the front page.

Interest Group Politics in U.S. "Social Housing" Experiments

by

Zak Davidson

B.A. Political Science
Tulane University, 2016

Submitted to the Department of Urban Studies and Planning in partial fulfillment of the requirements for the degree of

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ABSTRACT

The rising cost of housing has renewed interest in public sector-led models of mixed-income housing production. Advocates, local governments, and state lawmakers are exploring strategies to involve the public sector more directly in the residential development process by capitalizing revolving loan funds, leveraging public land, and creating new public authorities. While a universal definition for "social housing" remains elusive, most policymakers and supporters agree that social housing is permanently affordable for economically and racially diverse households and includes elements of resident self-governance. This research analyzes how key interest groups—including affordable housing developers, tenant advocates, labor unions, market-rate developers, and pro-housing coalitions—shape and respond to emerging social housing initiatives. Drawing on interviews and case studies of Seattle, Montgomery County (MD), California, New York, Atlanta, and Chattanooga between 2019 and 2025, this thesis examines how political context, institutional constraints, and coalition dynamics influence how social housing proposals are framed, negotiated, and either supported or resisted by key stakeholders. Four key themes emerge from these case studies. First, existing affordable housing developers often interpret new mixed-income, permanently affordable proposals as competition, particularly amidst resource scarcity and institutional constraints. This constitutes a substantial roadblock for the social housing movement. Second, proponents' theory of change, initiative branding, and their ability to participate in multi-issue bargaining notably impact how affordable housing interest groups respond. Third, private sector actors' support appears dependent on the public sector's willingness to partner and how proponents describe the problem they are solving. Fourth, while collaborations around social housing may trigger fault lines between YIMBYs and tenant justice groups regarding revenue neutrality and the value of new market-rate supply, social housing represents an opportunity for bridge-building and collaboration across the housing movements. As interest in these models grows, this research offers practical insights for advocates and policymakers seeking to design locally tailored, politically viable approaches to public-led, mixed-income housing production.

Thesis Supervisor: Jeffrey Levine
Title: Associate Professor of the Practice of Economic Development & Planning

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Background

The Rising Interest in Social Housing

Over the past decade, there has been an uptick in interest, advocacy, and policy experimentation regarding the public sector's involvement in producing mixed-income housing. While parties differ on the utility of this term, such initiatives are often packaged under the umbrella of "social housing." Outlets including the New York Times, Vox, and National Public Radio have covered this growing movement.[1] Nonprofit advocacy organizations, think tanks, and housing research centers have published an ever-growing number of reports that aim to outline the key principles and potential impact of new social housing models in the United States.

Figure 1: Reports on Social Housing Since 2018

Advocacy and think tank organizations have published at least eight reports in the past seven years, mostly in the last three years

Organization	Title	Year
People's Policy Project	A Plan to Solve the Housing Crisis Through Social Housing	2018
Center for Popular Democracy	Social Housing For All: A Vision for Thriving Communities, Renter Power, and Racial Justice	2022
Community Service Society of New York	Pathways to Social Housing in New York	2022
Climate and Community Project	Green Social Housing at Scale: How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All	2024
Center for American Progress	A New Vision for Social Housing in America	2024
Furman Center for Real Estate	The Emerging Spectrum of Government-Led and Publicly-Owned Housing Development Models	2024
Othering and Belonging Institute, UC Berkeley	Social Housing in California: Reinvigorating Housing Investment for the Social Good	2024
PolicyLink	Housing for the People: How Local Governments Are Building Social Housing Solutions for Public Good	2025

[1] Rachel Cohen, "What If Public Housing Were for Everyone?," Vox, February 10, 2024, https://www.vox.com/policy/2024/2/10/24065342/social-housing-public-housing-affordable-crisis; Conor Dougherty, "This Is Public Housing. Just Don't Call It That.," *The New York Times*, August 25, 2023, sec. Business, https://www.nytimes.com/2023/08/25/business/affordable-housing-montgomery-county.html; Jennifer Ludden, "One Possible Housing Crisis Solution? A New Kind of Public Housing for All Income Levels," *NPR*, October 7, 2024, https://www.npr.org/2024/10/07/nx-s1-5119633/housing-crisis-solution-public-housing-mixed-income-maryland.

The directors of two of the country's premier housing research organizations independently elected to teach new classes on social housing in spring 2025.[2] Most importantly, policymakers at the state and local levels (along with activists in Seattle) are either creating or attempting to create new entities, revolving loan funds, and revenue streams to support mixed-income housing production.[3] What explains this interest in mixed-income, publicly supported development efforts?

While identifying the universe of causal mechanisms may be infeasible, a few key dynamics underpin and reinforce interest in a muscular, pro-housing public sector. First, housing costs have increased faster than incomes for decades, destabilizing the often already precarious lives of low-income households.[4] In January of 2024, more than 770,000 people were sleeping in shelters or outside, the largest number of unhoused Americans since HUD began releasing the Annual Homeless Assessment Report (AHAR) in 2007.[5] How to address encampments and related homelessness challenges has been a hotly contested question for years.[6] However, housing costs impact more Americans than just those sleeping in shelters.

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[2] Chris Herbert, "New Visions for Social Housing in the US," Harvard Graduate School of Design, accessed March 1, 2025, https://www.gsd.harvard.edu/course/new-visions-for-social-housing-in-the-us-spring-2025/; Jenna Davis, "Terner Center Social Housing Role <> JCHS Social Housing Course," November 13, 2024.

[3] Jared Brey, "Rhode Island Could Create a 'Public Developer' to Address Housing Crisis," *Governing*, December 11, 2024, https://www.governing.com/policy/rhode-island-could-create-a-public-developer-to-address-housing-crisis; Josh Cohen, "What's next for Seattle's Social Housing after Big Tax Win?," Cascade PBS, February 28, 2025, https://www.cascadepbs.org/politics/2025/02/whats-next-seattles-social-housing-after-big-tax-win"; Leo Miranda, "The Plan to Bring Social Housing (Back) to New York," Next City, July 2024, https://nextcity.org/features/the-plan-to-bring-social-housing-back-to-new-york; Wilborn Nobles, "Atlanta Wants to Build Affordable 'Social' Housing on Public Land," *The Atlanta Journal-Constitution*, July 13, 2023, sec. Metro, https://www.ajc.com/news/atlanta-news/atlanta-wants-to-build-affordable-social-housing-on-public-land/YUA6CTSY7JCKHK2URAB472ZEK4/; Kevin Nguyen, "Alex Lee Has Big Plans to Fix California's Housing Crisis," The San Francisco Standard, April 9, 2024, https://sfstandard.com/2024/04/09/alex-lee-leads-social-housing-california/.

[4] Whitney Airgood-Obrycki, "America's Rental Housing" (Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2024), https://www.jchs.harvard.edu/americas-rental-housing-2024.

[5] Jennifer Ludden, "U.S. Homelessness Jumps to Another Record High, amid Affordable Housing Shortage," *NPR*, December 27, 2024, https://www.npr.org/2024/12/27/nx-s1-5241115/us-homeless-hud-housing-costs-migrants.

[6] Lois Beckett, "'People Don't like to See Poverty:' Inside San Francisco's Vicious Race for Mayor," *The Guardian*, October 22, 2024, sec. US news, https://www.theguardian.com/us-news/2024/oct/22/inside-san-franciscos-brutal-and-expensive-race-for-mayor.

Second, rising housing costs have spread the experience of being rent-burdened up the income scale. Today, roughly half of renters pay more than 30% of their household income towards housing, representing a 10-percentage-point increase since 2000. However, the past twenty years have not substantially changed the share of extremely low-income households that are rent-burdened (i.e., paying more than 30% of their income towards rent). In 2001, 82% of renters earning less than $15,000 a year were either moderately (paying 30-50% of their income towards rent) or severely rent-burdened (paying more than half their income towards rent). In 2023, 85% of renters earning less than $15,000 were rent-burdened. Conversely, the proportion of renters earning $45,000 to approximately $75,000 a year who are rent burdened almost doubled, from 21% to 41%.[7] Simultaneously, renters are increasingly pessimistic that they will have the opportunity to buy a home, undermining a traditional American ideal.[8]

Third, these challenges have given rise to groups that have helped elevate housing as a central topic in local and national political debates.[9] Working-class and middle-class renters in a handful of "Superstar Cities" with inelastic housing markets were the first to experience high housing costs creeping up the income distribution.[10] In reaction to these rising costs, a movement of pro-housing YIMBYs ("yes in my backyard") rose to prominence alongside (often existing) tenant justice organizations, with the explicit goal of elevating housing as a priority and advancing their preferred interventions.[11]

Since its origins with the San Francisco Bay Area Renters' Federation (SFBARF) a decade ago, the YIMBY movement has helped frame housing challenges in the US around the question of supply. Local and state organizations like California YIMBY, Open New York, and local chapters of Neighbors for More Neighbors primarily focus on unwinding exclusionary zoning and making it easier to build

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[7] Airgood-Obrycki, "America's Rental Housing."
[8] Dan Shepard, "62% of Renters Worry They'll Never Own a Home," LendingTree, accessed March 1, 2025, https://www.lendingtree.com/home/mortgage/renter-worries-survey/.
[9] Chris Herbert, "Housing Takes Center Stage in the Presidential Election," Harvard Graduate School of Design, October 21, 2024, https://www.gsd.harvard.edu/2024/10/housing-takes-center-stage-in-the-presidential-election/; Sami Sparber, "Housing Takes a Dominant Role in This Year's Mayoral Races," Axios, October 31, 2024, https://www.axios.com/2024/10/31/housing-crisis-affordability-mayors-elections.
[10] Joseph Gyourko, Christopher Mayer, and Todd Sinai, "Superstar Cities," *American Economic Journal: Economic Policy* 5, no. 4 (November 2013): 167–99, https://doi.org/10.1257/pol.5.4.167.
[11] Conor Dougherty, *Golden Gates: Fighting for Housing in America* (New York: Penguin Press, 2020).

housing. YIMBYs have witnessed a series of successes over the past five years. Through city-level zoning reforms and state-level preemption, a growing number of jurisdictions are embracing the notion that a key challenge to affordability is inadequate housing production.[12] This momentum on zoning reform broadly aligns with elite and "grasstops" interest in "The Abundance Agenda," an intellectual movement focused on combating scarcity to lower prices and improve the delivery of government services.[13]

The other substantial housing advocacy movement is typically called the housing justice or tenants' rights movement. Over the past decade, the housing justice movement–an amalgamation of tenant unions, leftist organizers, unhoused advocates, and more–has primarily focused on renters' rights, rent stabilization, and eviction prevention rather than juicing the housing supply.[14] However, the promise of "social housing," as elusive as its definition is, has attracted the attention of and advocacy from YIMBYs and housing justice advocates alike.[15]

What is Social Housing?

There is no singular definition of social housing in the United States. However, numerous groups have attempted to assert a vision for social housing and catalog what they believe should be its core principles. The Community Service Society of New York defines social housing models as "those that strive to achieve permanent affordability, social equality, and democratic resident control."[16] A common theme across reports and organizations is ensuring permanent affordability by shielding social units from market pressures through deed restrictions, ground leases, public ownership, or other mechanisms. Social

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[12] Matthew Yglesias, "YIMBYs Keep Winning," Substack, *Slow Boring* (blog), August 9, 2023, https://www.slowboring.com/p/yimbys-keep-winning.
[13] Ezra Klein and Derek Thompson, *Abundance* (Avid Reader Press / Simon & Schuster, 2025); Steven Teles and Robert Saldin, "The Rise of the Abundance Faction," Niskanen Center, June 4, 2024, https://www.niskanencenter.org/the-rise-of-the-abundance-faction/.
[14] Interviewee #19, Zoom with author, March 2025.
[15] Cassim Shepard, "Justice Supply," *Places Journal*, August 28, 2024, https://doi.org/10.22269/240828.
[16] Oksana Mironova and Thomas Waters, "Social Housing in the U.S.," Community Service Society, February 18, 2020, https://www.cssny.org/news/entry/social-housing-in-the-us.

equity is typically defined as reducing economic and racial segregation or deep affordability.[17] "Democratic resident control" indicates that tenants help govern their buildings meaningfully. While discussions of mixed-income communities are not always at the forefront of reports, there is broad agreement across advocacy organizations and interviewees that social housing is a mixed-income pursuit.

Oksana Mironova and Thomas Waters with CSS New York frame social housing as a spectrum rather than a single program or model.[18] In their writing, limited equity co-ops, public housing, and community land trusts all fall under the umbrella of social housing. Other advocacy organizations have dissected existing and proposed programs based on a series of principles. In a report published in early 2025, PolicyLink, SwitchPower, and Local Progress synthesized principles from CSS New York, the Alliance for Housing Justice (itself a coalition of organizations), and other housing justice organizations to evaluate current programs. This report's principles (or dimensions of analysis) include ownership, community control, decommodification and affordability term, income targeting and cost burden, tenant protections, anti-discrimination, financing, and building for people and planet (i.e., labor standards and sustainability elements).[19] Mapping housing programs along a spectrum and the proliferation of principles by which to analyze programs illustrate that there is no single answer to the question: "What is social housing?"

Proponents often seek to clarify what social housing means by referencing international examples. Cooper and Gowan highlight Vienna, Finland, and Sweden in their 2018 People's Policy Project report, one of the earliest publications in the modern movement.[20] Chew similarly highlights

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[17] Ibid; The Center for Popular Democracy et al., "Building Our Future: Grassroots Reflections on Social Housing," 2024, https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/Building_Our_Future_Full_Report.pdf.
[18] Oksana Mironova and Thomas Waters, "How Social Is That Housing?," Community Service Society, February 18, 2020, https://www.cssny.org/news/entry/how-social-is-that-housing.
[19] Christina Rosales et al., "Housing for the People: How Local Governments Are Building Social Housing Solutions for Public Good" (PolicyLink, January 2025), https://policylink.widen.net/s/wlphxh7qmf/social_housing_toolkit_jan2025.
[20] Saoirse Gowan and Ryan Cooper, "A Plan to Solve the Housing Crisis Through Social Housing" (People's Policy Project, April 5, 2018), https://www.peoplespolicyproject.org/project/a-plan-to-solve-the-housing-crisis-through-social-housing/.

Finland's housing first model in the Center for Popular Democracy's 2022 report on social housing.[21] Organizers in Seattle cite Vienna and Singapore when discussing the inspiration for the Seattle Social Housing Development Authority.[22] Within the social housing movement is a concerted effort by a network of advocates and consultants to facilitate learning exchanges with international peers, especially in Vienna.[23] Multiple West Coast interviewees referenced their trip via the Global Policy Leadership Academy - a part of LeSar Development Consultants - as a key moment in their education and understanding of social housing.[24] GPLA organizes and facilitates bi-annual trips to Vienna, which has created a growing network of elected officials, advocates, and researchers with firsthand experience of the much-heralded Viennese social housing model.[25] Other nonprofit and advocacy groups have similarly organized trips to international social housing destinations.[26] While international precedents do not necessarily use the term "social housing," many advocates invoke those examples to define social housing domestically.[27]

Social housing is often heralded as a new tool alongside (or improvement on) the largest and most important affordable housing production tool: the Low-Income Housing Tax Credit (LIHTC). The LIHTC program is understood to be complex, inefficient, and, for the most vulnerable Americans, inadequately generous. LIHTC incentivizes medium- to large-scale multifamily developments and tends to create

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[21] Amee Chew, "Social Housing For All: A Vision for Thriving Communities, Renter Power, and Racial Justice" (Center for Popular Democracy, March 2022), https://www.populardemocracy.org/sites/default/files/Social Housing for All - English - FINAL 3-21-2022_0.pdf.
[22] Jordan Bollag, "Seattle Has Voted to Build Social Housing," Jacobin, March 2, 2025, https://jacobin.com/2025/03/social-housing-seattle-vienna-dsa.
[23] Some interviewees also implied that these learning exchanges were supported and encouraged by municipal and political party officials in Vienna.
[24] Interviewees #4, #7, and #26, interviewed separately via Zoom by Author, February 2024.
[25] Anu Natarajan, "Fifth Vienna Social Housing Field Study Inspires and Unites 50+ Multisectoral Delegates," LeSar Development Consultants, September 5, 2024, https://lesardevelopment.com/fifth-vienna-social-housing-field-study-inspires-and-unites-50-multisectoral-delegates; Francesca Mari, "Lessons From a Renters' Utopia," *The New York Times*, May 23, 2023, sec. Magazine, https://www.nytimes.com/2023/05/23/magazine/vienna-social-housing.html.
[26] Rosales, "Public Land in Public Hands;" "2024 Vienna Delegation," House Our Neighbors, accessed March 3, 2025, https://www.houseourneighbors.org/2024-vienna-delegation; "Learning Delegation on Social Housing to Vienna - The Action Lab," September 5, 2022, https://www.actionlabny.org/updates/learning-delegation-on-social-housing-to-vienna.
[27] Kathleen Scanlon, Christine Whitehead, and Melissa Fernández Arrigoitia, "Introduction," in *Social Housing in Europe* (John Wiley & Sons, Ltd, 2014), 1–20, https://doi.org/10.1002/9781118412367.ch1.

economically homogeneous buildings. Despite these criticisms, the program is politically durable.[28] Some claim that new mixed-income housing production models can avoid the shortcomings of LIHTC, like expiring affordability. However, tools like Montgomery County's revolving loan fund are framed not as a solution for LIHTC's alleged faults but as a new tool for a jurisdiction's affordable housing toolbox. Demand for 9% low-income housing tax credits far outpaces supply. More states are reaching their volume caps—the limit on tax-exempt bonds needed to unlock 4% LIHTCs—making 4% credits increasingly challenging to access. New tools are an attractive prospect in this context.

How these new programs relate to LIHTCs varies from case to case. New York State Assembly Member Emily Gallagher's proposal to create a state social housing development authority leaves open the possibility that the authority could directly, or through partnerships with other developers, utilize LIHTCs in the future.[29] In the other legislative chamber in New York, State Senator Rachel May's proposal for a mixed-income revolving loan fund expressly states that developers cannot pair loans with LIHTC.[30] Typically, conversations about mixed-income production schemes have operated adjacent to LIHTC discussions.[31] Traditional nonprofit and for-profit affordable housing developers are heavily reliant on LIHTC and, to this point, have not been at the center of social housing discussions.[32] Many proposals to date have focused on the centrality of public ownership to ensure long-term affordability,

[28] Eric Belsky and Meg Nipson, "Long-Term Low Income Housing Tax Credit Policy Questions" (Cambridge, MA: Joint Center for Housing Studies of Harvard University, November 2010), https://www.urban.org/sites/default/files/publication/26851/1001483-Long-Term-Low-Income-Housing-Tax-Credit-Policy-Questions.PDF; Chris Edwards and Vanessa Brown Calder, "Low-Income Housing Tax Credit: Costly, Complex, and Corruption-Prone," Cato Institute, November 13, 2017, https://www.cato.org/tax-budget-bulletin/low-income-housing-tax-credit-costly-complex-corruption-prone.

[29] Emily Gallagher, "Establishes the New York State Social Housing Development Authority," Pub. L. No. A6265, Public Benefit Corporations (2024), https://www.nysenate.gov/legislation/bills/2023/A9088.

[30] Rachel May, "Establishes a Housing Project Revolving Loan Program and Fund," Pub. L. No. Senate Bill S733, § Private Housing Finance Law (2025), https://www.nysenate.gov/legislation/bills/2025/S733.

[31] One report by the Alliance for Housing Justice and other advocacy organizations discussed how to reform LIHTC practices at the state level to better mirror social housing principles. However, the report identified ways to make LIHTC more "social," not how to link new production tools or processes together with LIHTC. Audrey Lynn Martin, Jasmine Rangel, and Liz Ryan Murray, "Moving LIHTC Towards Social Housing A Toolkit" (The Alliance for Housing Justice, February 11, 2025), https://www.prrac.org/pdf/MovingLIHTCtowardsSocialHousingToolkit.pdf.

[32] Beilul Naizghi, "Why Don't California's Nonprofit Housers Embrace Social Housing?" Shelterforce, May 17, 2024, https://shelterforce.org/2024/05/17/why-dont-californias-nonprofit-housers-embrace-social-housing/

leaving private and nonprofit developers with unclear roles relative to these new initiatives.[33] Additionally, some distance between traditional affordable housing developers and discussions of social housing may be due to language.

Proponents of mixed-income permanently affordable housing initiatives choose whether to use the term "social housing" based on their political contexts and audiences. Some proponents of mixed-income production schemes avoid the term to avoid opposition in more conservative contexts.[34] One interviewee expressed distaste for the label: "When you say 'social housing,' everyone brings in their own preconceived notions."[35] Multiple advocates' ambivalence with the term was motivated by their desire to see results rather than worry about polarizing groups around the term or arguing about definitions.[36] Others bristle at the term's widespread use to describe a broad set of policy interventions. As Co-Founder of the Kansas City Tenants Union, Tara Raghuveer, said in a 2023 interview, "...the term 'social housing' has become sexy in a way that is almost making it lose its meaning. We don't mean public-private development. We don't mean a little pilot over there, a little project over here."[37] Activists in Seattle leveraged the brand of social housing as an homage to international forbearers. Organizers felt the term spoke to pent-up demand for transformational change in the city.[38] While proponents question the utility or accuracy of the term "social housing," some advocacy groups have attempted to leverage public opinion to highlight the power of the idea.

[33] Claudia Aiken, Matthew Murphy, and Hayley Raetz, "The Emerging Spectrum of Government-Led and Publicly-Owned Housing Development Models" (New York City, New York: Furman Center for Real Estate, October 2024), https://localhousingsolutions.org/wp-content/uploads/2024/10/The-Emerging-Spectrum-of-Government-Led-and-Publicly-Owned-Housing-Development-Models_V5-2.pdf.
[34] "'Invest Chattanooga' to Catalyze Affordable Housing Development with $20 Million Housing Production Fund," Chattanooga Chamber of Commerce, December 5, 2024, https://chattanoogachamber.com/invest-chattanooga-to-catalyze-affordable-housing-development-with-20-million-housing-production-fund/.
[35] Interviewee #14, Zoom with author, March 2025
[36] Interviewees #4, 8, 17, separate Zooms with author, February 2025.
[37] Steve Dubb and Tara Raghuveer, "'The Rent Is Too Damn High!'—The Rise of a National Tenants' Movement," Nonprofit Quarterly, December 13, 2023, https://nonprofitquarterly.org/the-rent-is-too-damn-high-the-rise-of-a-national-tenants-movement/.
[38] Interviewee #21, Zoom with Author, March 2025.

Limited independent public opinion research exists about social housing. The left-leaning polling firm Data for Progress asked likely New York City voters their opinion on social housing in 2023.[39] The coalitional campaign Right to the City and progressive advocacy organization Center for Popular Democracy commissioned HIT Strategies to poll swing-state voters in 2024. Both polls provided definitions for social housing and found voters broadly favored the idea.[40] However, neither poll published counter-messaging results (i.e., what opponents might say about social housing), political party signals in the messaging (i.e., Democrats support the plan and Republicans oppose it), or asked voters to prioritize the issue relative to other policy initiatives, weakening the degree to which these results resemble engagement with conflicting messages in a noisy and polarized informational ecosystem.[41] Regardless of how advocates use polling as a tactic to persuade elected officials and their campaigns, the term "social housing" looms large as an amorphous idea for advocates, elected officials, and policy wonks on the left.

Part of the confusion surrounding social housing in the United States relates to its connection to and differentiation from public housing. While most Americans do not know the history of federal underinvestment, the common understanding is that public housing failed. Some writers and thinkers argue that the program's rules set it up for failure.[42] However, that does not alter the popular conception. As a result, new experiments must actively differentiate themselves from public housing, often by adopting new terminology and embracing the concept of mixed-income communities. Public housing is perceived as having concentrated poverty, and mixed-income models seek to move away from that

[39] Isa Alomran and Rob Todaro, "NYC Voters Overwhelmingly Want the City to Create More Affordable Housing and Prefer a Not-For-Profit, Public Approach," Data For Progress, September 5, 2023, https://www.dataforprogress.org/blog/2023/9/4/nyc-voters-overwhelmingly-want-the-city-to-create-more-affordable-housing-and-prefer-a-not-for-profit-public-approach.
[40] Right to the City, Center for Popular Democracy, and HIT Strategies, "Swing State Housing Poll," 2024, https://drive.google.com/file/d/1bSyQerV4naImYsg50qALL3o76ysUyg9G/view?usp=embed_facebook.
[41] The elements I mention here are expensive, and it is reasonable that financially constrained organizations would not administer an extensive range of tests on a topic most people have only vaguely heard of before.
[42] Abdallah Fayyad, "Public Housing Didn't Fail in the US. But It Was Sabotaged.," Vox, December 8, 2024, https://www.vox.com/policy/390082/public-housing-america-policy-failure-poverty; Edward G. Goetz, *New Deal Ruins: Race, Economic Justice, and Public Housing Policy*, Illustrated edition (Ithaca, NY: Cornell University Press, 2013).

legacy. However, examining how the term "social housing" may evoke class- or race-based assumptions about whom such housing is intended to serve is critical.

Mixed-income housing initiatives represent a shift away from public housing's exclusively below-market-rate, means-tested model. As the state developed new homeownership opportunities for white people through vehicles like the GI Bill, Black Americans remained explicitly excluded from those opportunities through the 1960s. Public housing became more racially concentrated as the program's tie to urban renewal drove more non-white families into public housing, while many white families in public housing left urban centers. Conversely, mixed-income production programs and social housing schemes include a range of incomes. Many have no cap on a household's earnings, simply charging a market-based rent. New programs represent a form of targeted universalism, in contrast to public housing's history of means testing.

MIT professor Larry Vale has argued that public housing policies reflect broader American attitudes toward poverty, race, and worthiness. Where public housing was built, who was allowed to live there, and how these spaces were designed and managed reveal deep-seated societal discomfort with poverty, particularly with poor Black residents.[43] Today's discourse regarding social housing circumvents many of these challenging discussions by incorporating a wider range of incomes. In New York, bill proponents attempted to help unhoused advocates who barely earn five figures and union members making well over $100,000 a year see themselves as potential beneficiaries of this new product. While housing debates inherently involve race, class, and worthiness, social housing arguments I heard during my research more so resembled debates over means-tested or universal welfare state programs. While this likely has to do with the kind of places and people having these debates, most criticism of social housing proposals was about them not being affordable enough or serving people who had too much money.

New mixed-income housing production initiatives have a different funding structure and politics than public housing. While the social housing proponents I spoke with also cared deeply about public

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[43] Lawrence J. Vale, *Purging the Poorest: Public Housing and the Design Politics of Twice-Cleared Communities* (University of Chicago Press, 2013), https://doi.org/10.7208/chicago/9780226012599.001.0001.

housing, they were not attempting to resurrect the brand that had (inaccurately) become synonymous with its most infamous sites. As Dr. Edward Goetz indicated in his book *New Deal Ruins*, public housing had quiet successes and loud failures. Further investigation of the race and class connotations of mixed-income social housing developments is a worthwhile pursuit as the sector evolves.

Program Experimentation and Proliferation

The diverse nomenclature used to describe this evolving set of initiatives has not stopped these ideas from spreading over the past six years. Articles and advocates alike point to Montgomery County, Maryland's Housing Production Fund as inspiration for many later programs. Since the Montgomery County Council approved the creation of a "$50 Million Construction Fund for [their] Public-Private Housing Model," the idea has spread like wildfire.[44] County Councilmember Hans Reimer, a key legislative force behind the bill, and leadership from the Housing Opportunities Commission became housing celebrities for a niche group of advocates and policymakers. The Montgomery County Housing Opportunities Commission—a public housing authority, housing finance agency, and public developer—has received awards for financial innovation and frequent speaking invitations from peers nationwide.[45] Similar efforts have spread in one form or another from the one million person DC suburb to Atlanta, Chattanooga, San Francisco, Los Angeles, Chicago, Boston, Raleigh, Denver, Portland (OR), Portland (ME), Syracuse, Kingston (NY), Seattle, California, New York, Rhode Island, Massachusetts, Michigan, Hawaii, and Colorado. There are even draft bills right next door in the District of Columbia at the municipal and federal levels.[46]

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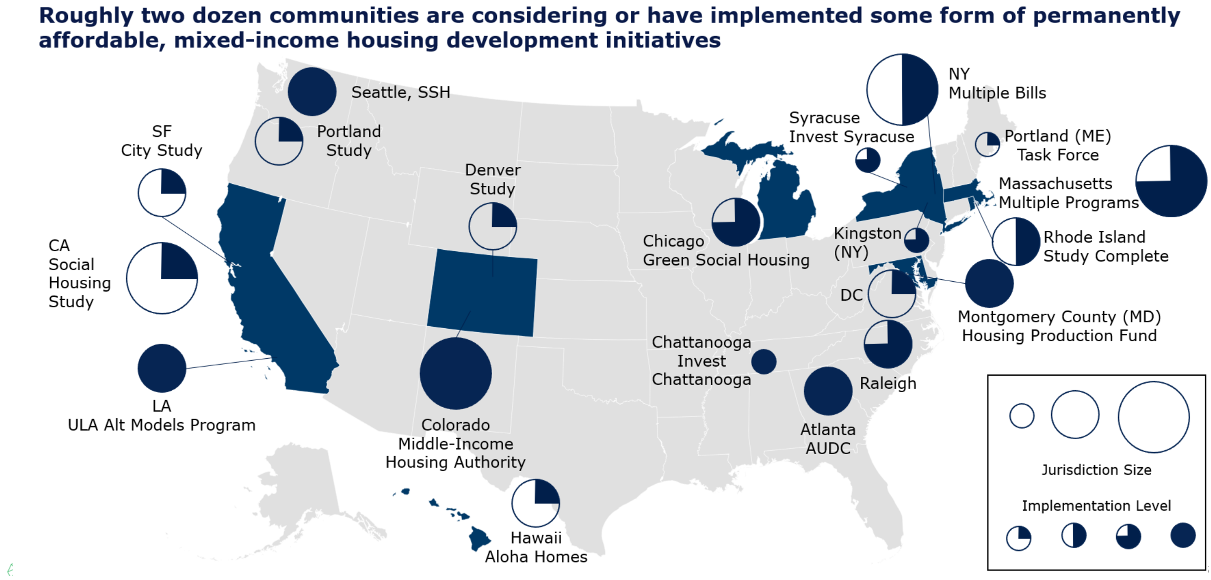
[44] "Council Approves $50 Million Construction Fund for Public-Private Housing Model."

[45] Tia Blount, "Housing Opportunities Commission Announced As 2024 Ivory Prize Winner," Housing Opportunities Commission of Montgomery County, May 16, 2024, https://www.hocmc.org/news/housing-opportunities-commission-announced-as-2024-ivory-prize-winner.

[46] Donna Kimura, "Lawmakers Unveil Ambitious Federal Housing Development Bill," Affordable Housing Finance, September 20, 2024, https://www.housingfinance.com/policy-legislation/lawmakers-unveil-ambitious-federal-housing-development-bill_o.

Figure 2: Illustrative Map of Social Housing Experiments and Efforts Around the United States



Note: This map is intended for illustrative purposes only. Created by the author in April 2025 to highlight efforts around the country. The implementation level is based on the author's assessment from local media reports.

Most of these programs introduce public debt to replace higher-cost capital sources. Atlanta, Chattanooga, Syracuse, New York, Massachusetts (BILD fund), Michigan, and others are pursuing revolving mezzanine or construction loans. The distinction between programs is often found in the language, scale, powers, and problem that proponents argue they are addressing. Chicago, Seattle, California, and some other coalitions explicitly refer to their efforts as "social housing," often attracting more attention from detractors and supporters alike than programs with more technical names (e.g., multiple communities have revolving loan initiatives called the "Housing Production Fund.")

Programs also differ in size and associated powers. For example, two legislative efforts in New York would create mixed-income housing with permanently affordable units. Proponents behind the Social Housing Development Authority are seeking $5 billion from the state, while the parallel revolving loan funds will receive $100 million.[47] The size of these two efforts indicates a difference in the proponents' incrementalist versus long-term orientations. As one might expect, the incrementalist effort has found more immediate success than more far-reaching proposals, which are often considered planks

[47] $50 million for New York City as a part of City of Yes efforts, and $50 million for the rest of New York.

within a broader organizing campaign. Programs vary in their focus on production versus preservation, the depth or concentration of affordable units, and the permissible ownership structures.[48]

Lastly, program proponents construct different problem statements for their initiatives to address. Officials in Montgomery County called their revolving loan fund a "Housing Production Fund" partly because of the recent Metropolitan Washington Council of Governments' report on necessary housing production in the region.[49] Alternatively, the Stable Housing Act of 2023 (SB555) in California framed the problem as, "The private housing market has failed to meet the needs of the vast majority of California residents, who are unable to afford market rents. Increasingly, housing speculation and financialization in the rental market is driving rents higher, even as new market-rate housing is produced."[50] Proponents' perspective on the nature of the housing challenge often operates upstream of their willingness to create programs that allow for public-private partnerships.

Entrepreneurial policy organizations and peer networks have actively promoted the replication of the Montgomery County model and similar efforts. Since 2021, the Center for Public Enterprise (CPE) has helped spread the idea of using public-sector revolving loan funds to create mixed-income housing and provided technical assistance to implementers in the field. Led by social media power user Paul Williams, CPE has functioned as an accelerant for the public development cause by serving as both an ad hoc consultant and adviser for officials and campaigns nationwide. The organization's Public Development Community of Practice–a quarterly facilitated Zoom attended by public servants and housing practitioners from around the country–serves as both a space for peer learning and a means of replicating local practices.[51]

[48] A recent PolicyLink, PowerSwitch, and Local Progress report provides a useful breakdown of program differences along a series of principles. Rosales et al., "Housing for the People: How Local Governments Are Building Social Housing Solutions for Public Good."
[49] "The Future of Housing in Greater Washington" (Metropolitan Washington Council of Governments, September 2019), https://www.mwcog.org/documents/2019/09/10/the-future-of-housing-in-greater-washington/.
[50] Aisha Wahab, "The Stable Affordable Housing Act of 2023," Pub. L. No. SB555 (2023).
[51] Paul Williams, "Launching the Public Development Community of Practice," *Center for Public Enterprise* (blog), September 22, 2023, https://publicenterprise.org/launching-the-public-development-community-of-practice/.

Similarly, Local Progress, a network for progressive municipal and county elected officials, has a social housing working group. Elected officials and staff from Nashville, Chicago, New York City, Denver, Washington, D.C., Seattle, San Francisco, and Austin participate in the peer learning committee.[52] Local Progress, PowerSwitch, and PolicyLink wrote their recent report for local policymakers and advocates.[53] Coalition groups like the Alliance for Housing Justice, which itself contains some coalitions like the Right to the City Alliance, have helped spread the concept of social housing to grassroots organizations and elected officials alike.[54] These groups and others sit within the broad tent that some call the "social housing movement."[55] Advocacy and technical assistance organizations help this range of programs proliferate across jurisdictions with varying institutional arrangements, financial capabilities, and interest groups. The spread of these ideas and programs raises the question: How do local stakeholders respond to these proposals?

Interest Groups

I decided to focus on interest groups based on my experience working in city government for seven years, the current literature on local interest groups, and the opportunity to share lessons across communities. I interacted with and saw the influence of stakeholders and interest groups in local policymaking as the Legislative Aide for the City Council President in Columbus, Ohio. When discussing the process to establish a Montgomery County-style revolving loan fund in 2022, I received feedback to run the idea by stakeholders, including existing affordable housing developers, as our team did with many

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[52] Interviewee #14, Zoom with author, March 2025

[53] Rosales et al., "Housing for the People: How Local Governments Are Building Social Housing Solutions for Public Good."

[54] "Social Housing: Addressing America's Housing Crisis," Alliance for Housing Justice, accessed March 7, 2025, https://www.allianceforhousingjustice.org/social-housing.

[55] Julie Gilgoff, "The California SHIMBY Movement: Social Housing in My Backyard," *California Western Law Review* 60, no. 1 (January 1, 2023), https://scholarlycommons.law.cwsl.edu/cwlr/vol60/iss1/2.

new policy ideas.[56] Working with and responding to stakeholders (i.e., interest groups) is a core part of the policy-making process.

Research shows that interest groups are influential and prevalent at the municipal level. While "interest group" may sound like a pejorative, political scientists use the term to describe an association of individuals or organizations that attempt to influence public policy.[57] Interest groups in the housing sector include a wide range of actors: tenant unions, market-rate housing developers, affordable housing developers, labor unions, environmental groups, neighborhood associations, the local chamber of commerce, municipal associations (when examining state-level policy), etc. These interest groups matter because they influence policy.

Dr. Sarah Anzia's cross-sectional analysis of municipal governments in the US finds "strong signs that interest groups do make a difference."[58] This conclusion aligns with previous research from Dr. Leah Stokes on fossil fuel and utility interests' influence on renewable portfolio standards and net metering policies at the state level.[59] While these recent publications and others have reenergized discussions of interest groups at the local and state levels, political scientists have documented the influence of interest groups at the local level for decades.

In his seminal book *Who Governs*, Robert Dahl explored the importance of group influence in New Haven, CT, in the mid-20th century. Dahl argued that a unified group of elites did not control New Haven, but that power was dispersed across stakeholders. These interest groups, including labor unions, business associations, and others, had distinct focuses and varying levels of power depending on their resources and capacity. While Dahl often analyzed instances of public conflict over policy, later academics argued that interest groups also keep issues off the table in the first place, limiting what issues

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[56] Those conversations were met with interest and at least one person told me that they would support it as long as it did not impact existing dollars to fill LIHTC project gaps.
[57] Elin Haugsgjerd Allern et al., "Policy Positions, Power and Interest Group-Party Lobby Routines," *Journal of European Public Policy* 29, no. 7 (July 3, 2022): 1029–48, https://doi.org/10.1080/13501763.2021.1912148.
[58] Sarah F. Anzia, *Local Interests: Politics, Policy, and Interest Groups in US City Governments*, First Edition (Chicago (Ill.): University of Chicago Press, 2022), page 237.
[59] Leah Cardamore Stokes, *Short Circuiting Policy: Interest Groups and the Battle Over Clean Energy and Climate Policy in the American States* (Oxford University Press, 2020), https://doi.org/10.1093/oso/9780190074258.001.0001.

enter public debate. Restricting the issues on the table means that primary sources may never exist, leaving academics to focus their attention elsewhere.[60]

A prime reason to examine housing interest groups is their demonstrated influence over the sector's evolution and outcomes. The legislative origin of public housing in the US is an instructive lesson on how policymaking can function through organized interest group combat.[61] Historian Gail Radford documents how Catherine Bauer, a 20th-century housing advocate, and other "Housers" collaborated with organized labor in the 1920s and 1930s to form the Labor Housing Conference (LHC). The LHC advocated for many of the same principles and program design elements that you can hear from social housing advocates today: LHC argued that what became the 1937 Wagner-Steagall Housing Act should support public housing agencies, nonprofits, and cooperatives to build housing for low and middle income households with opportunities for future residents to have an active role in development and building governance. This effort called into question the hegemony of the private sector in the US housing system. In 1935, the American Federation of Labor approved a resolution arguing that private enterprise had demonstrated a "long-standing inability" to produce "modern dwellings within the reach of the average worker" and calling for more significant state intervention.[62] Private interests rallied against the Wagner-Steagall Housing Act by highlighting the civic virtue of homeownership and emphasizing that state provision of housing was nothing short of socialism.

Congress passed Wagner-Stegall, but with key distinctions from the LHC's original vision. Real estate interests were able to eliminate the role of nonprofits and cooperatives, restrict siting decisions to localities (where local realtors or developers could have another opportunity to advocate), tie new production to slum clearance (raising costs for public housing authorities and limiting competing for

[60] Anzia, *Local Interests*; Peter Bachrach and Morton S. Baratz, "Two Faces of Power," *American Political Science Review* 56, no. 4 (December 1962): 947–52, https://doi.org/10.2307/1952796.
[61] Stokes, *Short Circuiting Policy: Interest Groups and the Battle Over Clean Energy and Climate Policy in the American States*; Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer--and Turned Its Back on the Middle Class* (Simon and Schuster, 2010).
[62] Gail Radford, *Modern Housing for America: Policy Struggles in the New Deal Era*, 1st edition (Chicago, IL: University of Chicago Press, 1997), pages 185-188.

greenfield sites), restrict income eligibility, and impose per-unit price caps.[63] Renowned New York housing advocate Charles Abrahams predicted in the 1960s that the compromises in the legislation "would ultimately contribute to its demise."[64] The Labor Housing Conference won the battle for public housing, and private interests won the war.

While much interest group literature focuses on Congress, interest group activity is not restricted to the federal level. Anzia and Katherine Levine Einstein have identified a relationship between active neighborhood groups and slower home permitting.[65] Anzia also finds a positive relationship between developers' political activity and higher levels of housing production.[66] While not causal findings, Anzia's work speaks to the importance of local stakeholders relative to housing outcomes.

By focusing on stakeholder reactions to mixed-income, permanently affordable housing production schemes, I aim to capture a snapshot of inter-group dynamics that could be instructive for other jurisdictions. That said, not all lessons are directly transferable. Localities have differing political and institutional realities. While interest groups may wield distinct levels of influence from place to place, proponents in future communities could gain valuable insights into how local stakeholders might respond by looking across the country.

It is more appropriate to analyze new program proposals through interest groups than public opinion because, aside from Seattle, there has been little public opinion to assess. The proposals analyzed in this paper typically include housing finance innovations built on the public sector's ability to achieve a lower cost of capital, de-risk projects, and assert longer periods of affordability. Most of these bills or new ownership structures are technical arrangements and do not easily lend themselves to TV coverage or social media controversy. However, interest groups do pay attention to technical policy proposals. As Dr. Anzia writes, "Most citizens do not follow local politics closely, and their main political act is voting—if

[63] Radford, *Modern Housing for America*, page 190.
[64] Ibid; Charles Abrams, "Housing Policy - 1937 to 1967," *Shaping an Urban Future: Essays in Memory of Catherine Bauer Wurster*, 1969.
[65] Anzia, *Local Interests*; Katherine Levine Einstein, David M. Glick, and Maxwell Palmer, *Neighborhood Defenders: Participatory Politics and America's Housing Crisis* (Cambridge: Cambridge University Press, 2019).
[66] Anzia, *Local Interests*, page 160.

they even do that. By contrast, interest groups like public-sector unions and local chambers of commerce have a large and ongoing stake in the policies local governments make, and they cannot leave the city in search of better conditions."[67] While much of the traditional tension in local housing politics arises due to rezoning and variance processes for new development, the legislative discussion around proposed new social housing authorities in New York or California is not about a specific project in a fixed location. These bills aim to establish new tools or processes with which cities or the state can bolster the construction of mixed-income projects. Neighborhood associations tend to be absent from these conversations. They may appear later to share feedback (typically in opposition) on a particular project.[68] If public opinion is a secondary concern, how do interest groups influence local policy?

Interest groups attempt to influence policy by making their position known to elected officials and deploying pressure techniques. Interest groups can speak at public hearings, meet with legislators, propose model legislation, circulate talking points, endorse candidates, work with local media, mobilize residents to contact elected officials, contribute financially to a candidate's campaign, and more. While not all interest groups utilize more conflictual tactics, social movements or advocacy organizations may also launch protests, host sit-ins, or leverage social media pressure campaigns to force the hand of decision-makers.[69] While most interest group literature examines how outside groups attempt to sway policymakers, some jurisdictions allow interest groups to take the reins of policy design through ballot initiatives. House Our Neighbors, a central character in the Seattle case study, successfully collected

[67] Ibid, page 232.
[68] This is particularly interesting when considering that some legislation or institutional rules exempt new development entities from local zoning restrictions.
[69] Alexander Fouirnaies and Andrew B. Hall, "How Do Interest Groups Seek Access to Committees?," *American Journal of Political Science* 62, no. 1 (2018): 132–47, https://doi.org/10.1111/ajps.12323; Alexander Hertel-Fernandez, Matto Mildenberger, and Leah C. Stokes, "Legislative Staff and Representation in Congress," *American Political Science Review* 113, no. 1 (February 2019): 1–18, https://doi.org/10.1017/S0003055418000606; Joshua L. Kalla and David E. Broockman, "Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment," *American Journal of Political Science* 60, no. 3 (2016): 545–58, https://doi.org/10.1111/ajps.12180; Anthony J. Nownes and Patricia Freeman, "Interest Group Activity in the States," *The Journal of Politics* 60, no. 1 (1998): 86–112, https://doi.org/10.2307/2648002.

signatures to run ballot initiatives in 2023 and 2025.[70] As I explore in the methods section, I attempt to capture a broad array of interest group activities to assess how interest groups respond to social housing experiments.

The critical interest groups for social housing legislation are not altogether different from traditional housing policy interest groups: market-rate developers, affordable housing developers, landlords, realtors, local business interests, tenants, pro-housing advocates, labor unions, and environmentalists. Interest groups' power varies dramatically across jurisdictions, causing program proponents to adopt different legislative strategies based on the local context. Additionally, I would assert that elected officials are stakeholders and interest groups themselves, especially when legislation is thrust upon them by the legislature or an outside ballot campaign. Gavin Newsom vetoed Assembly Member Alex Lee's AB309, which would have established a pilot "Social Housing Program" within the state's Department of General Services to build mixed-income housing on state land.[71] Seattle City Council placed a competing ballot measure alongside House Our Neighbor's effort to create a revenue stream for Seattle Social Housing (the public development authority created by Initiative 135).[72] While interest group literature often focuses on influencing governmental decisions, individual actors and factions make up the state. Collaborations between external interest groups and anti-social housing forces inside the state offer some of the most interesting lessons for social housing-curious legislators and advocates considering local efforts.

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[70] In 2023, House Our Neighbors placed Initiative 135 (I-135) on the ballot to establish the Seattle Social Housing Development Authority, followed by Initiative 137 (I-137) in 2025 to secure a revenue stream for the new authority. Voters approved both measures.

[71] "Assemblymember Alex Lee Responds To Veto of The Social Housing Act With Bill Sponsor," Official Website - Assemblymember Alex Lee Representing the 24th California Assembly District, accessed March 12, 2025, https://a24.asmdc.org/press-releases/20231007-assemblymember-alex-lee-responds-veto-social-housing-act-bill-sponsor.

[72] David Kroman, "Seattle's Social Housing Developer Struggles to Take Shape," *The Seattle Times*, April 4, 2024, https://www.seattletimes.com/seattle-news/politics/seattles-social-housing-developer-struggles-to-stand-up-administration/.

Methods

I rely on case studies to assess interest group contestation in this burgeoning area of policymaking. Qualitative methodologist Helen Simons defines a case study as "an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, program or system in a 'real life' context."[73] Case studies allow researchers to investigate complex situations while engaging with various perspectives. Researchers use a collection of quantitative and qualitative methods together to construct case studies. To assemble these case studies, I conducted forty-four semi-structured interviews, analyzed public meeting transcripts, campaign finance records, and press releases, and conducted policy analysis on legislation. These methods varied from case to case, depending on the local context.

In his seminal book *The Art of Case Study Research*, education psychologist Robert Stake categorized case studies as intrinsic, instrumental, and collective. While an intrinsic case study is designed to learn about that particular instance in and of itself, an instrumental case study is used to understand some broader phenomenon or research question. A collective case study approach involves studying multiple instances of a phenomenon to gain a cumulative understanding.[74] The six jurisdictions in this paper–Seattle, Montgomery County (MD), California, New York, Atlanta, and Chattanooga–represent both collective and instrumental case studies. These profiles constitute the "subject" of the analysis, which aims to collectively address the "object" or analytical frame: How interest groups respond to new public-led, mixed-income housing production initiatives and attempt to support, oppose, or reshape them.[75]

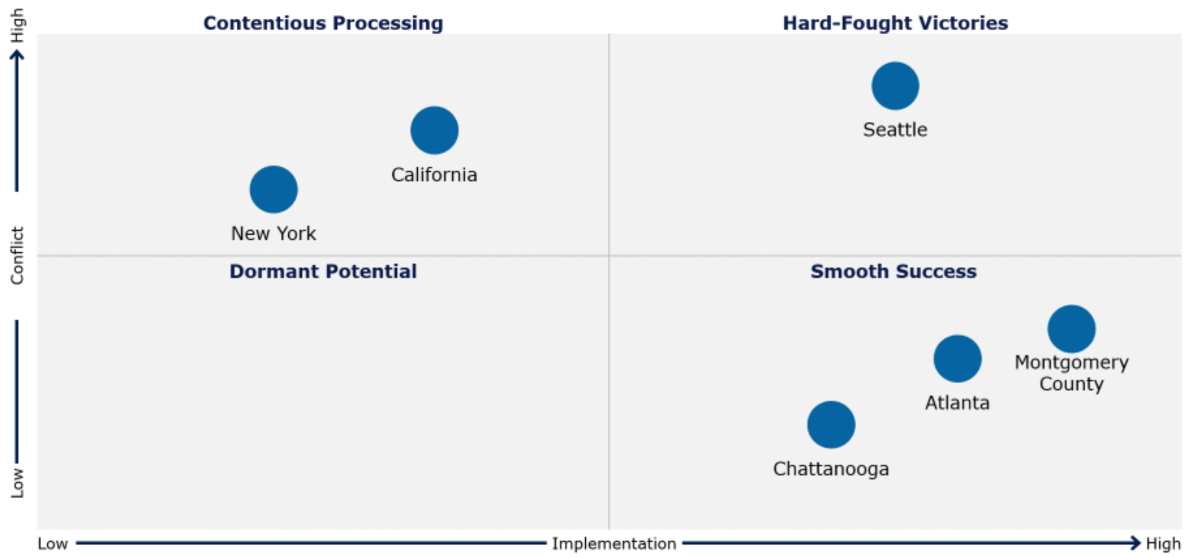
[73] Helen Simons, "Evolution and Concept of Case Study Research," in *Case Study Research in Practice* (SAGE Publications, Ltd, 2009), 21, https://doi.org/10.4135/9781446268322; Gary Thomas, "A Typology for the Case Study in Social Science Following a Review of Definition, Discourse, and Structure," *Qualitative Inquiry* 17, no. 6 (July 1, 2011): 511–21, https://doi.org/10.1177/1077800411409884.
[74] Robert E. Stake, *The Art of Case Study Research* (SAGE, 1995).
[75] Thomas, "A Typology for the Case Study in Social Science Following a Review of Definition, Discourse, and Structure."

Case studies and interviews are better suited for this analysis than quantitative methods, given the complexity of instrumentalizing interest group activities and the scant number of jurisdictions experimenting with these new policies. Case studies allow researchers to capture nuance, critical for a study looking at political positioning, lobbying, and campaign alliances. One interviewee with experience working in a state legislature discussed how the dichotomy of "support" and "opposition" was not bivariate but more akin to an investment. This interviewee argued that those inside the legislature could distinguish how "invested" an interest group was depending on whether they endorsed the bill, allocated internal staff time to advocate for it, or deployed their paid lobbyists to the effort.[76] However, even if one could effectively capture influence by examining activities, a process Anzia argues against in her book *Local Interests*, too few jurisdictions are considering these initiatives for the requisite statistical power. Given these circumstances, case studies are the most appropriate method to analyze stakeholder reactions to and influence on new public-led, mixed-income housing production processes.

I utilize purposive, heterogeneous sampling to select cases from the communities exploring public-led, mixed-income housing. Purposive sampling is a non-randomized sampling technique that allows a researcher to select cases based on criteria and attributes. Heterogeneity was critical for this effort, considering interest groups' distinct power from place to place. Additionally, the local and state political context impacts how proponents frame the problem and their solution. I sought out instances with minimal conflict (i.e., Montgomery County, Atlanta, Chattanooga) or extensive interest group combat (Seattle, California, and NYS to varying degrees). Similarly, I attempted to select efforts (sometimes within the same jurisdiction) at different implementation points.

[76] Interviewee #4, Zoom with author, February 2025.

Figure 3: Case Study Selection 2x2 Grid: Implementation & Conflict



Note: Based on the author's assessment, the figure is intended to be illustrative.

Seattle is a notable outlier in this set of case studies. It is the only instance where a group of residents put social housing on the ballot and won twice. Despite its origins outside Seattle City Hall, the Seattle Social Housing Developer has a board, an executive director, and a dedicated revenue stream. California and New York each have multiple bills in the statehouse that have advanced at different paces. California's only social housing bill to garner the governor's signature was a study bill. Legislation to start a new agency failed to make it out of the statehouse in 2022, and a revised bill to pilot a social housing program was vetoed by Governor Newsom in 2023.[77] New York's recent state budget included two $50 million revolving loan funds, while legislation to create a new statewide social housing authority has not advanced.[78]

[77] "Assemblymember Alex Lee Responds to Veto of The Social Housing Act with Bill Sponsor." My California analysis focuses on state legislation. There is also activity at the municipal level: Los Angeles' property transfer tax (ULA) will allocate dollars to "Alternative Models for Permanent Affordable Housing," which some have called social housing. City staff in San Francisco conducted a feasibility study of social housing at the request of former Supervisor Dean Preston. (It is unclear whether that initiative will advance under the recently minted Lurie Administration.) I touch on these efforts briefly at the end of the California section.
[78] Interviewees #17 & 18, Zoom with author, March 2025; Email follow-up in May 2025.

Chattanooga and Atlanta boast different political environments from the other communities. While Atlanta is overwhelmingly Democratic, the Republican-controlled statehouse can preempt local legislation. Chattanooga is the only case study in this set with a mayor who identifies as an Independent (and not a Democrat). Chattanooga's county (Hamilton, TN) voted 56% for Trump and 43% for Harris.[79] By analyzing distinct political contexts, we can discern how proponents implement programmatic elements of social housing under a banner that is perceived to be less ideological.

Lastly, Montgomery County, Maryland, stands out as a first mover. As of May 2025, it is the only case study that has completed a new build using its mixed-income production model. The Montgomery County Housing Opportunity Commission (HOC) has three buildings in development using Housing Production Fund dollars, totaling 1,313 units, which it expects to complete by 2028, and more in the pre-development stage.[80] HOC's revolving loan fund (HPF) is the model for many other jurisdictions.

I have not included jurisdictions with low levels of conflict that have not progressed into the implementation stages. Many of these internal debates are ongoing, and it is difficult to analyze the live process. A handful of localities are attempting to replicate aspects of Montgomery County's revolving loan fund with technical assistance from the Center for Public Enterprise. Additionally, capacity constraints necessitate that I select critical examples rather than attempting to cover every jurisdiction.

My primary investigative method for each case was semi-structured interviews. I used a purposive sample to select interviewees such as legislators, legislative staff, lobbyists, housing developers, union leaders, tenant organizers, etc. After these initial interviews, I asked the interviewees who else I should speak with (i.e., a snowball sample). I conducted all interviews via Zoom or phone between January and May 2025. I explained to all interviewees how I planned to use the interview information. I informed interviewees that the conversation was confidential and that I would not share their names and titles without their permission. While a handful of interviewees agreed to speak on the

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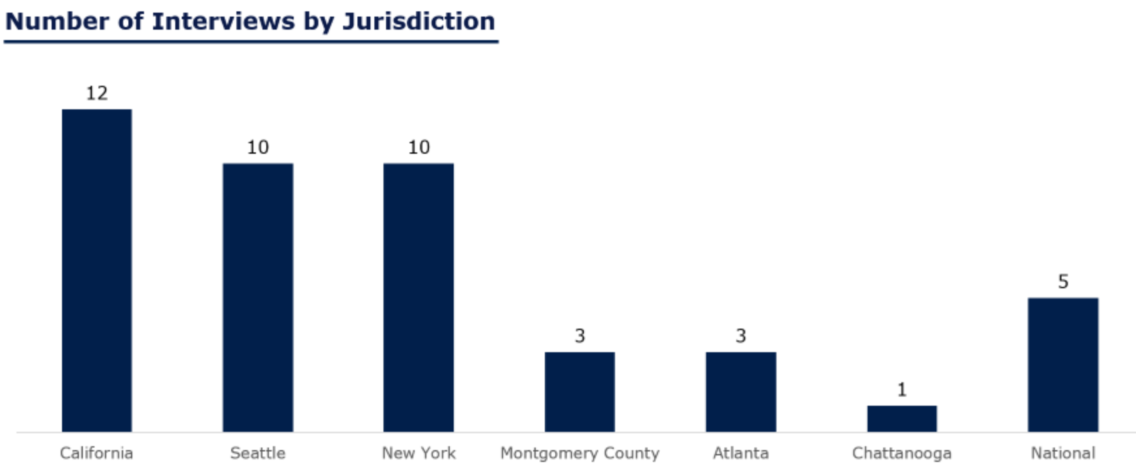
[79] "Tennessee Election Results 2024: Live Map - Races by County," POLITICO, April 9, 2025, https://www.politico.comundefined.

[80] "Housing Production Fund," Housing Opportunities Commission of Montgomery County, accessed March 24, 2025, https://www.hocmc.org/about-us/innovations/housing-production-fund/.

record, most opted for confidentiality. I decided to offer confidential interviews to allow participants to speak freely, without fear of potential repercussions they could face by discussing how interest groups supported, opposed, or attempted to reshape these initiatives.

Figure 4: Interviews by Case Study



I grouped patterns and key insights from these interviews using inductive thematic analysis to answer my research question.[81] While thematic analysis is a flexible tool, it can be imprecise and influenced by the researcher's pre-existing beliefs. Additionally, I attempt to confirm critical interviewee claims through triangulation, independently verifying claims via alternative primary or secondary sources.[82] Despite conducting what I believe is the most extensive investigation of the politics behind mixed-income, permanently affordable housing production initiatives in the last decade, this analysis has notable limitations.

The social housing movement is a dynamic phenomenon that is difficult to track comprehensively. New communities regularly send press releases announcing commissions, working groups, or pilots of "social housing." Additionally, the exact definition of social housing varies from

[81] Theophilus Azungah, "Qualitative Research: Deductive and Inductive Approaches to Data Analysis," *Qualitative Research Journal* 18, no. 4 (October 31, 2018): 383–400, https://doi.org/10.1108/QRJ-D-18-00035.
[82] Simons, "Evolution and Concept of Case Study Research," page 129.

place to place. For example, public housing authorities have acquired market-rate housing and built LIHTC projects for decades. As of 2013, researchers estimated that public housing authorities "owned more than 150,000 units outside the traditional HUD-assisted housing stock."[83] These efforts typically operate below the radar, not drawing the same attention as initiatives labeled "social housing." Consequently, identifying the localities pursuing mixed-income, permanently affordable housing production becomes challenging. Despite these definitional challenges, many communities are interested in adding new tools to spur affordable housing production in addition to LIHTC. These case studies will provide policymakers and advocates with lessons from other communities that can influence how they understand this realm of policymaking and various stakeholder approaches.

Case Studies

Figure 5: Case Study Program Descriptions

Jurisdiction	New Agency/Program	Ownership	Affordability (Baseline)	Funding	Status
Seattle	Seattle Social Housing	Public (Only)	0%-120% AMI	~50M Annually (Payroll Tax)	Entity created; funding approved; No units built/preserved to date
Montgomery County (MD)	Housing Production Fund	Public majority with private partners	20% at 50% AMI; 10% at 65% AMI	100M Revolving Loan Fund	Funding approved; 268 units built
California	AB309: Pilot Program	Public (Only)	Non-Mandatory Goal 0-120% AMI	Revenue Neutral*	Vetoed in 2023
	SB555: Social Housing Study	Public, CLT, LEC, Nonprofit	0-120% AMI	TBD	Passed; Study underway (due by the end of 2026)
New York	S5674: Social Housing Development Authority	Public (Only)	Portfolio Wide: >25% units for 0-30% AMI; <30% units for 100%+ AMI; remaining 30-100% AMI	$5B Capital; 75M Operating	Pending legislation
	S733: Revolving Loan Fund	Private, nonprofit	20% of units at 50% AMI	Two $50M Revolving Loan Funds**	Included in NYS FY2026 Budget; No units built
Atlanta	Atlanta Urban Development Corp.	Public majority with private partners	20% units at 50% AMI; 10% units at 80% AMI	$38M Revolving Loan Fund	Entity created; funding approved; No units built/preserved to date
Chattanooga	Invest Chattanooga	Public majority with private partners	20% at 50% AMI; 0-10% at 50-100% AMI	$20M Revolving Loan Fund	Entity created; funding approved; No units built/preserved to date

*While no funding was attached to AB309, Assembly Member Alex Lee later introduced a $950M bond bill for social housing. **Based on conversations with officials in Albany, $50 million will supposedly be allocated to upstate New York and $50 million to New York City as part of the City of Yes reforms.

[83] Rachel Garshick Kleit, Airgood-Obrycki ,Whitney, and Anaid and Yerena, "Public Housing Authorities in the Private Market," *Housing Policy Debate* 29, no. 4 (July 4, 2019): 670–92, https://doi.org/10.1080/10511482.2019.1582548.

Seattle

Roberto Jimenez rose to address the membership of the Seattle Housing Development Consortium (HDC), the city's leading association of affordable housing practitioners. Developers, architects, engineers, bankers, and other Seattleites involved in the Emerald City's affordable housing system filled the room for this quarterly HDC membership meeting in early 2025. Jimenez, a 53-year-old with a black goatee and more than twenty years of experience in affordable housing, had moved to Seattle in late 2024 to take the helm as the CEO and first employee of the Seattle Social Housing Developer. In his characteristically soft and gravelly voice, Jimenez introduced himself and said to the crowd, "I was told by some colleagues that you might throw things at me." The joke elicited a knowing laugh from the audience, effectively breaking the ice in a room where some had questioned the wisdom of creating a new public development authority.[84]

HDC raised concerns in 2023 about the possibility of creating a new social housing entity. In a since-retracted statement, HDC questioned whether the new organization would draw money that existing affordable housing organizations might have otherwise used for Seattle's lowest-income residents. Some members of HDC, public authorities themselves, questioned why the city needed another organization, considering they (the existing affordable housing development community) had the experience.[85] The lack of development experience amongst the earliest proponents of social housing in Seattle exacerbated this skepticism.

Roberto's presence provided the HDC community with a bit of reassurance.[86] The new leader of Seattle Social Housing (SSH) had spent years building and managing below-market-rate housing. He was fluent in the esoteric vernacular of affordable housing and understood the challenges of real estate. However, even if some HDC members began to recognize that Roberto was one of them, he had moved

[84] Interviewee #26, Zoom with author, March 2025
[85] Joshua McNichols, "Why Someone Earning over $100,000 Could Qualify for Seattle's Affordable Housing," KUOW, January 23, 2025, https://www.kuow.org/stories/why-someone-earning-over-100000-could-qualify-for-seattle-s-affordable-housing.
[86] Interviewees #22 and 25 Zoom with author, March 2025

from California to Seattle to lead an organization created outside the capital "A" affordable housing community and traditional city hall power structures.

How have traditional stakeholders responded to emergent voices proposing new vehicles for permanently affordable housing in a community where housing and homelessness dominate political conversations?[87] To understand the origins of Seattle's story, one must go back before the 2025 election regarding how to fund the new public developer (Propositions 1A & 1B) and even before the 2023 election on creating the new development authority (Initiative 135). Instead, we must look back at a charter amendment regarding homelessness and housing that never made it onto the ballot called "Compassion Seattle."

"Compassion Seattle," also known as Charter Amendment 29, would have reshaped how the City of Seattle addressed homelessness. The charter change would have enshrined that 12% of the municipal budget–roughly $200 million annually—would fund the construction of 2,000 shelter or permanent supportive housing units within one year of the ballot passing and pay for mental health and social services.[88] The charter amendment would also require that public spaces such as parks and sidewalks remain free of encampments.[89]

The initiative emerged out of increasing frustration with the City of Seattle and King County's response to growing encampments and the quality-of-life challenges that come along with unsheltered homelessness.[90] The primary drivers behind the campaign were business groups like the Downtown Seattle Association and the Seattle Chamber of Commerce. While affordable housing developers and

[87] Andrew Thibault, "Seattle Issues Survey Results" (Downtown Seattle Association, November 6, 2020), https://downtownseattle.org/app/uploads/2020/11/2020-11-06-Memo-City-Issues-and-Council-Favorability-DSA-and-Chamber.pdf.
[88] *Compassion Seattle: Is This the Path to Solving Homelessness?*, Interview (Seattle, WA, 2021), https://www.youtube.com/watch?v=X9fIf-cZvvY; "Appeals Court Rejects Appeal of Seattle Homelessness Measure," AP News, September 3, 2021, https://apnews.com/article/courts-seattle-homelessness-9dec61c869c75c9bf7b0904afebf8eb3.
[89] Scott Greenstone, "Judge Rejects 'Compassion Seattle' Measure, Rules It Goes beyond Cities' Power," *The Seattle Times*, August 27, 2021, https://www.seattletimes.com/seattle-news/homeless/judge-strikes-seattle-charter-amendment-on-homelessness-from-november-ballot/.
[90] Callie Craighead, "Seattle Neighborhood Groups, Businesses Write Letter to City Regarding Park Conditions," Seattle Post-Intelligencer, October 27, 2020, https://www.seattlepi.com/local/seattlenews/article/seattle-homeless-encampments-in-parks-covid-15678149.php.

homelessness service providers were invited to help shape the initiative, whether these organizations supported the measure became a matter of debate.

Compassion Seattle posted online that mission-oriented organizations such as the Housing Development Consortium, United Way of King County, Plymouth Housing, Chief Seattle Club, Evergreen Treatment Services, the Public Defender Association, and others had endorsed the initiative. The post likely referred to an April letter signed by these organizations, which commended Compassion Seattle organizers for submitting an updated charter amendment after receiving feedback.[91] However, further inquiry by a local independent journalist found that most of these organizations had not endorsed the initiative, despite widespread reporting that they had.[92] The initiative functioned as a wedge issue between mayoral candidates at the time. Bruce Harrell, former City Council President, endorsed the measure and went on to defeat his more left-leaning successor to the Council Presidency, Lorena González, who opposed the charter amendment.[93]

While polling suggested that Compassion Seattle would have passed, it never made it before Seattle voters.[94] King County Superior Court Judge Catherine Shaffer found that the initiative conflicted with state law and removed the measure from the ballot. But not before a new coalition of activists came together under the "House Our Neighbors " banner.[95]

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[91] "Statement on Compassion Seattle Charter Amendment" (Downtown Emergency Service Center, April 16, 2021), https://www.desc.org/wp-content/uploads/2021/04/Statement-on-Compassion-Seattle-Charter-Amendment.pdf.
[92] Erica Barnett, "Campaign Fizz: Compassion Seattle Claims Endorsements It Doesn't Have, Farrell Looks on the Bright Side," PubliCola, May 28, 2021, http://publicola.com/2021/05/28/campaign-fizz-compassion-seattle-claims-endorsements-it-doesnt-have-farrell-looks-on-the-bright-side/; Kevin Schofield, "Proposed Charter Amendment Writes Plan for Addressing Homelessness," *Seattle City Council Insight* (blog), April 2, 2021, https://sccinsight.com/2021/04/01/18517/; "'Compassion Seattle' Proposal Would Provide Housing, Services — and, Backers Say, a City 'Open and Clear of Encampments,'" Blog, *Capitol Hill Seattle Blog* (blog), April 5, 2021, https://www.capitolhillseattle.com/2021/04/compassion-seattle-proposal-would-provide-housing-services-and-backers-say-a-city-open-and-clear-of-encampments/.
[93] Michael Greenstone, "González Reveals Homelessness Plan for Mayoral Run," *Seattle Times*, September 24, 2021, https://www.seattletimes.com/seattle-news/homeless/gonzalez-reveals-homelessness-plan-for-mayoral-run/.
[94] Andrew Villeneuve, "Most Voters Favor Seattle Charter Amendment 29 (Concerning Homelessness) out of the Gate," *NPI's Cascadia Advocate* (blog), July 23, 2021, https://www.nwprogressive.org/weblog/2021/07/most-voters-favor-seattle-charter-amendment-29-concerning-homelessness-out-of-the-gate.html.
[95] Greenstone, "Judge Rejects 'Compassion Seattle' Measure, Rules It Goes beyond Cities' Power."

House Our Neighbors began when Tiffani McCoy messaged her future co-chair, Tye Reed, on Twitter in 2021. Tiffani had watched Compassion Seattle gain momentum while established homelessness nonprofits had, at that point, not gone on the offense against what Tiffani argued was an unfunded mandate and an excuse to place "sweeps" in the city's constitution.[96] Ultimately, litigation from the American Civil Liberties Union of Washington and the advocacy group the Transit Riders Union stopped Charter Amendment 29 from appearing on Seattle ballots. What began as an effort led by local business groups unexpectedly laid the groundwork for Seattle's push for social housing.[97]

After Compassion Seattle collapsed, House Our Neighbors held a retreat to plan its next steps. Tiffani, Tye, and many of the group's members came from Seattle's ecosystem of leftist organizing, with experience in mutual aid and anti-sweep activism.[98] The organizers' backgrounds created two underlying dynamics that led to the campaign for social housing in Seattle: members of House Our Neighbors did not trust the City of Seattle, and HON organizers were not interested in incrementalism.

The city's shift to the political center in 2021 exacerbated the progressive activists' distrust of the City of Seattle. Seattle had just elected Mayor Bruce Harrell, who backed Compassion Seattle and was considered the less progressive candidate in the 2021 general election.[99] Seattle voted in a Republican City Attorney over a former public defender and police critic, Nicole Thomas-Kennedy.[100] Similarly, voters elected a center-left council member for District 9 (Sara Nelson) over former mayoral candidate and progressive Nikkita Oliver.[101] The following month, in December of 2021, Socialist Councilmember

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[96] "Sweeps" refer to the removal of unhoused individuals and their belongings from a public area. The practice is also referred to by municipal governments as "remediation" or "clean ups."
Natalie Bicknell Argerious, "Homeless Advocates Launch Campaign Against 'Compassion Seattle' Charter Amendment," The Urbanist, May 28, 2021, https://www.theurbanist.org/2021/05/28/homeless-advocates-campaign-against-compassion-seattle/; Crystal Fincher, "Deconstructing 'Compassion Seattle' with Tiffani McCoy from Real Change," Hacks and Wonks, n.d., https://www.officialhacksandwonks.com/deconstructing-compassion-seattle-with-tiffani-mccoy-from-real-change/.
[97] Interviewee #21, Zoom with author, March 2025
[98] Interviewee #24, Zoom with author, February 2025; *Tye Reed, Candidate for City of Seattle, Council District 5* (Seattle, WA, 2023), https://www.youtube.com/watch?v=nD_gIfTOkhE.
[99] Doug Trumm, "Where Urbanists and Progressives Go from Poor 2021 Showing," The Urbanist, November 5, 2021, https://www.theurbanist.org/2021/11/05/where-urbanists-and-progressives-go-from-poor-2021-showing/.
[100] Gene Johnson, "Abolitionist or Republican? Stark Choice in Seattle Race," AP News, October 20, 2021, https://apnews.com/article/seattle-6de37a80e0f094d297aa72125bef52b5.
[101] Ibid.

Kshama Sawant withstood a recall by 300 votes (50.38% to 49.62%).[102] The backlash occurred roughly a year after the George Floyd protests peaked.

Dissatisfaction with the city crossed ideological lines.[103] Despite having what would nationally be considered a more progressive city council in 2021, many on the Seattle left felt the city was inadequately committed to addressing housing and homelessness challenges.[104] When House Our Neighbors held its retreat in 2022, members saw even fewer elected allies in City Hall. Amidst this context, HON members did not trust City of Seattle officials as partners.

The second factor amongst the HON organizers that led to SSH was a lack of interest in incrementalism. Organizers with HON had spent years organizing for abolition and against homeless encampment sweeps. They did not believe that studies or pilot programs would lead to the transformational change they felt was necessary to help address Seattle's housing crisis. The dominant perspective was that if the group pursued traditional advocacy, their housing priorities would be the first items on the chopping block at the next budget shortfall. House Our Neighbors decided to pursue a ballot initiative rather than a traditional advocacy campaign because the organizers did not trust the City of Seattle and wanted big, bold change rather than incrementalism.[105] Tired of fending off what organizers viewed as attacks on unhoused individuals, the group decided to push their own housing intervention: social housing in Seattle.

House Our Neighbors spent roughly four months developing the framework of the Seattle Social Housing Developer. HON created the initial ballot language through working groups that anyone could join. Members of House Our Neighbors wrote a series of one-pagers about international examples as sources of inspiration. Once they had a draft framework for the social housing developer, HON took the draft to partner organizations and added elements based on the suggestions of these groups. I-135, the

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[102] "King County 2021 Recall Election Results" (King County Elections, December 7, 2021), https://aqua.kingcounty.gov/elections/2021/dec-recall/results.pdf.
[103] "KOMO-S360 Seattle Poll" (Washington Opinion Surveys, September 25, 2022), https://www.strategies360.com/wp-content/uploads/2022/10/22-490-KOMO-Seattle-Toplines-External.pdf.
[104] Interviewee #23, Zoom with author, March 2025
[105] Interviewee #24, Zoom with author, March 2025

eventual social housing ballot number, requires that SSH provide tenants "opportunities for restorative justice conflict resolution before being subject to eviction procedures" because of conversations with the Housing Justice Project, a legal assistance program for renters facing eviction.[106] Similarly, feedback from a local immigrant rights organization led HON organizers to include a prohibition on discrimination based on citizenship or immigration status.[107]

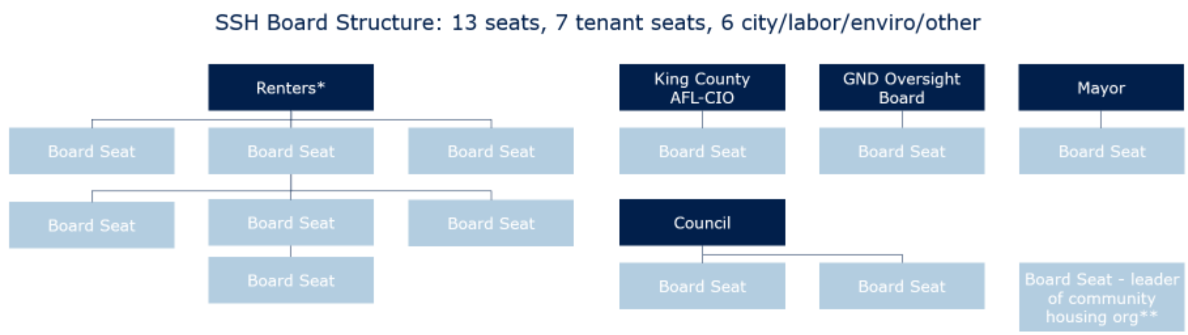
Seattle Social Housing (SSH) was a new public development authority intended to develop, own, and operate mixed-income housing. SSH can acquire existing housing or construct new apartments. SSH must own buildings exclusively, not as joint ventures or through public-private partnerships.[108] Buildings should include a mix of household incomes from extremely low-income residents (0-30% AMI) to moderate-income households (80-120% AMI). However, no mandates dictate the particular percentage of units for one income group or another.[109] While this may seem like a flaw to some, overly prescriptive income guidelines can lead to infeasible projects as housing costs fluctuate. SSH cannot evict tenants based on changes to household income, meaning there is no disincentive for tenants to increase their income. SSH will aim to limit rent to no more than 30% of a household's income and set rents to cover "operations, maintenance, and loan service on the building…"[110] New SSH developments must meet high energy efficiency standards, utilize union labor for construction, and formalize a labor harmony agreement for each project. Additionally, SSH must explore resident ownership opportunities in line with international peers. According to interviews with HON organizers, establishing the board composition and rules for board governance was the most challenging aspect of writing I-135.

Seattle Social Housing has thirteen board members with appointing powers divvied amongst a series of existing entities: the Seattle Renters' Commission initially appoints seven members, Seattle City

[106] Ibid.
[107] "City of Seattle Resolution 32069" (King County Elections, September 26, 2022), https://kingcounty.gov/~/media/depts/elections/how-to-vote/ballots/whats-on-the-ballot/ballot-measures/202302/city-of-seattle.
[108] An important differentiation with Montgomery County and other jurisdictions.
[109] Ibid.
[110] Ibid, page 2.

Council appoints two members, the Mayor has one appointment, the Martin Luther King, Jr. County Labor Council appoints one union member, the Green New Deal Oversight Board appoints one member with green development expertise, and one member shall be a leader of a community organization that provides housing to marginalized communities. Eventually, SSH residents will elect tenant representatives to the seven positions currently appointed by the Renters' Commission.

Figure 6: Seattle Social Housing Board Structure



Note:
*The Seattle Renters' Commission will appoint the initial tenant representatives until SSH residents can elect tenant representatives to the board. **The Seattle Social Housing board appoints a leader from a community organization that provides housing to marginalized communities

This board structure demonstrates House Our Neighbors' willingness to relinquish control of SSH, empower future social housing residents, and allow city officials input on board composition. First, House Our Neighbors did not reserve board seats that the organization would control unilaterally. MLK Labor Council–Seattle's AFL-CIO affiliate–is granted a board seat. HON could have given itself a similar position, but opted not to. Second, despite limited trust between HON activists and the City of Seattle officials, municipal officials appoint three of the thirteen seats. International examples convinced HON that successful social housing agencies needed city support and board representation. Third, HON supported labor and environmental groups by giving them specific board seats. Finally, after a few years of operations, residents living in Seattle Social Housing properties would comprise a majority of the board, giving substantial organizational control to residents.

While I-135 established a new entity to develop and own social housing in Seattle, the initiative did not include a funding mechanism. Single-subject limitations bind citizen ballot initiatives. HON organizers recognized that including a funding mechanism would risk litigation and jeopardize the effort. HON could have run two ballot initiatives simultaneously–one to create Seattle Social Housing and one to identify a revenue stream for acquisition, development, and administrative costs. However, HON decided that running two ballot initiatives simultaneously was inadvisable based on the organizing, financial, and political implications.[111] Instead of identifying the funding source in I-135, the ballot measure required the City of Seattle to provide in-kind startup assistance for 18 months, including office space, staff, and to help hire the public developer's CEO and CFO.[112] Furthermore, this initial support could not reduce the City's support for other housing efforts. This element of the ballot initiative is a notable illustration of HON attempting to avoid competition concerns, a theme we will return to repeatedly. The ballot language also stated, "The City Council would determine the amount of ongoing City support." However, HON representatives said publicly that if the city did not cooperate and fund SSH, they would ask voters to do so themselves.[113]

With ballot language solidified, HON began collecting signatures in early 2022. While they hoped to make the general election ballot in November, King County Election officials deemed several thousand signatures invalid. HON gathered more than enough within the 20-day cure period. Still, this delay caused them to miss the deadline for the November ballot, instead punting Initiative 135 to a special election in February 2023.[114] With the measure on the ballot, HON began to assemble endorsements and allies.

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[111] Interviewee #24, Zoom with author, March 2025
[112] "City of Seattle Resolution 32069"
[113] Ann Patrick, "I-135, Seattle's Social Housing Initiative, Gets Enough Signatures for 2023 Ballot," *Seattle Times*, August 30, 2022, https://www.seattletimes.com/seattle-news/homeless/i-35-seattle-social-housing-initiative-has-enough-signatures-for-2023-ballot/.
[114] Mike Andrew, "Social Housing Initiative Qualifies for 2023 Ballot," Seattle Gay News, September 2, 2022, https://www.sgn.org/318624.

House Our Neighbors rallied support from grassroots organizations, unions, and progressive foundations. Many of I-135's grassroots supporters counted themselves amongst Seattle's left political flank: Seattle DSA, Washington Working Families Party, the American Party of Labor, the Seattle Green Party, and specific Democratic clubs (34th, 43rd, and 46th legislative districts). Additionally, advocacy organizations (that are not party organizations) constituted a sizable portion of the grassroots enthusiasm behind I-135: The Transit Riders Union, Tenants Union of Washington State, Washington Community Action Network, the Seattle King County NAACP, the Sierra Club of Washington State, and 350 Seattle all threw their names behind I-135. Furthermore, independent media outlets The Stranger, The Urbanist, and PubliCola endorsed I-135 and publicized their support online.[115]

MLK Labor and nineteen local unions in the Seattle area endorsed I-135. PROTEC17, the City of Seattle's largest union, supported the measure alongside other public sector unions, including AFSCME Local 1495 and the Seattle Education Association. While the Building Trades Council did not endorse it, IBEW Local 46 and Central Puget Sound Carpenters Local 30 supported it. While unions contributed some financial support to the campaign, the most significant donations came from nonprofits and foundations.

[115] Erica Barnett, "PubliCola Picks: 'Yes' On Initiative 135," PubliCola, February 1, 2023, https://publicola.com/2023/02/01/publicola-picks-yes-on-initiative-135/; "Read Our I-135 Endorsement, Ballots Arriving This Week - The Urbanist," January 24, 2023, https://www.theurbanist.org/2023/01/24/read-our-i-135-endorsement-ballots-arriving-this-week/; "The Stranger Election Control Board Recommends Yes on I-135," The Stranger, accessed April 6, 2025, https://www.thestranger.com/elections-2023/2023/01/26/78831748/vote-yes-on-initiative-135.

Figure 7: House Our Neighbors' I-135 Endorsement List (2023)

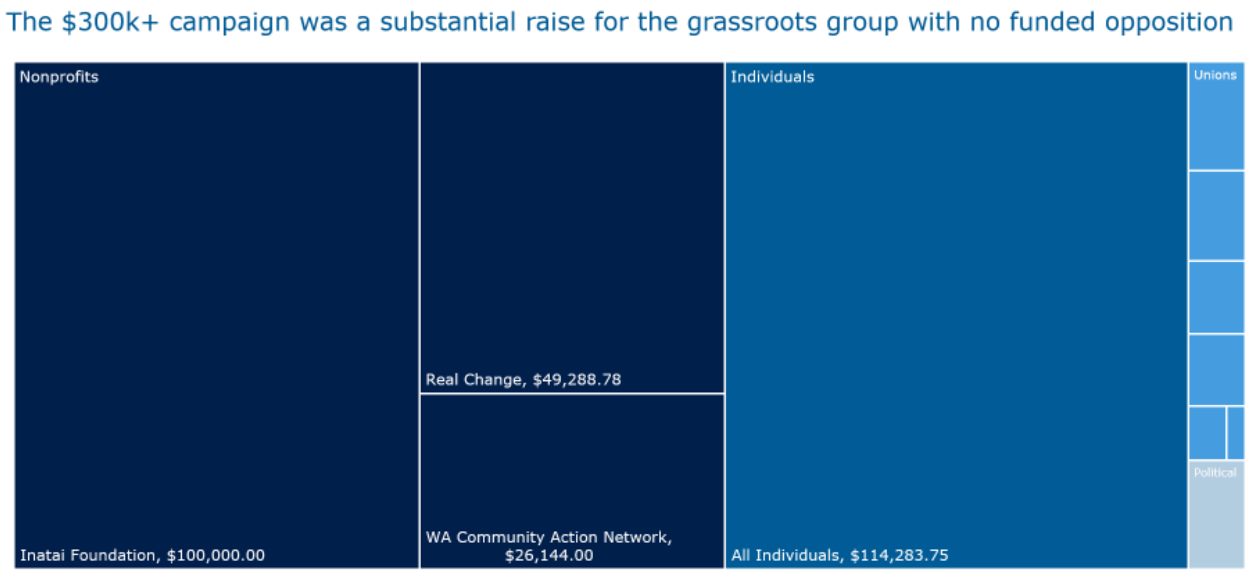
Org Types	Org Names
Labor	AFT Local 6550 Seattle Colleges Professional Staff Union, AFT Seattle Community Colleges Local 1789, Book Workers Union, Central Puget Sound Carpenters Local 30, Highline Education Association, IATSE Local 15, IBEW 46, MLK Labor, OPEIU Local 8, PROTEC17, Renton Education Association, Resident & Fellow Physician Union Northwest, Seattle Education Association, SEIU 6 Property Services NW, Starbucks Workers United Seattle, The Labor for Black Lives Collective, UAW 4121, UFCW 3000, Unite Here Local 8, WFSE Local 1495
Political	Seattle DSA, Washington Working Families Party, the American Party of Labor, the Seattle Green Party, and specific Democratic clubs (34th, 43rd, and 46th legislative districts)
Housing	LIHI (Low Income Housing Institute), Ballard Community Taskforce on Homelessness and Hunger, Lake City Taskforce on Homelessness, Facing Homelessness, Nickelsville, SHARE (Seattle Housing and Resource Effort), WHEEL (Women's Housing, Equality and Enhancement League), WRAP (Western Regional Advocacy Project), Solid Ground, Tenants Union of Washington State, Tech4Housing
Enviro	350 Seattle, Amazon Employees for Climate Justice, Got Green, Central Seattle Greenways, Duwamish Valley Safe Streets, Seattle Neighborhood Greenways, Rainier Valley Greenways, Institutional Climate Action, Sustainable Seattle, Sierra Club Seattle, King Conservation District
Independent Media	The Stranger, The Urbanist, and PubliCola

Source: House Our Neighbors' Website[116]

Roughly one-third of the dollars raised by House Our Neighbors' 501(C)(4) for I-135 came from the Group Health Foundation, since rebranded as the Inatai Foundation. The foundation is a significant funder of progressive community organizing, advocacy groups, and ballot initiatives in Washington. Other notable nonprofit organizations involved in the 2023 election included Real Change, a weekly paper sold by unhoused individuals. Real Change donated over $50,000, almost exclusively via in-kind donations for staff time, office space, and printing. Washington Community Action Network–an advocacy and left-leaning organizing outfit–provided in-kind signature gathering support worth roughly $27,000 (and received $20,000 for their services as well).

[116] "I-135 Endorsements," House Our Neighbors, accessed April 6, 2025, https://www.houseourneighbors.org/i-135-endorsements.

Figure 8: House Our Neighbors' Fundraising for I-135



Source: Seattle Campaign Finance Database

While HON's I-135 campaign was slightly smaller than similar efforts within this timeframe, organizers brought in a substantial haul. House Our Neighbors spent roughly $271,000 in its 2023 campaign. This was less than the Housing Levy, which spent nearly $570,000 later that year, and the Seattle Transportation renewal levy in 2024, which spent approximately $430,000. That said, House Our Neighbors drastically outspent the opposition.

While some questioned whether I-135 was the best way to address Seattle's housing crisis, no organized campaign emerged to raise substantial dollars to urge Seattleites to vote no on I-135.[117] Much of the public-facing dissent came from another sect of the grassroots affordable housing advocacy world. Alice Woldt, David Bloom, and John Fox penned the opposition statement accompanying I-135 in the Seattle voter guide. David Bloom was the previous board president of Real Change (the organization that donated almost $50,000 to the effort). John Fox and Alice Woldt were involved with the Seattle

[117] Seattle Ethics and Elections Commission, "I-135 Housing PubDev Authority - Campaign Finance Records," n.d., https://web6.seattle.gov/ethics/elections/campaigns.aspx.

Displacement Coalition, a homeless advocacy group that argues that public dollars should focus on those with the most dire need. Furthermore, voices like Al Levine, former Deputy Executive Director of the Seattle Housing Authority, called I-135 "a distraction."[118] Most importantly, the Housing Development Consortium released a statement opposing the measure.

HDC's April 2022 statement highlighted three concerns about social housing shared by housing practitioners across this project's case studies: competition, redundancy, and improper targeting. First, HDC asserted that the new initiative would divert funds from existing organizations: "…[T]he funds necessary to set up the additional citywide PDA [public development authority] would likely draw from existing affordable housing funding that could otherwise be dedicated to creating homes for our lowest-income neighbors."[119] Second, HDC claimed that proposing a new entity for housing (the Seattle Social Housing Developer) ignored the capacity of existing providers in Seattle: "In launching the campaign, the organizers have undermined the legitimacy of existing public and non-profit organizations that are already engaged in this vital affordable housing work." Lastly, HDC argued that "this Initiative would divert scarce public resources toward the creation of a new bureaucracy and is a distraction from what should be our priority as a City—greatly increasing funding for affordable housing to meet the scale of the need." HDC felt that Seattle already had development authorities, and that funding and zoning reform were the real solutions. Additionally, HDC was preparing for a campaign to support the renewal of the Seattle Housing Levy–historically the most significant local funding source for affordable housing–in 2023. There was some concern that I-135 could threaten the success of the Housing Levy.[120] However, HDC received blowback from internal and external parties because of the statement.

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[118] Daniel Beekman, "Push for Seattle 'social Housing' Hits the Streets Ahead of I-135 Vote," *The Seattle Times*, February 10, 2023, https://www.seattletimes.com/seattle-news/politics/push-for-seattle-social-housing-hits-the-streets-ahead-of-i-135-vote/.
[119] Natalie Bicknell Argerious, "Prominent Affordable Housing Consortium Comes Out Against Seattle's Social Housing Ballot Initiative," The Urbanist, April 29, 2022, https://www.theurbanist.org/2022/04/29/hdc-comes-out-against-seattles-social-housing-ballot-initiative/.
[120] Interviewee #22, Zoom with author, March 2025.

This statement generated substantial backlash, surprising some interviewees affiliated with HDC. HDC member Ben Maritz took to Twitter, calling the statement "weird" given the new resources available through the Jumpstart Tax and Mandatory Housing Affordability inclusionary zoning in-lieu payments.[121] Multiple HDC members, including AIA Seattle, the Low Income Housing Institute, Solid Ground, Villa Comunitaria, and Weld Seattle, endorsed I-135.[122] Some HDC members felt they should avoid the controversy because the debate and underlying issue were unimportant.[123] HDC eventually retracted its statement and took a neutral position on I-135. However, given the limited opposition campaign, later reporting continued to highlight HDC as the primary opponent to I-135.[124] While HDC updated its position, it did not assuage the disrespect some members felt. Several HDC members thought that a group of advocates, who had not spent decades struggling with the complex processes currently necessary to build affordable housing in King County, were criticizing their efforts while proposing prosaic solutions.[125] While these feelings bolstered skepticism, they did not change the election outcome.

I-135 supporters filed into an event space filled with heart-shaped balloons in Seattle's Central District to watch the special election results. House Our Neighbor's mascot, Housey, welcomed campaign volunteers into a Valentine's Day-themed election watch party.[126] A few minutes after 8 pm, HON representatives announced to the room that the initiative was up 53%. Campaign veterans knew early

[121] Seattle City Council created the Jumpstart Tax in 2020. It applies a payroll tax to businesses with payrolls over $7 million (tied to CPI) for employees earning more than $150,000. Jumpstart has been a boon for affordable housing developers. $141 million was allocated for affordable housing from Jumpstart revenue in 2024 and 2025. Triggered by rezoning, Mandatory Housing Affordability rules require developers to pay a fee based on the floor area of their new building. The proceeds from this revenue stream go to fund affordable housing. (MHA requirements have also been tied to a dramatic decrease in the construction of missing middle housing.) Josh Cohen, "Jumpstart: The Fight over How to Spend Seattle's Big-Business Tax," Cascade PBS, October 3, 2024, https://www.cascadepbs.org/news/2024/10/jumpstart-fight-over-how-spend-seattles-big-business-tax; Dan Bertolet, "Seattle Deserves a Better Comp Plan," Sightline Institute, April 18, 2024, https://www.sightline.org/2024/04/18/seattle-deserves-a-better-comp-plan/.
[122] "HDC Current Members," Housing Development Consortium, accessed April 6, 2025, https://www.housingconsortium.org/who-we-are/current-members/; "I-135 Endorsements."
[123] Interviewee #22.
[124] Scott Greenstone, "Housing Advocates Divided over Push for 'Social Housing' in Seattle," KNKX Public Radio, February 7, 2023, https://www.knkx.org/politics/2023-02-07/housing-advocates-divided-over-push-for-social-housing-in-seattle.
[125] Interviewee #25, Zoom with author, March 2025.
[126] The election was on February 14th.

results were typically more right-leaning than the final tally. Sure enough, the lead would grow to 57%-43% over the next week of counting. The group of mutual aid volunteers and anti-sweep advocates had won to create a new public development authority to build mixed-income housing in Seattle.[127] However, a popular mandate from voters did not guarantee smooth implementation for the Seattle Social Housing Developer, especially amidst resistance from City Hall.

While the City of Seattle did its part in nominating board members to SSH, the City was not rushing to own this new initiative. Four of Seattle's nine Council members publicly stated they voted for the measure, but only one of those incumbents returned to Council for the 2024 legislative session. The remaining incumbent, Tammy Morales, helped secure $200,000 in the State budget, which was adopted two months after I-135 passed. Ironically, Seattle Social Housing received the State of Washington's dollars before receiving funds from the City of Seattle.[128] SSH board members told a consultant working for the organization that the lack of staff, money, and organizational infrastructure posed a substantial challenge.[129] Meeting minutes demonstrate that board members entirely ran the organization, especially in 2023. Board members paid for work enterprise software themselves and encountered early challenges with public records retention.[130] While section twelve of the ballot measure indicated that the City should provide staffing, there was no SSH staff in 2023.[131] Board members rarely mention contact with the City except regarding contracts and appointments. The inaugural Seattle Social Housing board was on its own.

The City of Seattle indirectly hampered the work of the Seattle Social Housing Developer, not by ignoring its obligation to appoint the Mayor's or Council's representatives, but by neglecting another entity that had appointing authority to the SSH: the Seattle Renters' Commission. Established in 2017, the Seattle Renters' Commission (SRC) aims to serve as a voice for tenants on housing affordability,

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[127] Guy Oron, "Seattle Wants Social Housing!," Real Change News, February 22, 2023, https://www.realchangenews.org/news/2023/02/22/seattle-wants-social-housing.
[128] "Seattle Social Housing Board Meeting Minutes - April 2024" (Seattle Social Housing, March 21, 2024), https://www.socialhousingseattle.org/_files/ugd/baccf9_efc3cd2c702d4c7b80b8cc7695b9502f.pdf.
[129] Amy Besunder, the consultant, appears to have been hired to serve as a quasi-staffer for the organization.
[130] Kroman, "Seattle's Social Housing Developer Struggles to Take Shape."
[131] "City of Seattle Resolution 32069"

transportation, and economic development issues. While its founding legislation codified that the Renters' Commission shall have fifteen members, there are only five current members.[132] Seattle City Council's Housing and Human Services Committee appears to be the bottleneck as Mayor Harrell's administration has submitted multiple appointments, which have yet to be scheduled as of early April 2025.[133] Even with this limited number of Commissioners, the SRC occasionally struggled with attendance to meet quorum.[134] This constituted a problem for SSH because the Renters' Commission is responsible for appointing most of the board until SSH transitions to tenant elections. When a SSH board member could connect with the SRC, a representative asked SSH to recommend and vet potential candidates for SRC.[135] Board Members from SSH began discussing SRC appointments in May of 2024, and after almost eleven months (March of 2025), the SRC voted to appoint new representatives to the SSH board.[136]

Between February and June of 2024, volunteers and staff with House Our Neighbors collected tens of thousands of signatures from registered voters in Seattle to advance a funding mechanism for the one-year-old Seattle Social Housing Developer.[137] Convinced that the City of Seattle would not independently fund SSH, HON decided to put the question to voters instead. The proposed measure would tax businesses that paid individual employees more than a million dollars in compensation.

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[132] "Ord 125280," Seattle Municipal Code § 3.65.010 (2017), https://seattle.legistar.com/View.ashx?M=F&ID=5106232&GUID=4A5220D6-7070-4D6A-89A2-D3EA5EB0C4B5; "Who We Are | Seattle Renters' Commission," accessed April 7, 2025, https://seattle.gov/seattle-renters-commission/who-we-are.
[133] Interviewee #44, Phone Call with Author, April 2025
[134] Much of the responsibility for the delay resides with the Seattle Renters' Commission itself.
[135] "Seattle Social Housing Board Meeting Minutes - May 2024" (Seattle Social Housing, May 16, 2024), https://www.socialhousingseattle.org/_files/ugd/baccf9_5339bf3c911f4ff6a33f2fb58f9373a3.pdf; "Seattle Social Housing Board Meeting Minutes - June 2024" (Seattle Social Housing, June 20, 2024), https://www.socialhousingseattle.org/_files/ugd/baccf9_f859ac1bc922405ca92127703ddfd3a4.pdf; "Seattle Social Housing Board Meeting Minutes - October 2024" (Seattle Social Housing, October 17, 2024), https://www.socialhousingseattle.org/_files/ugd/baccf9_20d8dbbc087c461bb68436cfa8e2321f.pdf.
[136] "Seattle Renters' Commission Special Meeting Draft Agenda - March 20, 2025" (Seattle Renters' Commission, March 20, 2025), https://www.seattle.gov/documents/BoardsAndCommissions/DON/SeattleRentersCommission/2025/SeattleRentersCommission3202025DraftAgenda.pdf; Interviewee #28, Zoom with Author, April 2025.
[137] David Kroman, "Seattle Campaign to Fund Social Housing Submits Signatures," *The Seattle Times*, June 25, 2024, https://www.seattletimes.com/seattle-news/homeless/seattle-campaign-to-fund-social-housing-submits-signatures/; Hannah Krieg, "New Social Housing Initiative Would Tax Business Up to 2,500 Units Over 10 Years," The Stranger, February 6, 2024, https://www.thestranger.com/news/2024/02/06/79369382/new-social-housing-initiative-would-tax-business-to-fund-up-to-2500-over-10-years.

Revenue from a 5% payroll tax on compensation above the million-dollar threshold would flow to the Seattle Social Housing Development Authority.[138] Proponents estimated this new revenue would generate roughly $50 million annually for the upstart organization. As House Our Neighbors began to assemble the approximately 30,000 signatures needed to make the ballot, representatives from the businesses that would pay those new taxes mobilized to defeat Initiative 137.

Figure 9: House Our Neighbors' Campaign Literature (2025)

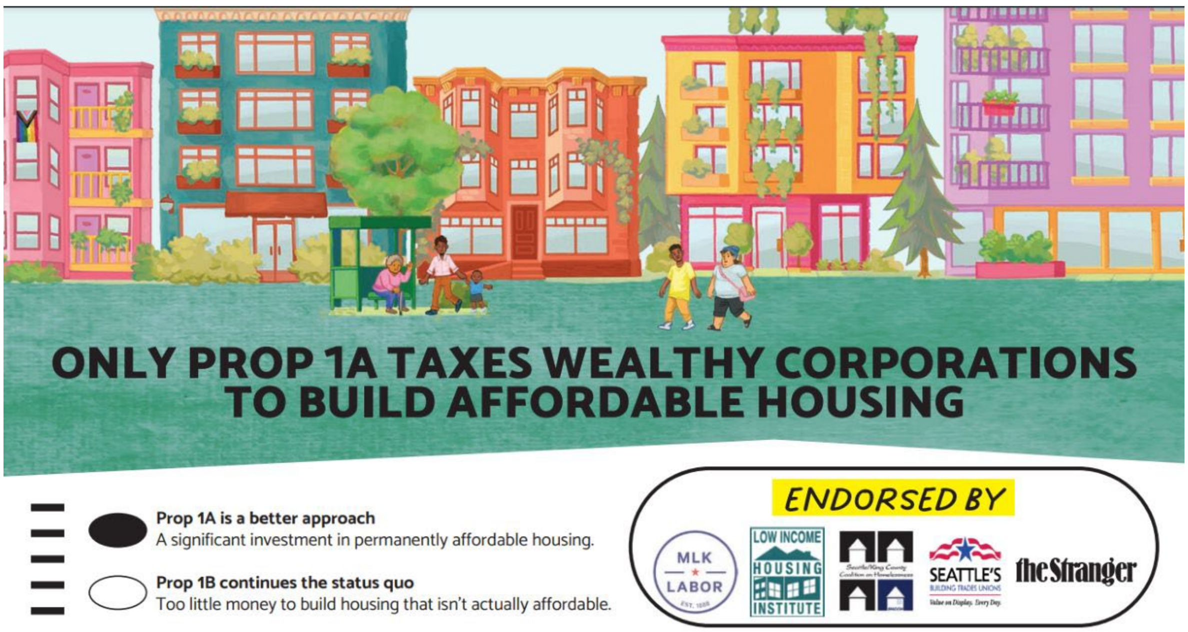

Image Source: The Urbanist/House Our Neighbors; Designed by Francesca Oaksford[139]

Rachel Smith, the CEO of the Seattle Chamber, objected when she heard about the ballot measure: "If passed, this would be the third increase to the city of Seattle's payroll expense tax in three years, and coming at a time when downtown's economy has not recovered and employers are making real

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[138] From a logistical standpoint, this payroll tax is paid by employers because the State of Washington does not have an income tax. Proponents of I-137 called this a tax on "excess compensation." This tax also built upon the JumpStart tax which uses a similar logic to tax businesses with more than $7 million in payroll between "0.7% and 2.4% on salaries of employees who make more than $150,000 per year." Hannah Krieg, "New Social Housing Initiative Would Tax Business Up to 2,500 Units Over 10 Years."

[139] Doug Trumm, "How Seattle Social Housing Advocates Campaigned to Victory," March 7, 2025, https://www.theurbanist.org/2025/03/07/how-seattle-social-housing-advocates-campaigned-to-victory/.

decisions about where their employees work."[140] The Chamber's concerns found purchase with some members of the Seattle City Council. Seattle City Council's opposition to SSH is best understood in the context of Initiative 137.

When backers of a citizen ballot initiative collect the requisite number of signatures, the Council can adopt the measure as law, place the measure on the ballot, or place an additional option alongside the original measure. Advocates with HON hoped to see the revenue measure on the November 2024 ballot, when Seattleites would overwhelmingly vote to support Vice President Kamala Harris. Instead, in August 2024, Seattle City Council member Robert Kettle cited "legal questions" as justification to delay the Council's consideration of the measure. The delay would cause HON to miss the November ballot. Council Member Morales, the sole supporter of the initiative, took issue with the motion to remove the resolution, referencing a section of the city charter that requires legislative action on initiatives to take precedence over all other matters except appropriation bills and emergency measures. In a 7-1 vote, the Council voted to remove the resolution from the agenda, keeping it off the general election ballot.[141] In-person attendees who were there to support the ballot initiative erupted in response to the vote. Council President Sara Nelson attempted to regain control and ended up taking a recess.[142] This delay occurred a week after the Chamber had a poll in the field to test alternatives to I-137.[143]

An email exchange between Rachel Smith, Council President Sara Nelson, and Council Member Maritza Rivera ahead of this delay vote revealed that the Chamber shared two alternative measures to I-137. One would have made SSH eligible for existing city housing funds, and the second would have increased property taxes by $0.10 per $1,000 to increase city funding for low-income housing overall.

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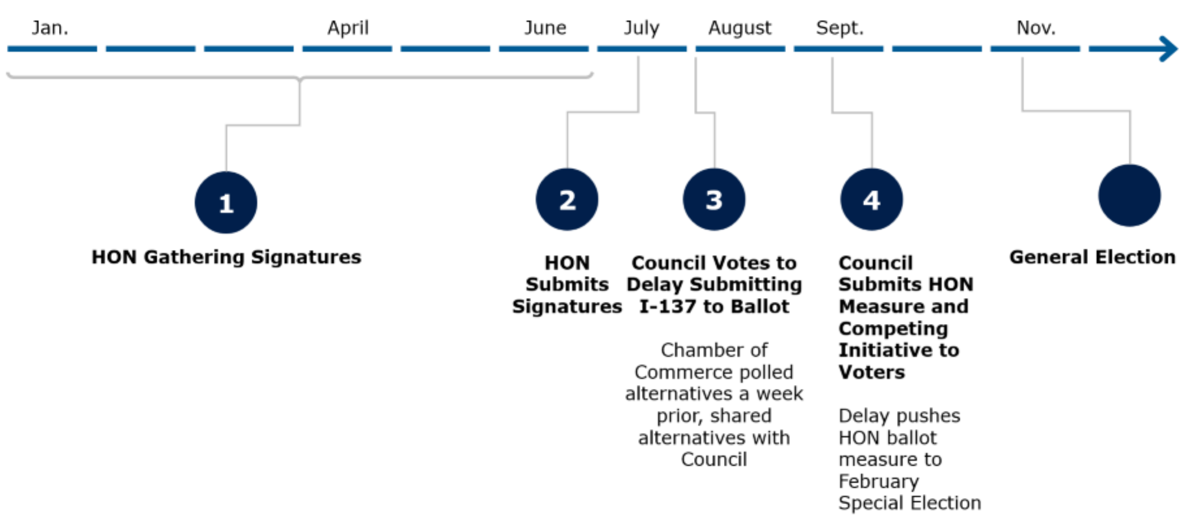
[140] Kroman, "Seattle Campaign to Fund Social Housing Submits Signatures."
[141] David Kroman, "Seattle Council Delays Vote on Social Housing Funding Initiative," *The Seattle Times*, August 6, 2024, https://www.seattletimes.com/seattle-news/homeless/seattle-council-delays-vote-on-social-housing-funding-initiative/.
[142] When Council resumed, attendees supporting the initiative stood facing away from the dais. There was an unrelated ordinance relating to a jail contract that spurred interruptions. President Nelson took another recess and then chose to finish the meeting remotely in response to repeated disruptions.
[143] Erica Barnett, "Wild Day at City Hall as Council Blocks Social Housing from Ballot, Shuts Down Meeting, Retreats to Their Offices to Approve New Jail Contract," PubliCola, August 6, 2024, https://publicola.com/2024/08/06/wild-day-at-city-hall-as-council-blocks-social-housing-from-ballot-shuts-down-meeting-retreats-to-their-offices-to-approve-new-jail-contract/.

While advocates with House Our Neighbors used this email exchange to claim that the Chamber wrote the alternative, the alternative introduced by Council Member Rivera in September (roughly a month later) was slightly different.[144] The competing measure–Proposition 1B–would allocate $10,000,000 a year for five years from the JumpStart tax to fund the Social Housing Developer and require that city funds could only support housing options for residents earning less than 80% of the area median income.[145] Council Member Rivera sponsored the legislation along with several colleagues, arguing that the alternative provided accountability to the new agency. Similarly, Council Member Kettle voiced his support by describing Measure 1B as a way to allow the Social Housing Developer "...crawl, step, walk, and run…"[146]

Figure 10: I-137 Timeline (2024)



Note: Created by author; Lines indicating when within the month should be considered approximate.

[144] Doug Trumm, "Seattle Chamber Behind Council Plan to Torpedo Social Housing Initiative," The Urbanist, February 12, 2025, https://www.theurbanist.org/2025/02/11/seattle-chamber-behind-plan-to-derail-social-housing-initiative/.
[145] I-135 allows the Seattle Social Housing Developer to build housing for households earning up to 120% AMI.
[146] *Seattle City Council Meeting 9/19/2024* (Seattle, WA, 2024), https://www.youtube.com/watch?v=8oKeH-jrDjw.

Seattle City Council passed the alternative measure on a 6-1 vote, with a few notable organizations encouraging them to do so during the public comment portion of the meeting. The Senior Vice President of Public Affairs and Communications from the Seattle Chamber voiced the organization's support, emphasizing the need for accountability with public dollars. The President and CEO of the Downtown Seattle Association, a business membership organization and special improvement district, also testified in favor. He called Proposition 1A, the effort to fund SSH via a payroll tax increase, "the Monorail of housing."[147] While prominent business organizations supported Proposition 1B, the Housing Development Consortium found its members' funding threatened by this new proposal.

HDC's Government Relations & Policy Manager Jesse Simpson and three HDC members took the mic at the September 19th meeting to voice the organization's opposition to the alternative.[148] The alternative did what some HDC members worried Seattle Social Housing would do: compete for their fixed pot of funds. According to Simpson's testimony, the JumpStart tax had become Seattle's largest single funding source for affordable housing developers. The Housing Development Consortium would go on to oppose Proposition 1B and endorse 1A.[149]

The Housing Development Consortium decided to endorse 1A for a few reasons. First and foremost, measure 1A was complementary rather than competitive. One measure expanded resources for affordable housing, and the other reallocated existing resources away from long-time HDC members. Second, the addition of Roberto Jimenez had given some HDC members additional confidence in the organization, even if skepticism was still the dominant perspective.[150] Third, some HDC members and notable community figures had effectively argued to members that social housing would be a meaningful

[147] Seattle City Council split Initiative 137 into Proposition 1A, the HON initiative, and Proposition 1B, the Council-drafted alternative.
The mention of the "Monorail" was a reference to a series of contentious voter referendums from the late 90s to the mid-2000s that cost Seattle more than $100 million and resulted in no new miles of Monorail service; *Seattle City Council Meeting 9/19/2024* (Seattle, WA, 2024), https://www.youtube.com/watch?v=8oKeH-jrDjw.
[148] The three HDC members who spoke in opposition to the alternative were Lauren McGowen from LISC, Sarah Meyers with Plymouth Housing, and John Grant from the Low Income Housing Institute.
[149] "HDC Endorses 'Yes' on Initiative 137 (1A)," Housing Development Consortium, January 30, 2025, https://www.housingconsortium.org/2025/01/30/hdc-endorses-yes-on-initiative-137-1a/.
[150] After Roberto assumed leadership of the organization, both he and the Seattle Social Housing joined the Housing Development Consortium. SSH was officially admitted following a member vote in December 2024.

element of the region's housing strategy.[151] A distant fourth reason is that rental arrears had become a substantial challenge for affordable housing providers during and after COVID. Proposition 1A represented additional dollars in the system and a new potential buyer who could take scattered-site buildings with high operating expenses off existing providers' hands. While aligning with traditional, capital "A" affordable housing players mitigated potential headlines, the strength of the 1A campaign came from a far broader organizing effort.

House Our Neighbors retained key allies and added new coalition members during their campaign for Proposition 1A. Key labor groups – like MLK Labor (the AFL-CIO affiliate), the Seattle Education Association, and a handful of public sector unions – continued to support the vision for social housing. New supporters like the Seattle Building Trades Union and Laborers Local 242 joined them. Many new elected officials joined former Washington Speaker of the House Frank Chopp to support the measure.[152] Meanwhile, House Our Neighbors retained the support of key political partners, including Tech4Housing, Seattle Democratic Socialists of America, Washington Community Action Network, and local Democratic clubs. New partners and large individual donors allowed House Our Neighbors to raise more than $600,000 for the ballot measure.

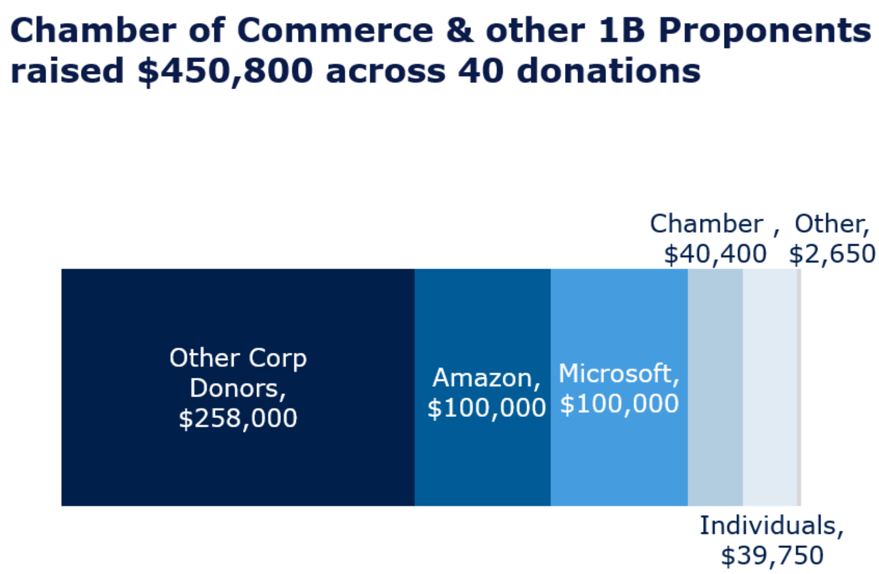
HON's 2025 campaign raised more than twice as much as the organization's 2023 campaign, driven by support from new, large individual donors. Seventeen individual donors contributed roughly $300,000, half the campaign's overall donations and almost ten times more than was raised from large individual donors in 2023 (just under $34,000).[153] Foundations and unions continued to comprise a substantial portion of the campaign's contributions. The Inatai Foundation donated $125,000, a 25% increase over their 2023 contribution and more than a sixth of the campaign's total raise. Other organizations – including labor unions and political groups – donated just under $80,000. Overall, the

[151] Interviewee #25.
[152] This includes State representatives Darya Farivar, Bob Hasegawa, Nicole Macri, Julia Reed, Rebecca Saldaña, Shaun Scott, and new Seattle City Councilmember Alexis Mercedes Rinck.
[153] Large individual donors are defined here as those who contributed more than $5,000.

campaign collected fewer, larger donations from individuals, which buoyed the 1A campaign to outraise its 1B opponents.

While individuals and foundations funded 1A, 1B was a project of private enterprise. The Chamber of Commerce was the most important supporter of Proposition 1B. Chamber CEO Rachel Smith acted as a spokesperson for the 1B vote.[154] The campaign's $450,650 came almost exclusively from Chamber members or the Chamber itself. Amazon and Microsoft each donated $100,000, roughly two weeks before the February special election.[155] Interest from these firms was undoubtedly motivated by the impact of the new tax on their operations. The Chamber's opposition to Measure I-137 is not just documented via campaign finance records.

Figure 11: Proposition 1B Donations

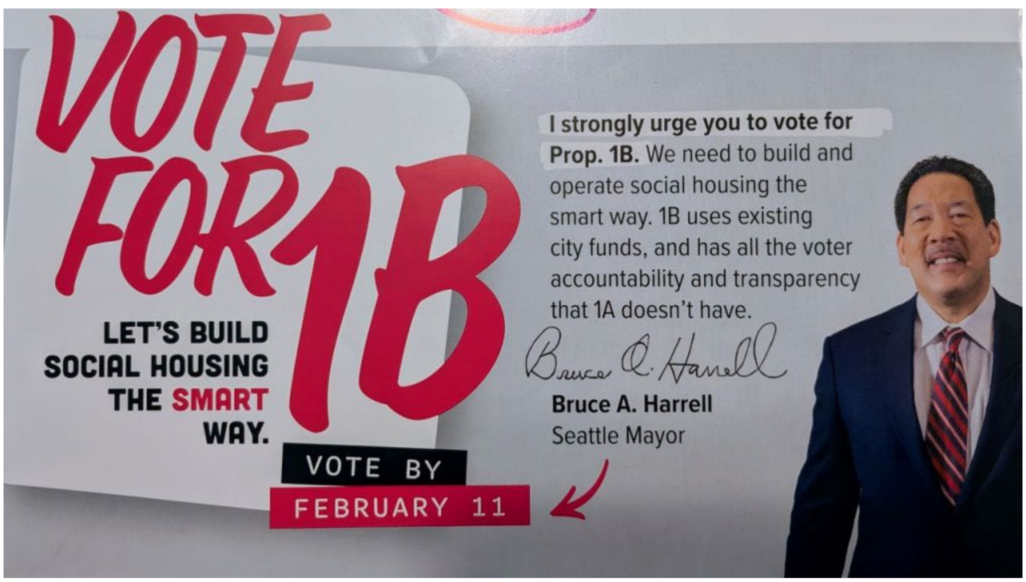


Source: Seattle Campaign Finance Database

[154] "City Inside/Out: Social Housing Vote," *City Inside/Out* (Seattle, WA: Seattle Channel, January 17, 2025), https://seattlechannel.org/videos?videoid=x162231.
[155] "Props 1A/1B-Social Housing Campaign Donations" (Seattle Ethics and Elections Commission, n.d.), https://web6.seattle.gov/ethics/elections/campaigns.aspx?cycle=2025&type=campaign&IDNum=969&leftmenu=collapsed.

The Seattle Chamber of Commerce opposed I-137 by lobbying Seattle City Council Members and coordinating with non-Chamber messengers. Chamber employees testified at City Council meetings and communicated alternative proposals to Seattle City Council members. While some accused the Chamber of writing 1B, neither of the proposals they shared with City Council matched the final version of 1B that appeared on the ballot. However, their argument that it would be easier to beat 1A with an alternative than exclusively advocating for a no vote was convincing to council members. Additionally, the Chamber of Commerce helped place editorials in the Seattle Times. Tim Ceis, former deputy mayor for the City of Seattle and a lobbyist for the Chamber, helped place an opinion piece by Al Levine, the former deputy executive director for the Seattle Housing Authority. In Seattle's voter guide, Levine agreed to put his name next to pro-1B and anti-1A arguments. The Chamber drafted the language for those ballot statements, and Levine signed off on them.[156] While the Chamber may have mobilized to defeat Proposition 1A, prominent municipal elected officials in Seattle also opposed the new tax.

Figure 12: Mayor Bruce Harrell 1B Mailer



Source: The Urbanist; Mailer by People for Responsible Social Housing[157]

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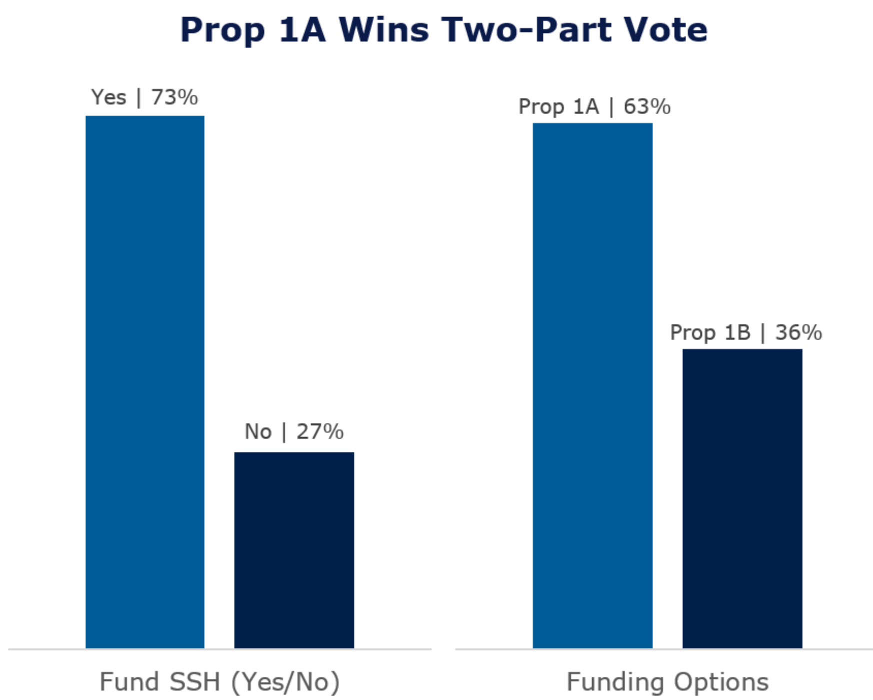
[156] Al Levine, Social Housing Interview, Zoom, April 3, 2025.
[157] Ron Davis, "Op-Ed: Harrell Seeks to Derail Social Housing with Deceptive Campaign Mailer," The Urbanist, February 1, 2025, https://www.theurbanist.org/2025/02/01/harrell-seeks-to-derail-social-housing-with-deceptive-mailer/.

The Chamber worked in partnership with Mayor Harrell in an attempt to defeat Measure 1A. Mayor Harrell's face appeared prominently on a pro-1B mailer in January 2025. The council delayed the 1A vote because they thought it would be easier to defeat in a special election. But, despite this opposition, voters overwhelmingly supported Proposition 1A (63.13%) over Proposition 1B (36.87%). Despite opposition from business interests and prominent elected officials, Seattle voters opted for a new tax to fund the nascent Social Housing Development Authority.

Figure 13: 2025 Social Housing Revenue Election Results



Source: King County Elections

With an influx of revenue theoretically on the horizon, the Social Housing Development Authority is focused on building out its systems for governance, development, and hiring staff. As of March 2025, CEO Robert Jimenez is the PDA's only employee. While there is an active board, the organization would like to hire administrative, fiscal, and development staff.[158] Most importantly, Jimenez and board members are looking to solidify models to outline how SSH will engage in the residential real estate sector. In March, Jimenez told a reporter that SSH was considering acquiring existing properties, jumpstarting stalled deals, and doing new construction on public land.[159] Advancing these efforts will require overcoming several potential challenges from opponents.

Lawsuits, efforts to circumvent the new tax, and intransigence from the City of Seattle could delay SSH's next steps. The Chamber of Commerce challenged the JumpStart tax (unsuccessfully), and HON representatives report that they have been preparing for a similar challenge to the new tax for social housing.[160] Business groups may attempt to shift employees and resources to avoid the tax, even if they do not advance a lawsuit. While the timber company Weyerhaeuser just signed a long-term lease in Seattle, Microsoft and Amazon have substantial presences in Redmond and Bellevue, respectively. Firms could try to relocate highly compensated employees outside of Seattle (or other non-Seattle locations) to avoid the tax.[161] However, the most substantial challenge looming over SSH is opposition from the City of Seattle.

The City of Seattle can slow-walk funds from Proposition 1A, increase reporting requirements, attempt to undermine the organization's board, or try to dissolve the organization. A City spokesperson told local reporters that implementing the tax would take until January 2026. SSH has utilized roughly half of its $850,000 start-up funds from the City of Seattle. Starting this past January, the City's Office of Finance began requesting additional financial information from SSH beyond what they had asked in 2024. Similarly, the Office of Finance said that the disbursement of funds will be contingent on receiving an annual spending plan.[162] There is nothing inherently troubling about asking for a yearly spending plan.

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[158] Cohen, "What's next for Seattle's Social Housing after Big Tax Win?"
[159] *City Inside/Out: Social Housing: What's Next?* (Seattle, WA: Seattle Channel, 2025), https://www.seattlechannel.org/CityInsideOut?videoid=x174259.
[160] Charlotte Schubert, "Appeals Court Upholds Seattle's Payroll Tax on High-Earning Workers Following Chamber Challenge," GeekWire, June 21, 2022, https://www.geekwire.com/2022/appeals-court-upholds-seattles-payroll-tax-on-high-earning-workers-following-chamber-challenge/.
[161] Interviewee #28; It remains unclear to what extent these efforts would allow firms to avoid the social housing tax.
[162] Josh Cohen, "What's next for Seattle's Social Housing after Big Tax Win?," Cascade PBS, February 28, 2025, https://www.cascadepbs.org/politics/2025/02/whats-next-seattles-social-housing-after-big-tax-win.

However, this kind of soft power wielded by a city department on behalf of the mayor could create bureaucratic hurdles that slow the agency's operation or limit its ability to move agilely. While the Renter's Commission recently supported new appointees for Seattle Social Housing, the Commission still plays an outsized role in the public development authority's future. If the City of Seattle were to dissolve the Renters' Commission, it would call into question how SSH would appoint members to the seven positions controlled by the Commission. The council could also withhold its two appointments and the mayor's appointment. Additionally, Seattle City Council could amend the funding mechanism starting in February 2027.[163] Council can modify ballot measure language two years after voters approve the initiatives. The council could use economic downturns or other excuses to tweak operational requirements or undermine SSH's revenue stream.[164] Theoretically, Seattle City Council could validate skeptics' perspective that social housing cannot work by delaying or reducing the organization's funding or undermining the new entity's operations. While the story of Social Housing in Seattle is still unfolding, we can draw lessons from its path over the past four years.

First, Seattle voters' tremendous frustration with the region's inability to address its housing and homelessness challenges opened the door for advocates outside the affordable housing development community. Both interviews with Seattle stakeholders and public opinion polls confirm that housing and homelessness are top of mind for Seattle and King County voters.[165] The City of Seattle and King County's high-profile effort to address homelessness by creating a new agency–The King County Regional Homelessness Authority–has struggled to demonstrate results. It was restructured in 2024, just

[163] Interviewees #21 & 26.
[164] Retrenchment efforts like this are part of the reason HON continues to organize and remains vigilant.
[165] Interviewees #20 & 21; Interview with Al Levine; Thibault, "Seattle Public Opinion Poll 2020;" Chris Daniels, "Seattle Voters Say Homelessness Top Public Safety Issue, City on Wrong Track," KOMO News, March 8, 2023, https://cbsaustin.com/news/nation-world/seattle-homeless-crisis-homelessness-crime-downtown-seattle-mayor-bruce-harrell-city-council-public-safety-police-department.. It is worth noting that these public opinion polls were commissioned by the Seattle Chamber and Downtown Seattle Association. Both organizations have a motivation to emphasize safety concerns on behalf of their members. However, the open-ended questions do not appear to be leading.

five years after its founding.[166] If the public perceives current leaders and their strategies as ineffective, voters may be more open to alternatives.

Second, the organization leading the initiative is crucial in shaping how existing stakeholders respond. House Our Neighbors is a group of talented organizers. They raised hundreds of thousands of dollars, developed a substantial coalition, and won at the ballot box. Although HON is an impressive group, they are not developers. Their lack of traditional affordable housing experience sparked skepticism within the HDC community. Many in the conventional affordable housing sector felt that HON had already finalized the idea by the time they presented it, leaving them sitting on the sidelines. In addition, HDC's critical statement on I-135 fueled oppositional dynamics between HON volunteers and HDC members.[167]

HDC members had a range of reactions to the proposal for a Seattle Social Housing Developer. Some HDC members felt disrespected and criticized by a group without a track record of building housing. Some want to believe in the promise of social housing but are not sure that it is real yet and, therefore, feel the need to engage further to ensure the project succeeds. Others view the Seattle Social Housing Developer as competition for the other public development authorities, nonprofits, and for-profit organizations in this space. On the other hand, HON's outsider role and their ballot strategy allowed them to avoid "The Seattle Process," a practice of extensive community conversations, studies, and deliberation that may or may not reach a conclusion or yield meaningful change.[168]

Third, powerful allies can lend legitimacy and run interference to minimize opposition and solidify support. Amongst the school board and city council candidates who endorsed I-135 is a name that loomed large in Seattle and Washington politics for decades: Frank Chopp. Chopp was the Speaker of the

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[166] Greg Kim, "Officials Want to Shake up Who Controls Regional Homelessness Authority," *The Seattle Times*, August 15, 2024, https://www.seattletimes.com/seattle-news/homeless/officials-want-to-shake-up-who-controls-regional-homelessness-authority/.
[167] Interviewee #22; Members of HDC also told me that they were not sure there would have been broad interest in partnering with HON if they had been approached.
[168] An early definition came from a 1983 editorial in the Seattle Weekly: "the usual Seattle process of seeking consensus through exhaustion." Fred Moody, *Seattle and the Demons of Ambition: From Boom to Bust in the Number One City of the Future*, First Edition (St. Martin's Griffin, 2004), page 66.
Interviewees also called the Seattle Process a form of analysis paralysis and a way to try to make everyone happy.

House in Washington State for twenty years, a Seattle City Council Member before that, and helped found affordable housing and anti-poverty organizations in Seattle. He was deeply involved in efforts to bolster affordable housing funding, provide public land for housing, and more.[169] The former Speaker enthusiastically supported I-135 and Proposition 1A. He helped SSH receive funding from the State of Washington before the City of Seattle.[170] Frank was also working with SSH to identify potential future project sites.[171] Some interviewees posited that HDC members and others felt pressure not to speak out forcefully against the measures. Given the intense competition for the State of Washington's Housing Trust Fund and 9% Low-Income Housing Tax Credits, many in the affordable housing community may have thought it unwise to draw potentially harmful attention to themselves to argue against something that some called a "distraction."[172] While leftist advocates drove the campaign, their efforts found purchase with key allies like Speaker Chopp, who could build bridges, mend fences, or break down roadblocks for the campaign and the public developer.

Lastly, building a new public development authority is challenging, especially without buy-in from relevant elected officials. The Seattle Social Housing Developer relied on a working board and consultants for roughly 18 months before its first employee came on board. HON accomplished an impressive feat in running a ballot campaign to establish a permanent funding stream for an organization that has never built or managed housing.[173] Strong organizing and a resonant message (i.e., "tax wealthy corporations to build affordable housing")[174] allowed HON to overcome the fact that the pace of housing construction is asynchronous with political timelines and election cycles. While HON and their partners

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[169] Chopp passed away in April and interviewees spoke fondly of him and his accomplishments.
[170] "Seattle Social Housing Board Meeting Minutes - October 2023" (Seattle Social Housing, October 19, 2023), https://www.socialhousingseattle.org/_files/ugd/baccf9_efc3cd2c702d4c7b80b8cc7695b9502f.pdf.
[171] "Seattle Social Housing Board Meeting Minutes - February 2024" (Seattle Social Housing, February 20, 2025), https://www.socialhousingseattle.org/_files/ugd/baccf9_25f5debd1e4044759309fa5f989ae4d8.pdf.
[172] This is not to impugn Speaker Chopp in any way, but rather to highlight perceived dynamics by some interviewees.
Melissa Santos, "What to Know about I-135, Seattle's Social Housing Initiative," Axios, January 30, 2023, https://www.axios.com/local/seattle/2023/01/30/seattle-social-housing-initiative-135-explained.
[173] There was no funding sunset clause in Proposition 1A.
[174] Davis, "Op-Ed."

deserve credit, eyes are now on Seattle Social Housing to staff up, establish strong and agile governance, and deliver mixed-income housing for Seattleites across the income spectrum.

HON plans to continue acting as an external political force for social housing in the greater Seattle area. Part of HON's mission now is to improve the regulatory environment impacting SSH. HON has also participated in Seattle's zoning reform movement through the Complete Communities Coalition.[175] Furthermore, HON is advocating in Olympia for new state policies to improve operating dynamics for Seattle Social Housing and other future social housing development authorities in Washington. This policy agenda includes legislation that exempts social housing developments from local zoning restrictions and allows social housing projects to utilize the state's Housing Trust Fund.[176] This reflects what HON representatives said they learned on their trip to Vienna: Social housing only thrives when there is a political movement behind it.[177]

Montgomery County, Maryland

Since 2020, Montgomery County, Maryland, has found a niche pocket of fame amongst housing practitioners and state capacity aficionados. Popular media and countless panels have featured representatives from Montgomery County to discuss the Housing Production Fund (HPF). The Housing Opportunities Commission of Montgomery County (HOC) won the Ivory Prize–an annual award for ingenuity in the housing development process–for financial innovation.[178] Housing Authority leaders from across the country have visited the DC suburb to tour HOC's new properties. Ironically, what some have called "a new kind of public housing" is based on an idea from the private infill developer EYA.[179]

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[175] HDC and the Chamber used to both be on the steering committee of the Complete Communities Coalition with HON. HON stepped back from this coalition to focus all their efforts on 1A. This coalitional effort was also intended as a way for HON to build bridges with other groups.
[176] Melissa Van Gorkom, "Senate Bill Report SB 5975" (Washington State Senate, January 19, 2024), https://lawfilesext.leg.wa.gov/biennium/2023-24/Pdf/Bill%20Reports/Senate/5975%20SBR%20HSG%20TA%2024.pdf.
[177] Interviewee #21.
[178] Blount, "Housing Opportunities Commission Announced As 2024 Ivory Prize Winner."
[179] Interviewee #11, Zoom with author, April 2025; Ludden, "One Possible Housing Crisis Solution?"

EYA is a residential development firm that builds high-density infill housing in the DC area. While their business has historically focused on for-sale townhomes, EYA began partnering with public housing authorities in the DC area in the 2000s. In 2019, EYA and HOC collaborated on their first joint project: the Lindley, a 200-unit multifamily development in Chevy Chase, Maryland. Eighty of the two hundred units are income-restricted, with forty units targeted at households earning 50% AMI and the other forty targeting households earning 60% to 100% AMI.[180] This project arose from a unique partnership between EYA, HOC, and the Morris and Gwendolyn Cafritz Foundation. The Housing Opportunities Commission already owned the land, reducing the land costs associated with the new building. The Foundation invested low-cost equity, and the partners secured commercial financing covering 70% of the project's value (loan-to-value, or LTV).[181] HOC and EYA were able to make this mixed-income development financially viable through land and low-cost equity, as well as the lower construction costs and the interest rate environment at the time. The project did not include LIHTC. The Foundation and EYA exited the deal when the property refinanced at stabilization, leaving Montgomery County's public housing authority in control of the new Class A multifamily building.

The project was widely considered a success when the property opened in 2018. The Lindley won the Urban Land Institute (ULI) Terwilliger Center for Housing's 2019 Jack Kemp Excellence in Affordable and Workforce Housing. Maryland Congressman Jamie Raskin presented HOC, EYA, and Montgomery County elected officials with a proclamation to congratulate the relevant parties on the partnership. While potentially a favorite line of Congressman Raskins, he offered a prescient comment to a crowd of elected officials, developers, and HOC officials at the Lindley: "I have been spending my time

[180] The development team also completed sixty-two townhomes as part of the overall project, ten of which were designated as affordable homeownership units.
Christine Serlin, "Mixed-Income High-Rise a Centerpiece for Transit-Oriented Neighborhood," Multifamily Executive, October 4, 2019, https://www.multifamilyexecutive.com/design-development/mfe-awards/mixed-income-high-rise-a-centerpiece-for-transit-oriented-neighborhood_o; "The Lindley Chevy Chase Lake: A Unique Public-Private Partnership Case Study Recap," ULI Washington, February 22, 2019, https://washington.uli.org/the-lindley-chevy-chase-lake-a-unique-public-private-partnership-case-study-recap/.
[181] Interviewee #11; Ashanti Wright, "Using Public-Private Partnerships to Fund Affordable Housing," *The National Association of Housing and Redevelopment Officials (NAHRO)* (blog), March 28, 2019, https://www.nahro.org/journal_article/using-public-private-partnerships-to-fund-affordable-housing/.

on Capitol Hill with the powers that be, and now I'm here with HOC and EYA and the powers that *ought to be* [emphasis added]..."[182] Little did Representative Raskins know that the partnership would soon receive far more positive attention than the typical housing authority deal.

Based on this successful partnership, EYA brought an idea to key HOC staff and Montgomery County Council Members Hans Reimer and Andrew Friedman. Pleased with the Lindley, Council Member Reimer was excited to see similar projects come to fruition. The challenge, as EYA representatives described, was equity. The Foundation involved in the Lindley deal was willing to accept a less aggressive return, allowing those benefits to accrue to residents. If you did not want to compete for 9% Low-Income Housing Tax Credits or the private activity bonds required to access 4% credits, how could you restructure a deal to deliver mixed-income housing? EYA's answer: a revolving loan fund.

This insight led to the creation of Montgomery County's Housing Production Fund, which uses public debt to provide a more affordable source of mezzanine financing during construction within a traditional private-market capital stack. While conventional market-rate developers pair equity and debt, the HPF reduces the equity needed to advance a deal. The savings generated by swapping out equity (which requires higher returns) for lower-cost public debt can translate into lower rent for residents. HOC structures these arrangements to retain the majority ownership of the project after lease-up. An often-undervalued aspect of the model, Montgomery County Council passed legislation in 2021 to provide a 100% tax abatement to HOC-controlled properties to reduce operating expenses. Reducing operating expenses increases a project's net operating income and, therefore, the size of the mortgage, further decreasing the equity you need in a deal.[183] The level of affordability and what to do with the loan's interest payments were key decision points when creating the HPF.

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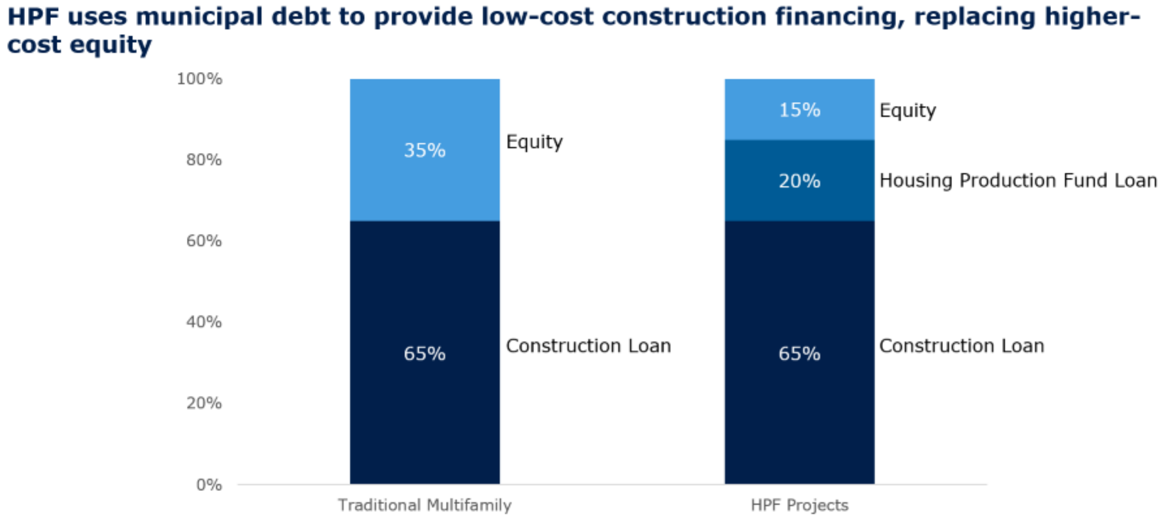
[182] *Jamie Raskin Remarks at the Lindley* (Montgomery County, MD, 2019), https://share.vidyard.com/watch/BuK4aEDSadAqzcXwomRwFt.
[183] "Montgomery County Council Enacts Legislation to Address the Affordable Housing Crisis in Montgomery County," Montgomery County Council, December 14, 2021, https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=39675&Dept=1.

Figure 14: Traditional Multifamily Construction Financing & Hypothetical HPF Project



Note: Chart created by author for illustrative purposes only; it does not represent a specific project. Informed by the CPE Syracuse Report and AUDC overview slide deck. The Housing Production Fund (HPF) share may vary and could be higher or lower than 20% of the total development cost (TDC).[184]

The affordability level was a topic of debate in the Montgomery City Council. Councilmember William Jawando floated deeper levels of affordability–40% of units below-market rent as opposed to 30%–during committee hearings in 2021.[185] However, the committee, comprised of Councilmembers Reimer, Friedson, and Jawando, ultimately opted to provide 30% as a minimum standard, recognizing that HOC's mission was to provide affordable housing and wanting to leave the agency additional flexibility amidst economic shifts. HOC developments that tap the HPF must reserve 20% of the units for households earning ≤50% AMI, and another 10% must be affordable to households at 65% AMI.[186]

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[184] "Invest Syracuse Overview Memo" (Center for Public Enterprise, February 2025), https://syracuselandbank.org/wp-content/uploads/2025/02/Syracuse-Overview-Memo.pdf; "Building a New Model for Affordable Housing Development" (Atlanta Urban Development, November 13, 2024), https://housingforwardva.org/wp-content/uploads/2024/11/AUD-Summary-Deck_11.13.24.pdf.
[185] *June 22, 2020 - PHED Committee Work Session*, Planning, Housing, and Economic Development Committee (Montgomery County Council, 2020), https://www.youtube.com/watch?v=xmdwpfSxf90. Council Member Jawando raises the question of affordability around the one-hour and twenty-minute mark and the two-hour and twenty-nine-minute mark.
[186] County Council, "Special Appropriation to the Fiscal Year 2021 Operating Budget," Pub. L. No. 19–774 (2021), https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=9986_1_14313_Resolution_19-774_Adopted_20210323.pdf.

Another key debate was the impact of paying the debt service for the Housing Production Fund on the Housing Initiative Fund (HIF). The Housing Initiative Fund is Montgomery County's largest local funding pot for loans and grants for affordable housing. Montgomery County pays the debt service on the Housing Production Fund bond from the Housing Initiative Fund. HPF dollars revolve out of a deal around stabilization (90%+ occupancy for 90 days) when permanent financing becomes available. After those dollars revolve out, HOC can reinvest those funds in another project. However, the Council and County staff debated whether the project-level interest payments for the HPF should be returned to the HIF to reduce the financial impact of the HPF on the HIF or reinvest the interest payments into the HPF's revolving loan fund for greater leverage. Should they partially replenish the traditional affordable housing fund or reinvest in the HPF so that the loan fund grows over time? Ultimately, the Council decided to offset the financial impact to the HIF with 5% interest from the Housing Production Fund loans.[187] The Planning, Housing, and Parks (PH) Committee revisited this discussion in 2023. Based on HOC documentation from 2024, it seems to remain a live question.[188] However, even with interest payments covering most of the debt service payments in the HIF, staff and elected officials still expressed concern about HPF's inception.[189]

Legislative staff and the County Executive expressed concerns about the fiscal impact of additional debt obligations during COVID. While the Housing Production Fund would not be a general obligation bond (with the full faith and credit of the county behind it), HOC and council members were asking the county to agree to pay the debt service for the twenty-year life of the bond. In a July 2020

[187] Montgomery County estimated annual debt service costs of approximately $4 million in 2024 on the second $50 million bond issuance with a 4.91% yield. Project-level loans from the Housing Production Fund (HPF) are issued at a 5% interest rate, generating about $2.5 million in annual interest payments. Because HPF loans are interest-only, the fund generates income but does not retire principal, leaving an annual gap of approximately $1.5 million between loan income and debt service obligations.
Chelsea Andrews, "Approval of Series Resolution for the Issuance of Limited Obligation Bonds, Series 2024 to Provide Funding for the Revolving Housing Production Fund" (Development and Finance Committee, Montgomery County, MD, September 4, 2024), https://hocmc.diligent.community/document/c71cd137-e187-406e-9796-c818894ce826/.
[188] Ibid.
[189] Linda McMillan, "Staff Report on HOC HPF Special Appropriation" (Montgomery County Council, March 23, 2021),
https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2021/20210323/20210323_6.pdf.

memo, County Executive Marc Elrich warned Council President Sidney Katz of the consequences of advancing the Housing Production Fund through the full council. County Executive Elrich stressed the fiscal ramifications and the negative impact on affordable housing. Elrich cited other ways the funds could support LIHTC projects, education, public safety, or other county priorities. Elrich warned that the added HPF debt payments could threaten the County's "...coveted AAA bond rating" amidst the financial uncertainty of the COVID-19 pandemic: "While you know that I consider affordable housing to be one of our shared highest priorities, this is not the time to further increase debt [emphasis in original]."[190]

Elrich objected to the HPF's opportunity cost, the inflexibility of transferring funds from the Department of Housing and Community Affairs to HOC, and who the program would primarily serve. According to Elrich's letter, the HPF would reduce the availability of funds for other affordable housing projects.[191] The County Executive argued that fewer loans and grants could be issued from the HIF if they paid this debt obligation.[192] Elrich also argued that the HPF fund could be underutilized if HOC runs into project delays, while "debt service payments will continue." Elrich preferred to retain the funding and the authority to direct that funding through his Administration's housing department. Lastly, Elrich echoes the Seattle Displacement Coalition, saying, "The initial projects proposed by HOC would support housing that produces 7 of 10 units of market housing. This is not going to address our future housing needs. On top of that, we already have over 20,000 households living in units that far exceed their ability to pay. Our need at the lower end of the housing spectrum will simply not be met this way."[193]

The County Executive's recommendation against the HPF reflected staff hesitancy. Capital Budget Manager Mary Beck and Director of Finance Mike Coveyou demurred at the July 2020 joint

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[190] Linda McMillan, "Memorandum - Housing Opportunities Commission Housing Production Fund, Review Comments from County Executive" (Montgomery County Council, July 27, 2020), https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2020/20200727/20200727_PHED4.pdf.
[191] The projections at the time for the first $50 million bond issuance estimated that the HPF's debt service could cost the HIF $3.4M per year, but this could be reduced to $900,000 after the first year if the interest payments were sent back to the HIF.
[192] While this is accurate in terms of how many loans are originating from the HIF, it does not seem accurate if one considers how much public debt the city can put into deals if one tallies across the two funds, because the HPF is leveraging the HIF funds.
[193] McMillan, "Memorandum - Housing Opportunities Commission Housing Production Fund, Review Comments from County Executive."

meeting of the Planning, Housing, and Economic Development and Government Operations and Fiscal Policy Committees. They flagged that the County exceeded its internal debt service to revenue ratio goal due to COVID revenue impacts. Capital Budget Manager Mary Beck raised these concerns during the meeting: "We will have to be willing and able to perhaps raise taxes next year…The County Executive, this is not where he would choose to be on this issue; He would want to be with you. But the financial concerns are really, really great."[194] Senior Legislative Analyst Linda McMillan, the Council committee staffer, also had substantial concerns about the County committing to pay $7 million in debt service annually on a $100 million fund in out years (without offsets, the interest-only income from HPF project loans).[195] Council Member Reimer helped address these concerns: "Based on my conversations, I think everyone is comfortable with the idea–everyone I've talked to so far–that we will start this out with HOC paying the county that amount of money [the 5% interest rate] so net impact to the county is $900,000… and I don't think that anyone can dispute that's an amount of money we can absorb readily within the HIF." He mentioned that this incremental strategy would allow the Council to pursue a $50 million preservation fund, providing "some comfort to all the other partners in the affordable housing community…"[196]

The second stakeholder challenge Councilmembers Reimer and Friedson faced was convincing nonprofit affordable housing partners. Like other jurisdictions, Montgomery County's existing affordable housing community was concerned that the new mixed-income program would limit their available resources. The Councilmembers' other legislation announced in tandem with the HPF and their existing relationships ameliorated nonprofit partners' concerns.

While the HPF has received national attention, Councilmembers Reimer and Friedson simultaneously advanced two other housing initiatives: an updated tax abatement policy for affordable

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[194] *July 27, 2020 - PHED Committee Work session* (Montgomery County, MD, 2020), https://www.youtube.com/watch?v=Xx6kmfXg3kA (1 hour 44 minutes).
[195] Hans Reimer, Discussion of HPF, Zoom, February 14, 2025.
[196] *July 27, 2020 - PHED Committee Work session* (2 hours 44 minutes).

housing and a nonprofit preservation fund.[197] Montgomery County Council voted to enact Bill 26-21 in December 2021 to grant a 100% property tax abatement to HOC or nonprofit housing developers with more than 50% of units renting at or below 60% AMI.[198] This functionally provides nonprofit developers with property tax relief if they are using LIHTC. The legislation also repealed the self-imposed cap on aggregate abatements, which was set at $20 million annually in 2022.[199] This legislation put a clear and tangible downward pressure on LIHTC developments' operating expenses.[200]

The second legislative measure designed for nonprofit affordable housing providers was a $50 million preservation loan fund. The Nonprofit Preservation Fund provides 2% loans to nonprofits acquiring and preserving unsubsidized affordable housing or so-called "naturally occurring affordable housing" (NOAH).[201] The County's "Right of First Refusal" (ROFR) policy requires that the County, HOC, or certified tenant organizations have the opportunity to purchase a rental property before the owner sells. The County can designate an affordable housing provider to buy the project through the process.[202] These two policies helped Councilmembers Reimer and Friedson persuade the nonprofit affordable housing community to support or remain neutral on the Housing Production Fund.

Some affordable housing providers asked that the HPF and the Nonprofit Preservation Fund move forward in tandem. They did not. HOC had a model ready to go. The low-cost HPF debt would help a singular entity deliver an identified pipeline. The Nonprofit Preservation Fund was created in 2023 and launched in 2024.[203] The County had to develop an application and scoring process, evaluate how low the

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[197] Friedson, HPF History; "Preserve and Increase the County's Affordable Housing Inventory - Driving Economic Development in Montgomery County," Montgomery County Council, accessed April 11, 2025, https://www.montgomerycountymd.gov/COUNCIL/resources/EconomicDevelopment/affordable.html.
[198] "Montgomery County Council Enacts Legislation to Address the Affordable Housing Crisis in Montgomery County."
[199] Staff were unable to estimate the policy's potential foregone revenue.
[200] Robert Drummer, "Staff Report on Bill 26-21, Taxation – Payments in Lieu of Taxes" (Montgomery County Council, December 14, 2021), https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2021/20211214/20211214_19B.pdf.
[201] Friedson, HPF History.
[202] "Nonprofit Preservation Fund," Housing Opportunities Commission of Montgomery County, accessed May 15, 2025, https://www.hocmc.org/about-us/innovations/nonprofit-preservation-fund/.
[203] "Montgomery County's Department Of Housing and Community Affairs and Housing Opportunities Commission Launch Nonprofit Housing Preservation Fund," Housing Opportunities Commission of Montgomery

interest rate would need to be for deals to advance, and more. HPF's messengers enabled it to move forward first.

Reimer and Friedson had strong relationships with the local affordable housing community and were able to help nonprofits via other policy mechanisms. Additionally, Friedson stressed that the HPF would not "eat their lunch" (i.e., the HIF).[204] The councilmember made this argument by highlighting the money that HOC already gets from the HIF. If HOC did not have this cheap debt for mixed-income projects, it would pursue tax credit deals and HIF funds that nonprofits rely on.[205] This argument–that the HPF is additive and not competitive—addressed nonprofit affordable housing developers' core concern about the program.[206] While the Councilmembers still had "stern words" with a few developers, the existing affordable housing community was not a public opponent of the Housing Production Fund.[207]

Montgomery County Council approved legislation in March 2021 to create the Housing Production Fund. That August, HOC issued $50 million in limited obligation bonds. HOC invested the first $50M in two projects: roughly $15 million in a 268-unit multifamily complex in Derwood and $35M in a 463-unit development in Silver Spring. One HPF loan has revolved to date: The Laureate in Shady Grove.

Hundreds have toured the Laureate, a modern apartment building adjacent to the Shady Grove Metro Station. However, the innovation that spawned the building is difficult to see in the modern lobby or near the pool. HOC utilized FHA Risk Share for the Laureate. FHA/FFB Risk-Share loans allow developers to access a lower interest rate with up to 40-year amortization for permanent financing.[208] The

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County, May 14, 2024, https://www.hocmc.org/news/montgomery-countys-department-of-housing-and-community-affairs-and-housing-opportunities-commission-launch-nonprofit-preservation-fund/.

[204] Friedson, HPF History.

[205] HOC Executive Director Stacy Spann made this point at the July 2020 Joint Committee meeting; *July 27, 2020 - PHED Committee Work session* (1 hour 47 minutes)

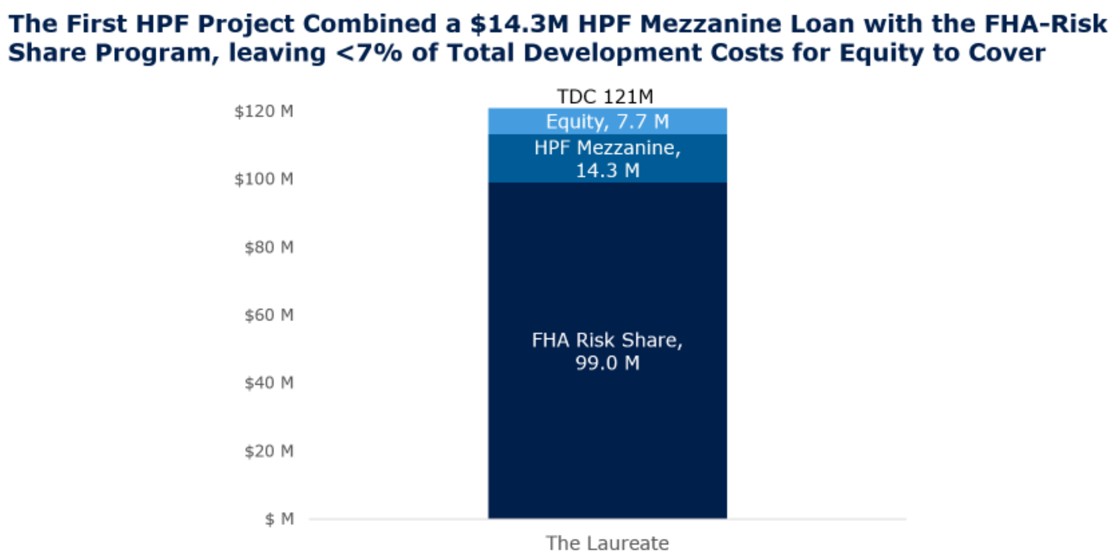
[206] Friedson, HPF History; Paul Williams, "Mixed-Income Public Development" (Center for Public Enterprise, 2024), https://publicenterprise.org/wp-content/uploads/Mixed-Income-Public-Development-1.pdf.

[207] Hans Reimer, Discussion of HPF.

[208] HUD and the Housing Finance Agency share the risk. Traditionally, a state housing finance agency would administer the FHA Risk Share program. However, HOC operates as a public housing authority and a housing finance agency. As of 2025, 38 housing finance agencies across 34 states are approved to use the Risk Share program.

risk share program triggers prevailing wage requirements, increasing the project's labor costs. However, because the permanent mortgage was more than 80% of the capital stack as opposed to the typical 65-70% in a market-rate multifamily deal, it reduced the amount needed from the HPF.

Figure 15: The Laureate's Capital Stack



Source: Interviewee #11 (chart by author).

HOC expects to deliver more than 1,300 units in partnership with private firms by 2028. One project—Hillandale Gateway—utilizes other funding sources (LIHTC and RAD), while the Laureate Phase 2 and Wheaton Gateway will advance without federal subsidies. The Housing Production Fund's widespread acclaim indicates that it will likely withstand political changes at the executive or council levels (at least in the near term). However, the public-private partnerships that underlie these developments create challenges regarding operations and property management.

Aiken, Murphy, and Raetz, "The Emerging Spectrum of Government-Led and Publicly-Owned Housing Development Models;" "Fact Sheet: Growing Number of States Boosting Affordable Housing Supply through HUD Risk-Sharing," NAAHL, accessed April 9, 2025, https://naahl.org/news/fact-sheet-growing-number-of-states-boosting-affordable-housing-supply-through-hud-risk-sharing.

Some partnership decisions have to go through HOC's board, which can slow the companies' ability to maximize revenue from their assets. HOC's representatives working with counterparties do not have independent decision-making authority and occasionally sit further down the organizational chart. For example, the Laureate's ground floor retail has struggled to lease. Some argue that making a retail concession with a "non-economic" tenant could be advantageous if market-rate residential units could make up the retail losses.[209] Additionally, HOC is slower to act when dealing with tenants who fall behind on rent than their private sector counterparts. However, these are small dynamics amidst what appears to be a successful and exciting partnership model.

A handful of key insights emerge when examining the development of the Housing Production Fund in Montgomery County. First, the Housing Production Fund resulted from a collaboration between trusted partners. County Councilmembers, the Housing Opportunities Commission, and reputable private developers like EYA collectively developed and sold this plan to the rest of the County Council. Montgomery County's public housing authority maintains a strong relationship with the County Council (especially compared to PHAs elsewhere). Councilmember Reimer has referred to HOC as "Our [Montgomery County's] affordable housing developer."[210] This proposal came on the heels of the Lindley, the 200-unit development broadly viewed as a success. Montgomery County Council had also signed onto a housing goal developed by the Metropolitan Washington Council of Governments (MWCOG), which estimated that the region needed an additional 75,000 units beyond what was forecasted by 2030 to address the region's housing shortage. Councilmembers would mention housing production as a key mechanism to address housing affordability.[211] With a quantifiable problem statement and a precedent to point towards, the proponents overcame internal concerns regarding the program's cost during COVID.

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[209] Interviewee #11

[210] Reimer, Discussion of HPF.

[211] "Local Housing Targets Project," Montgomery Planning, accessed April 15, 2025, https://montgomeryplanning.org/planning/housing/local-housing-targets-project/.

Councilmembers Reimer and Friedson faced initial resistance from two stakeholder groups: existing affordable housing developers and the County Executive. The legislative backers engaged with nonprofits to explain that the HPF was complementary, not competitive. They argued that this could relieve pressure on the HIF by allowing HOC to focus on a different housing pipeline. Additionally, Reimer and Friedson incorporated nonprofit affordable housing developers into the NOAH preservation fund and passed a new tax abatement for affordable housing. By communicating the positive-sum intention of the HPF and creating new ways for nonprofits to benefit, Councilmembers were able to overcome nonprofit affordable housing providers' early skepticism.[212]

The Council unanimously passed the Housing Production Fund despite early hesitancy from staff and the County Executive. Councilmembers Friedson and Reimer worked on the initiative for roughly 18 months (with some delay due to COVID-19 and technical back-and-forth with bond counsel). Additionally, there was little desire to publicly oppose new affordable housing programs given the county's need and the partners lined up behind the initiative. HPF debates were primarily internal Montgomery County government conversations and debates. County representatives may have contributed to the limited initial public attention by not including the term "social housing" in the program name.

While Councilmember Reimer, HOC staff, and private partners occasionally invoked international examples when discussing the HPF or appearing on social housing panels, they sold the HPF as a financing innovation to deliver affordability in public-private deals that would not occur otherwise. A sentence in a press release or off-the-cuff remark might highlight the HPF's Viennese inspiration.[213] However, this was not the primary framework for HOC or its partners. The headline of that same press release had a different political valence: "Council approves $50 million construction fund for public-private housing model." While Seattle Social Housing cannot co-develop with private-sector partners,

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[212] *March 23, 2021 - Council Session (PM) (Montgomery County,* MD, 2021), https://www.youtube.com/watch?v=qZdJ3pFZghw.

[213] Ibid (Council Member Reimer's remarks at minute 18); "Council Approves $50 Million Construction Fund for Public-Private Housing Model."

Montgomery County highlighted its public-private partnerships. Proponents of the HPF argue that it allows each party to do what it does best: The County government helps HOC deploy inexpensive capital through HPF; HOC maintains public ownership, leverages its property tax exemption, and looks for opportunities to deepen affordability; And the private sector builds buildings and (in the case of the Laureate) manages the property.[214] The HPF represents "evolution, not revolution."[215] This evolution has helped inspire jurisdictions nationwide to think more seriously about the public sector's role in housing production. As the County Council prepared to vote on the HPF in March 2021, Councilmember Reimer said, "I believe this has the potential to be a national model of construction finance."[216] Little did he know just how far it would spread.

California

The California legislature sent Governor Newsom two "social housing" bills during the 2023-2024 legislative session: Senate Bill 555 (SB555) and Assembly Bill 309 (AB309). Sponsored by new State Senator Aisha Wahab, SB555 was a study bill. It charged the state's Department of Housing and Community Development to complete a "California Social Housing Study" by the end of 2026.[217] The bill outlined a definition of social housing and tasked the department to outline "opportunities, resources, obstacles, and recommendations" to build housing with some units for extremely low, very low, low, and moderate income households.[218] Governor Newsom signed SB555 in early October 2023 on the same day he vetoed AB309.[219]

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[214] "The Laureate Contact Page," Housing Opportunities Commission of Montgomery County, accessed April 9, 2025, https://www.hocmc.org/portfolio/the-laureate-2/.
[215] Friedson, HPF History
[216] *March 23, 2021 - Council Session (PM)*.
[217] Aisha Wahab, "The Stable Affordable Housing Act of 2023," Pub. L. No. SB555 (2023).
[218] This includes households earning anywhere from <30% AMI to 120% AMI. Market rate units can also be included within buildings, but it is not required.
[219] Gavin Newsom, "AB309 Veto Letter," October 7, 2023, https://www.gov.ca.gov/wp-content/uploads/2023/10/AB-309-Veto.pdf.

AB309 sought to launch a proof of concept for a larger social housing vision. "The Social Housing Act" directed the California Department of General Services (DGS) to develop mixed-income housing using state land. These mixed-income developments would serve as a prototype for the work of a future independent public development entity that would continue this effort at scale. Both bills included language to prevent for-profit entities from owning the developments. The governor returned AB309 to the legislature unsigned, vetoing the bill.

Governor Newsom said he vetoed the legislation due to concerns regarding future programmatic costs and how the program would undermine the existing State Excess Sites program.[220] Based on conversations with Californians involved in state politics, the 2024 fiscal year budget shortfall was the primary factor motivating this veto.[221] The almost $50 billion shortfall drove state leaders to pull from the state's rainy day fund and delay numerous initiatives. While the cost of the pilot was minimal, it was a new program and an omen of future state spending. The real intrigue behind this pair of social housing bills from the 2023–24 legislative session is not why one passed and the other was vetoed, but why two bills emerged, each proposing a somewhat different vision of social housing in California.[222]

As discussed in the Background section, "social housing" is a term that can raise more questions from stakeholders than it answers.[223] California has been a hub for national discussions regarding the models, principles, and brand of social housing. Multiple reports have outlined what various actors see as the key components of a mixed-income housing future.[224] While some thinkers on this topic told the

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[220] Ibid.
[221] Interviewee #4, Zoom with Author, March 2025
[222] AB309 was a pilot while SB555 was a study, potentially making the latter lower stakes. Interviewees also mentioned that October 2023 was a moment when the governor was embracing a more centrist national profile, and this study provided him with a straightforward, low-profile way to appease the left coalition that had assembled behind SB555.
[223] A third bill in the same legislative session proposed a tax on AirBnBs to support "Laborforce Housing." This bill failed to make it to the governor's desk. Monique Limón, "Laborforce Housing: Short-Term Rental Tax Law," Pub. L. No. SB 584 (2023), https://calmatters.digitaldemocracy.org/bills/ca_202320240sb584; Moore et al., "Social Housing in California: Reinvigorating Housing Investment for the Social Good."
[224] Moore et al., "Social Housing in California: Reinvigorating Housing Investment for the Social Good"; Derek Sagehorn, "California Housing Corporation: The Case for a Public Sector Developer" (East Bay For All, February 2021), https://drive.google.com/file/d/1vnj7i-CNOxh9J7miqT5I1Ks0MBEY-3aq/view; The Center for Popular Democracy et al., "Building Our Future: Grassroots Reflections on Social Housing."

author that they do not care what the name is, different perspectives on social housing's central pillars led to two distinct bills in 2023.

To understand where these bills diverge, it is helpful first to know how they align. AB309 and SB555 aimed to keep social housing developments outside the private market permanently, provide tenants with just cause eviction rights, encourage tenant involvement in management decisions, and provide housing to individuals and families across the income spectrum. The Senate and Assembly bills cite public land as a critical tool for developing future social housing. Finally, both bills highlight the potential for a future entity to implement and scale the respective visions. A few distinctions shed light on why two bills emerged rather than one.[225]

The authors of SB555 and AB309 envisioned a distinct base funding model, unique participants in the social housing system, and, critically, had different theories about the path to build out a robust social housing ecosystem in the Golden State. Assembly Member Alex Lee wrote "revenue neutrality" and "cost rent" into AB309. The bill instructed DGS to prioritize bids that rented units for roughly the cost of developing and maintaining the developments (cost rent) or reinvest proceeds into future housing developments (revenue neutrality).[226] AB309 did not condition the pilot projects on capital or operating subsidies to write down the cost of the housing. A desire for mixed-income developments, the need to sell the legislation to more moderate colleagues, and an obligation to the program's financial sustainability drove this decision. When asked about the bill's revenue neutrality provision, Assembly Member Lee responded that he supported additional subsidies but believed social housing should be able to stand on its own feet as much as possible.[227] AB309 also specified that individuals and households earning more than 120% AMI could still live in the mixed-income developments, bolstering the likelihood that individual developments would effectively cross-subsidize and "strive to ensure that residents do not pay more than

[225] It is worth noting that the final form of these bills was not necessarily the original intention. Assembly Member Lee had previously proposed a whole new agency and curtailed this vision to advance the legislation.
[226] Alex Lee, Wendy Carrillo, and Ash Kalra, "The Social Housing Act," Pub. L. No. AB309 (2023), https://calmatters.digitaldemocracy.org/bills/ca_202320240ab309.
[227] Alex Lee, Interview on AB309, Zoom with Author, April 4, 2025.

30 percent of their income for housing."[228] This model, which relied heavily on cross-subsidization and aimed for revenue neutrality, drew criticism from some housing justice and legal advocacy coalition members, who argued that prioritizing revenue neutrality could hinder the ability of social housing to serve low-income individuals.[229]

The second key difference between the two bills was the range of parties and types of ownership arrangements. AB309 maintained a public sector focus: "The housing units or the land on which housing units are built is owned by a government entity."[230] SB555 cast a wider net regarding ownership and development by including public entities, limited-equity co-ops, and mission-driven nonprofits. Maybe most importantly, the two bills were based on different theories about how to advance social housing in California.

AB309 was a proof of concept, while SB555 is a study. Assembly Member Lee felt that models from Vienna and Singapore were adequate evidence of feasibility and that building a product (i.e., the three pilot projects) was a stronger approach.[231] Others on the AB309 side of the divide thought that, in the best case, the study could lay the foundation for a social housing model. But, in the worst case, the Newsom Administration could use the study as an opportunity to discredit the conversation.[232] The advocates behind SB555 viewed legislation signed by the governor with a definition for social housing as a legitimizing step towards implementation. SB555 put guardrails around the definition of social housing while also creating an additional opportunity to educate members of various organizations and elected officials about the advocates' preferred vision for social housing.[233]

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[228] Lee, Carrillo, and Kalra, The Social Housing Act.
[229] Ibid; Gilgoff, "The California SHIMBY Movement: Social Housing in My Backyard;" Amee Chew, "Public Housing Is Social Housing," Jacobin, April 6, 2024, https://jacobin.com/2024/04/public-housing-green-new-deal-lihtc.
[230] The bill goes on to state that social housing should also be "...developed or authorized by a public entity that may be owned by the public entity." Lee, Carrillo, and Kalra, The Social Housing Act.
[231] Lee, Interview on AB309.
[232] California's Department of Housing and Community Development commissioned the Terner Center for Housing Innovation—recognized as one of the nation's leading housing research institutions—to conduct the study. As the research is being undertaken by a reputable academic center rather than a consulting firm, which may be more inclined to align its findings with client preferences, it appears unlikely that the agency is deliberately seeking to undermine the initiative.
[233] Interviewee #7, Zoom with Author, March 2025.

The key parties' relationships partially caused their bifurcation. SB555 was written by a coalition of tenant unions, legal advocacy organizations, and other Housing Justice groups. Senator Wahab agreed to carry the bill, which originated with Tenants Together, Housing Now! CA, and Public Advocates.[234] Conversely, AB309 was considered a YIMBY bill. East Bay for Everyone and California YIMBY were involved in the bill's first iteration (AB2053) and supported AB309.[235] Past tensions between California's YIMBYs and Housing Justice advocates are well documented.[236] A handful of organizations under the broad Housing Justice umbrella opposed AB309, including the Alliance of Californians for Community Empowerment (ACCE) Action, Public Advocates, and the San Francisco Tenants Union. Other groups, including Tenants Together and Housing Now! CA, remained neutral. Before he introduced AB2053, Public Advocates expressed interest in Lee carrying the study bill, which would become SB555. However, this partnership on social housing legislation never came to fruition due to differences of opinion on key bill provisions. Left YIMBYs involved with AB309 and a similar Lee bill from the prior legislative session expressed that the two-front battle with criticism from the left and the right was draining.[237] With the passage of SB555 and veto of AB309, the study is moving forward amidst opposition from some key housing voices and broader structural challenges.

The Terner Center study and other state-level efforts to advance mixed-income, permanently affordable housing must contend with a litany of stakeholder and structural challenges in California. The California Association of Realtors (CAR) opposed both bills. Interviewees described CAR as the most influential housing organization in the state. With approximately 200,000 members, CAR has a presence in every legislative district and can "get 1,000 people to call your [legislator's] office."[238] When I asked

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[234] These organizations were repeatedly mentioned during interview and are mentioned by Senator Wahab during her welcoming remarks to the study committee; "State Senator Dr. Aisha Wahab Delivers Welcome Remarks to SB 555 Advisory Committee," California State Senator Aisha Wahab, November 12, 2024, https://sd10.senate.ca.gov/news/state-senator-dr-aisha-wahab-delivers-welcome-remarks-sb-555-advisory-committee.
[235] Assembly Member Lee drew inspiration from the 2021 East Bay for Everyone white paper, *California Housing Corporation: The Case for a Public Sector Developer;* Interviewee #4.
[236] Miriam Axel-Lute, "YIMBYs: Friend, Foe, or Chaos Agent?," Shelterforce, February 19, 2019, https://shelterforce.org/2019/02/19/yimbys-friend-foe-or-chaos-agent/; Dougherty, *Golden Gates*.
[237] Interviewee #8, Zoom with Author, April 2025.
[238] Interviewees #7 & 38.

interviewees about current opponents to social housing in California, the Realtors were near the top of everyone's list. Opposition from the Realtors constitutes a challenge for those interested in scaling new forms of mixed-income and potentially mixed-tenure housing production strategies. Assembly Member Lee shared that he has tried to work in good faith with CAR, explaining that there are realtors in Singapore, too. However, like so much of the conversation around social housing, it is difficult for existing players to see a role for themselves in this new future. According to some interviewees, realizing a future where nonprofit, for-profit, and governmental sectors collaboratively support a housing system that ensures meaningful choice for Californians will depend on helping existing stakeholders see how they can benefit. Author and housing consultant Alex Schafran told me, "We will get social housing in California when we show enough realtors just how much money they can make because of social housing."[239]

While disputes within the housing community capture the attention of housers and Shelterforce readers, Sacramento insiders do not see tenant associations and YIMBY groups as the most potent players in shaping housing policy at the statehouse; atop Sacramento's podium of housing influence sits the realtors, the California Building Industry Association, and the California Building Trades.[240] The California Building Industry Association did not publicly weigh in on either aforementioned bill in the 2023-2024 legislative session. However, the California Building Trades supported Senator Wahab's study bill. Some interviewees attributed this to efforts by the housing justice movement to build inroads with organized labor.[241] Other statehouse watchers argued that the Building Trades were strategically supporting a new ally (Wahab) in the statehouse. The State Building and Construction Trades Council of California has been Senator Wahab's top contributor since taking office. Several building trade affiliates

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[239] It is worth noting that Schafran views social housing not as a single program, but a suite of reforms, initiatives, and new ways of operating the housing system in CA. He has written extensively on these ideas on his Substack. Alex Schafran, Social Housing Discussion, Zoom, April 2025.
[240] Interviewees #4 & 8.
[241] California AFL-CIO, Federation of Teachers, and SEIU California all supported the bill; Wahab, The Stable Affordable Housing Act of 2023.

– pipe trades, electrical workers, and laborers – are also in the top ten.[242] The Building Trades' decision to back Senator Wahab proved politically astute, as she was appointed chair of the State Senate Housing Committee in April 2025.[243]

SB555 included language to ensure that the state would look at the "impacts on job creation and local economies that could be achieved by using locally based, union-represented workforces for construction and maintenance of social housing."[244] The bill gives a necessary nod towards one of the leading Democratic constituencies in the state. One can read this partnership between select social housing advocates and the Building Trades as strategic and philosophical. Strategically, better to bring a key voice in California housing discussions into the conversation than risk finding yourself on the receiving end of a Building Trades attack ad.[245] Philosophically, the advocates behind SB555–including some tenant unions–fundamentally want to uphold workers' right to bargain and strengthen labor as a political movement. While one would imagine that the left coalition of housing justice advocates would prefer a labor-friendly bill regardless of political considerations, the bill's provisions align with those of influential stakeholders in California's housing politics.

Labor standards have been a key sticking point in California housing legislation over the past decade. The State Building and Construction Trades Council and its affiliated unions have traditionally pushed for a "skilled and trained workforce" requirement, which mandates that a certain percentage of workers on a project graduate from approved state apprenticeship programs—effectively limiting the workforce to union labor. In contrast, the carpenters' union, which is not affiliated with the Building

[242] "Aisha Wahab - California State Senate," Transparency USA, accessed April 14, 2025, https://www.transparencyusa.org/ca/candidate/aisha-wahab/contributors?cycle=2017-to-now.
[243] Emily Hoeven, "Meet the Politician Who Could Make or Break California's Housing Efforts. What's Her Plan?," San Francisco Chronicle, April 12, 2025, https://www.sfchronicle.com/opinion/emilyhoeven/article/california-housing-crisis-aisha-wahab-20250996.php.
[244] Wahab, The Stable Affordable Housing Act of 2023.
[245] State Building and Construction Trades Council of California, "Digital Ad Against Scott Wiener" (Facebook, June 23, 2020), https://www.facebook.com/ads/library/?id=727488338080593; Alexei Koseff, "California Housing Bills Run into Wall of Union Resistance," San Francisco Chronicle, August 26, 2020, https://www.sfchronicle.com/politics/article/California-housing-bills-run-into-wall-of-union-15514503.php; Joe Garofoli, "California Keeps Poking Holes in CEQA. A New Bill Could Blow a Crater through It," San Francisco Chronicle, March 28, 2025, https://www.sfchronicle.com/politics/joegarofoli/article/california-ceqa-20244075.php.

Trades, has supported prevailing wage as the standard. This approach sets minimum compensation based on local market rates but allows union and non-union workers to access jobs, making it more feasible for developers. The Carpenters' position has generally given housing reformers the labor backing necessary to advance pro-housing legislation in Sacramento.[246] Still, the influence of the Building Trades is difficult to overstate: individuals familiar with the inner workings of the Capitol recalled instances where the Trades flipped half the votes in the Assembly within an hour.[247]

Labor impacts a development's hard costs.[248] While various programs' approaches to labor requirements are interesting—Montgomery County's HPF does not require union labor while Seattle strongly encourages it—these decisions impact the ability for projects to proceed, the amount of public subsidy needed to make the project a reality, the level of affordability, and the number of units possible based on static funding. High building costs are one reason traditional affordable housing firms feel like they are operating in a zero-sum environment, contributing to stakeholders' wariness and skepticism.

Like in Seattle, housing justice groups and not the affordable housing industry have driven the social housing conversation. This dynamic feeds many developers and industry representatives' lukewarm reactions. A representative from one of California's leading affordable housing advocacy organizations described their initial reaction to Lee's social housing bill as agnostic to passively supportive. While this individual was not sure that a revenue-neutral program with only a land donation would be able to serve middle-class individuals, they figured, "go for it." The pilot bill (mostly) did not compete with the goals or work of traditional affordable housing developers.[249] Alternatively, the definition of social housing in SB555 requires state subsidy for low-income households to live in housing built by union labor to green

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[246] Darrell Owens, "The Union Debate Over Housing in California," Substack newsletter, *The Discourse Lounge* (blog), April 27, 2023, https://darrellowens.substack.com/p/the-union-debate-over-housing-in; Hannah Wiley, "How the Carpenters' Union Broke the California Logjam over New Housing Laws," Los Angeles Times, October 12, 2023, https://www.latimes.com/california/story/2023-10-11/carpenters-california-construction-union-labor-standards-scott-wiener-buffy-wicks-wages-workers.
[247] Interviewee #4
[248] Housing finance experts in California estimated that prevailing wage amounted to a 15% increase in hard costs and the training provision added another 15% on top of that. Interviewee #39, Zoom with Author, April 2025.
[249] Interviewee #39; Technically, the pilot would have meant that three sites available via the Excess Sites program would not be available for traditional LIHTC developments. However, this was not a major concern. This individual expressed less patience for Assembly Member Lee's current push for a $950M bond for social housing.

building standards. The need for state subsidies introduces added competition for LIHTC projects looking for state gap financing. Competition for scarce funds fosters debates over what to prioritize.

Traditional affordable housing developers and associations are working to place a $10 billion housing bond on the November 2026 ballot. The prospect of significant public funding has attracted a range of interest groups. The proponents behind the bond are receiving requests from local housing trust funds, foster youth organizations, and even the University of California system, which is requesting a billion dollars to build employee housing. There are even considerations about how much of the bond should go towards affordable homeownership and whether that might get the Realtors meaningfully involved in the campaign. The individuals I spoke with did not mention anyone in the social housing space pursuing a permanently affordable, mixed-income carve-out.[250] Considering the study will not conclude until the end of 2026, it makes sense that SB555 proponents are not asking for funds today. And if they were to ask for a spot in the bond bill, it would likely confirm the existing LIHTC communities' fear that social housing is an amorphous symbol of future competition.

While many traditional affordable housing developers and representatives are wary of this new groundswell, there is also recognition that the current processes are not working. Amidst the backdrop of rising housing prices and ballooning numbers of unhoused individuals, structural and process-based challenges fuel existing stakeholders' sense that something has to change in California. Some in the affordable housing field in California noted that state-level reforms to address zoning challenges and delay mechanisms like the California Environmental Quality Act have begun to improve the regulatory environment for market-rate and affordable housing developers. However, those process reforms do not change the combined pressures of high land, material, and labor costs. Housing comprises a relatively small share of the state budget, leaving advocates with the ongoing challenge of protecting and expanding limited resources.[251] This low starting place means housing advocates fight to fund existing programs.

[250] Interviewee #39

[251] Interviewees estimated that approximately 1% of the state budget goes toward housing, an assessment they considered to be roughly accurate. An exact figure is difficult to determine with shifting numerators and denominators. The seemingly simple question quickly opens a complicated debate over definitions. For example,

California's state LIHTC program is often funded at $120 million per year, leading advocates to lobby the legislature to increase the number (to $500 million in 2024).[252] The largest pot of state money for California affordable housing developers is not a traditional housing program, but the state's greenhouse gas cap-and-trade program.[253] Cap-and-trade auction proceeds fund the Affordable Housing and Sustainable Communities Program, which provided approximately $3.2 billion for affordable infill housing in transit-rich areas from 2014 to 2024.[254] The environment of high costs and limited state resources fuels some existing affordable housing stakeholders' perspective that funding for social housing experiments will reduce what they could be receiving. Institutional rules and constitutional constraints maintain the Golden State's acute sense of privation.

Rules of the game set the incentives for stakeholder relations when considering new policy. California's unstable fiscal situation makes it challenging to persuade interest groups toward a new vision for housing. The Tax Revolt led by Howard Jarvis in the late 1970s enshrined severe property tax caps (like Proposition 13) in California's constitution. Proposition 13 hampers local jurisdictions' ability to generate revenue, forcing the state to backfill some of the resulting shortfall.[255] Volatility in recent budgets, combined with obligatory spending, squeezes what the governor and state legislature can appropriate for new housing subsidies. Localities also face structural challenges in raising debt for

should funds from the American Rescue Plan Act be considered "state funds" since the state had wide latitude in how to spend those dollars? Resolving those questions is beyond the scope of this project. For our purposes, it is sufficient to say that housing practitioners in California feel as though the state does not spend much of its overall resources on housing.

[252] "Understanding the Governor's 2025-26 State Budget Proposal," *California Budget and Policy Center* (blog), accessed April 10, 2025, https://calbudgetcenter.org/resources/understanding-the-governors-2025-26-state-budget-proposal/; Thomas Stagg, "California LIHTC Receives One-Year, $500 Million Extension as Other Housing Provisions Receive Cuts," Novogradac, June 6, 2024, https://www.novoco.com/notes-from-novogradac/california-lihtc-receives-one-year-500-million-extension-as-other-housing-provisions-receive-cuts.

[253] Interview #39; State of California, "California Invests $757 Million to Create Affordable Housing and Clean Transportation," Governor of California, August 30, 2023, https://www.gov.ca.gov/2023/08/30/california-invests-757-million-to-create-affordable-housing-and-clean-transportation/.

[254] Amiel Leaño Atanacio et al., "California's Affordable Housing and Sustainable Communities Program AHSC Impact Report, Rounds 1 to 7" (California Housing Partnership, April 2024), https://chpc.net/wp-content/uploads/2024/04/AHSC_Report_2024.pdf.

[255] Jonathan Kaplan and Erik Saucedo, "What Is Proposition 98 and How Does the State Budget Shortfall Affect It?," *California Budget and Policy Center* (blog), February 2024, https://calbudgetcenter.org/resources/what-is-proposition-98-and-how-does-the-state-budget-shortfall-affect-it/.

housing and infrastructure. While the $10 billion bond that housing advocates are considering at the state level only needs to achieve 50%+1 of voter support, local general obligation bonds require a two-thirds majority from voters to pass. The Bay Area Housing Finance Authority's 2024 ballot considerations are a telling example of how institutional constraints magnify feelings of scarcity.[256]

In August of 2024, the Bay Area Housing Finance Authority's (BAHFA) board, with representatives from across the agency's nine-county region, withdrew a $20 billion affordable housing bond measure from the general election ballot. Their rationale? Focus on making bonds easier to pass. Proposition 5, or ACA1, would have lowered the threshold for local general obligation bonds from roughly 66% to 55% for affordable housing and public infrastructure. The opponents of Proposition 5 illustrate the combination of business interests, anti-tax stalwarts, and anti-housing production advocates who guard the rules that keep property taxes low or housing scarce.[257] Despite backing from the Building Trades, California Labor Federation, the state Democratic Party, nonprofit affordable housing organizations, and (the frequent ballot sponsor) AIDS Healthcare Foundation, Proposition 5 failed to pass. 45% of those who cast a ballot voted in favor of the constitutional amendment and 55% opposed it. Given that the 2024 BAHFA bond, which included a $19 per $100,000 property tax increase, was polling at just 54% in mid-2024, well below the two-thirds threshold required for passage, it seems unlikely that the largest housing bond in state history will be placed before voters in 2026.[258]

Housing practitioners also complain that the state (and localities) distribute inadequate funding through byzantine, disjointed processes. Unlike Massachusetts or Minnesota, California does not offer an affordable rental housing "one-stop shop:" a singular application for state funds with consolidated rules

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[256] Some have referred to BAHFA as the kind of new governmental innovation needed for a different housing future in California. Alex Schafran, "Is the Future of Housing Finance Regional?," Housing After Dark, Sep 14, 2023, https://alexschafran.substack.com/p/is-the-future-of-housing-finance-regional.

[257] Opponents include the California Chamber of Commerce, Howard Jarvis Taxpayers Association, National Federation of Independent Businesses, California Republican Party, and Catalyst for Local Control. "California Proposition 5: Lower Voting Threshold," *CalMatters*, July 24, 2024, http://calmatters.org/california-voter-guide-2024/propositions/prop-5-vote-threshold/; Conor Dougherty, "Twilight of the NIMBY," *The New York Times*, June 5, 2022, sec. Business, https://www.nytimes.com/2022/06/05/business/economy/california-housing-crisis-nimby.html.

[258] Ben Christopher, "Bay Area Will Decide California's Biggest Housing Bond Ever," *CalMatters* (blog), June 27, 2024, http://calmatters.org/housing/2024/06/california-housing-bond-bahfa-billion/.

and scoring criteria. Almost all LIHTC projects require multiple sources. Navigating the distinct timelines, requirements, and rubrics for separate funding sources adds tens of thousands of dollars per unit in California.[259] While the state recently released a plan to consolidate housing agencies' responsibilities, existing processes exacerbate stakeholders' concerns about the proliferation of new programs with new criteria.

The rules and processes that collectively govern the state's budgets and bonds and impact the cost of building in California structure existing stakeholders' perceptions of new programs. Frustration with existing systems and processes has led many to accept that the current model is not working.[260] While affordable housing practitioners have a notable presence on the SB555 Advisory Committee, the nonprofit sector remains reliant on LIHTC and may not see the wisdom in a future where some state resources are not paired with the United States' most significant funding source for affordable housing production.[261]

Despite California's structural and stakeholder challenges to future mixed-income production schemes, elite persuasion, grassroots education, and local experimentation may give social housing proponents hope. Travel-based experiential learning has served as a critical means of exposing legislators, affordable housing practitioners, academics, public sector administrators, and activists to international examples. The Global Policy Leadership Academy (GLPA), an offshoot of LeSar Development Consultants, has taken hundreds of Californians involved in housing development and homeless services to Vienna. The week-long venture allows housers to meet with officials from Vienna and see the city's extensive social housing ecosystem. Historically supported by the Chan Zuckerberg Initiative, the

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[259] Matt Schwartz and Mark Stivers, "Creating a Unified Process to Award All State Affordable Rental Housing Funding 'One-Stop Shop,'" *California Housing Partnership* (blog), February 16, 2021, https://chpc.net/creating-a-unified-process-to-award-all-state-affordable-rental-housing-funding/.
[260] Interviewees #5, 6, & 27, Zoom with Author, March and April 2025.
[261] Naizghi, "Why Don't California's Nonprofit Housers Embrace Social Housing?"

delegations appear to have had a substantial impact on what housers see as the possibilities for housing policy in the United States.[262]

Global Policy Leadership Academy's international trips expose influential Californians to alternative housing models, hold a mirror up to the US system, and foster relationships between attendees. Long-time City of LA housing official Helmi Hiserich, who now leads Portland's Housing Bureau, started GLPA. Hiserich was not a renegade outsider, but a practitioner who saw how much the United States could learn from international peers. Attending a GLPA delegation is well within the mainstream for affordable housing practitioners. Attendees return from these visits with a new sense of possibility. As California's Secretary of the Business, Consumer Services and Housing Agency — the state's leading housing authority — put it: "If we shifted our mindset from scarcity to abundance, then that's transformation. And I think Vienna has inspired that imagination for me and the possibility that abundance, even in the narrative of scarcity, is possible."[263] Furthermore, the trips allow believers like Alex Lee to build new relationships with other elected officials, administrators, and advocates. Gregory Smith, the Chancellor of the San Diego Community College District, described his trip to Vienna as more than just picking up best practices: "Now I see myself as participating in a much larger effort to change the way that we view housing in America."[264] As international delegations broaden the perspectives of "grasstop" leaders, grassroots organizations remain focused on advancing social housing as a key priority.

Tenant organizations, legal advocates, and other organizing groups continue to consider social housing a top issue for their coalitions and membership. The California Green New Deal Coalition has made "green social housing" its core organizing focus to connect historically separate movements (i.e., housing and environmental justice), leverage ongoing initiatives as organizing opportunities, and,

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[262] Alex Schafran, "The Future of Social Housing in California," Housing After Dark, n.d., https://alexschafran.substack.com/p/podcast-social-housing.
[263] "GPLA LinkedIn Vienna Promotion Video" (Global Policy Leadership Academy, March 2025), https://www.linkedin.com/feed/update/urn:li:activity:7298497652743184386/.
[264] Ibid.

eventually, deliver benefits to members.[265] Others in California's housing justice ecosystem also described how they hoped to connect with new members and elevate their voices to inform the SB555 study. One interviewee described how some tenants articulate the need for social housing when they have the opportunity to reflect on their experience of housing instability, saying, "Maybe someone else [besides a private landlord] should own this."[266] This grassroots energy is often most apparent at the municipal level.

While this section has focused on state-level developments in California, several cities are actively experimenting with and organizing around mixed-income, permanently affordable models. Los Angeles's "Mansion Tax" (Proposition ULA) implemented a new conveyance tax on real estate over $5 million. These funds go to build new below-market developments, acquire unsubsidized affordable housing, and keep tenants housed through rental assistance and eviction prevention. Among the ULA-funded programs is an initiative called "Alternative Models for Permanent Affordable Housing." The program intends to fund the construction or preservation of permanently affordable housing owned by nonprofits, community land trusts, limited equity housing cooperatives, or public agencies.[267] The developments must include at least 20% of units for Extremely Low-Income households, a maximum of 20% of units can charge market rents, and the remainder must be affordable for low-income families (<80% AMI). Draft program guidelines call for a Social Housing Predevelopment Loan fund to help advance these programs.[268] 22.5% of ULA funds will support the Alternative Models program. In fiscal year 2024-25, Measure ULA generated over $320 million, and $66 million was designated for the Alternative Models program. That balance carried over into the 2025-26 fiscal year, when an additional $88 million is expected to supplement the existing Alternative Models fund.[269] In total, $154 million will

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[265] Interviewee #37, Zoom with Author, April 2025; "Green Social Housing," California Green New Deal Coalition, accessed May 4, 2025, https://www.greennewdealca.org/green-social-housing.
[266] Interviewee #7
[267] The guidelines include that new construction or rehab of projects over 40 units shall include a project labor agreement. All projects will pay prevailing wage.
[268] "ULA Alternative Models for Permanent Affordable Housing Program Guidelines" (City of LA, August 8, 2024), https://housing.lacity.gov/wp-content/uploads/2024/08/DRAFT-ULA-Alternative-Models-Guidelines.pdf.
[269] "LAHD Update - Measure ULA Citizen Oversight Committee" (United To House La Citizen Oversight Committee (COC), Los Angeles, CA, April 24, 2025),

be available across the new construction (70%) and preservation (30%) Alternative Models notice of funding opportunity. Given the program's significant revenue stream and emphasis on cost efficiency, ULA's Alternative Models for Permanent Affordable Housing will be a key initiative to watch in the years ahead.

While not as far along as Los Angeles, San Francisco conducted a social housing feasibility study at the request of then-Supervisor Dean Preston.[270] It is unclear what will happen to the study now that Daniel Lurie, the heir to the Levi Strauss fortune, is in the SF Mayor's Office.[271] Other advocates are pressing for revolving loan and public ownership possibilities in Sacramento, Modesto, and elsewhere.[272] It is possible that while the Terner Center study advances at the state level, localities will continue to experiment with mixed-income revolving loan funds and more.

While this section does not cover the full nuance involved in housing debates across the US's biggest state, a few key lessons stand out from this analysis. First, questions of revenue neutrality, housing production, and the perceived value of shallow subsidy programs divided housing advocates, leading to two social housing bills in the 2023-2024 legislative session. Assembly Member Lee argued that a social housing framework should start from a place of financial stability and that relying too much on potentially volatile operating subsidies is ill-advised. Lee emphasized the importance of cross-subsidization or "rent solidarity" in our conversation. In contrast, housing justice advocates oppose cost-neutral programs, seeing them as not addressing the housing challenges faced by the most vulnerable Californians. While some tenant representatives I spoke to thought that Lee's bill likely needed to be revenue-neutral to advance through the legislature, the two bills retread the historical divide between

https://static1.squarespace.com/static/65b2ac892ffc384e4b632aab/t/6809256d8fb7594648663daa/1745429875116/lahdlahduhlaco_agd3684188259_04242025.pdf.

[270] Fred Brousseau, "Financial Feasibility of Social Housing in San Francisco" (Budget and Legislative Analyst's Office, December 16, 2024), https://sfbos.org/sites/default/files/BLA_Social_Housing_121624.pdf.

[271] https://www.nytimes.com/2025/02/06/us/politics/daniel-lurie-san-francisco-mayor-levis.html

[272] Interviewees #4 & #8.

YIMBYs and housing justice advocates. While social housing remains an opportunity for collaboration between the two housing reform coalitions, repairing those relationships is challenging.[273]

Some political allies needed to advance mixed-income, permanently affordable housing in California also inadvertently contribute to rising construction costs. While the building trades are the most prominent example of this in California, the overall challenge collides with the much-discussed "everything bagel" concept advanced by Ezra Klein when writing about California and liberalism broadly.[274] The analogy describes public projects weighed down with so much "everything" – community engagement processes, litigation opportunities, project labor agreements, environmental assessments, etc. – that you ultimately produce only a few very expensive public projects. While I am not criticizing prevailing wage or disputing the need to forge coalitions to advance legislation, costs matter when addressing a housing deficit that numbers in the millions. There are four ways to improve the financial performance of a multifamily rental building: lower capital expenses, increase capital subsidies, decrease operating expenses, or increase operating subsidies. If political coalitions necessitate higher capital expenses, project costs go up, or something else has to give.

The volatility of California's state budget, the limited existing financial support for affordable housing projects, and rules restricting local housing bonds are but some of the ways in which institutional constraints in California facilitate scarcity and competitive tendencies. California faced deficits in the 2023-24 and 2024-25 budgets. With no substantial new funding for housing forthcoming in the governor's 2025-26 proposal, existing practitioners will have to rely on what they can convince the legislature to appropriate, a $10B 2026 bond initiative, and local funds to fill their gaps. Within this environment, it is easy to see why some existing affordable housing providers are suspicious of the social housing conversation. However, elite persuasion and grassroots organizing could help existing stakeholders imagine alternatives to our existing framework of affordable housing delivery.

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[273] Shepard, "Justice Supply."
[274] Ezra Klein and Janet Delaney, "Opinion | The Problem With Everything-Bagel Liberalism," *The New York Times*, April 2, 2023, sec. Opinion, https://www.nytimes.com/2023/04/02/opinion/democrats-liberalism.html.

In discussions about California, a common question was whether social housing constitutes a program, a framework of development principles, or a broader housing system. Assembly Member Lee proposed a pilot that he and allies hoped would evolve into a public agency that builds mixed-income housing for rent or ownership.[275] SB555 cast a broader net to include community land trusts, nonprofits, and limited-equity housing cooperatives. The legislation mandates that the study analyze various models, subsidy structures, and ownership arrangements across California. These models must meet the definition for social housing laid out in SB555. Within this framework for social housing, private construction firms have a role. Still, it is unclear if for-profit affordable housing developers or realtors would have any role in this set of programs. Some interviewees I spoke with eschewed the notion that social housing was anything new, pointing to OECD reports that classify 4% of housing in the US as social housing.[276] Instead, some Californians consider social housing to be a new lens or perspective on housing challenges. As Secretary Tomiquia Moss said after her trip to Vienna, "...if we are really going to look at social housing, we have to look at it in the context of a new paradigm…One of the takeaways for me is that these challenges will not be met by just investing more money into a system that is producing disproportionately inequitable outcomes. So, social housing offers a model that does a system transformation."[277] However, "system transformation" is challenging if you need to bring along existing stakeholders, whether they are realtors, the building trades, or traditional affordable housing developers.

New York

On a sunny February day, a handful of New York elected officials, along with social housing supporters, gathered on the steps of New York City Hall to explain why the legislature should create a

[275] He has also introduced other measures like a revolving loan fund to lower the cost of capital for mixed-income projects more broadly. "AB 2665: Housing Finance: Mixed Income Revolving Loan Program," April 15, 2024, https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2665.
[276] "Social Rental Housing Stock" (OECD, April 16, 2024), https://www.oecd.org/content/dam/oecd/en/data/datasets/affordable-housing-database/ph4-2-social-rental-housing-stock.pdf.
[277] Schafran, "The Future of Social Housing in California."

new social housing development authority.[278] The press conference came a day after thirteen supportive city council members (out of fifty) introduced a resolution to support the effort in Albany. The path that had led lawmakers and advocates to the steps of New York City Hall that day illustrates how the Social Housing Development Authority (SHDA) is the latest step along a series of tenant-focused legislative campaigns. The current legislation in Albany with "social housing" in the name only reflects the most recent gambit to create a pathway to a social housing system in New York.

In 2019, Democrats in Albany passed the Housing Stability and Tenant Protection Act (HSTPA) to bolster tenants' rights within rent-stabilized apartments across New York State. With the law regulating roughly one million apartments in New York expiring that June, advocates flooded the statehouse to support legislation allowing new jurisdictions to opt into the rent stabilization regime, end vacancy decontrol, and create non-expiring rent regulations.[279] After years of organizing, tenant advocates convinced the new Democratic majority in the State Senate to rebuff real estate interests.[280] More stringent rent stabilization rules lower renters' monthly costs and reduce the potential earnings of multifamily buildings, making them less attractive acquisition assets. Making apartment buildings less lucrative investments was a nontrivial consideration for tenant organizers in New York, who were concerned with new landlords purchasing their buildings to raise rent. The passage of HSTPA allowed advocates and housing thinkers on the left to consider less defensive, more proactive housing initiatives.

Just weeks before the first cases of COVID-19 were identified in New York City, the Community Service Society published an article asking, "How social is that housing?"[281] The authors, Oksana

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[278] Cordell Cleare, "Senator Cordell Cleare Joins CM Christopher Marte, AM Emily Gallagher & Housing Activists to Support Social Housing Bills," New York State Senate, February 28, 2025, https://www.nysenate.gov/newsroom/press-releases/2025/cordell-cleare/senator-cordell-cleare-joins-cm-christopher-marte-am.

[279] Andrea Stewart-Cousins, "Housing Stability and Tenant Protection Act of 2019," Pub. L. No. S6458 (2019), https://www.nysenate.gov/legislation/bills/2019/S6458.

[280] Vivian Wang, "New Rent Laws Pass in N.Y.: 'The Pendulum Is Swinging' Against Landlords," *The New York Times*, June 14, 2019, sec. New York, https://www.nytimes.com/2019/06/14/nyregion/rent-laws-ny-deal.html.

[281] Christopher Nolan, "Lawrence Garbuz, New York's First Known COVID-19 Case, Reveals What He Learned About Attorney Well-Being From the Virus," New York State Bar Association, August 11, 2020, https://nysba.org/lawrence-garbuz-new-yorks-first-known-covid-19-case-reveals-what-he-learned-about-attorney-well-being-from-the-virus/.

Mironova and Thomas Waters, laid out both core principles of social housing and how various existing models fell along those axes.[282] The articles contributed to a broader intellectual movement in New York that aimed to curb the power and incentives of real estate investors and landlords. As COVID struck New York, the housing left broadly shifted gears to call for "rent cancellation" and focused on eviction moratoriums and emergency rental assistance. As growing rent arrears mounted in New York buildings, CSS proposed new mechanisms and funds to help tenants, nonprofits, land trusts, and others purchase housing at risk of foreclosure. Simultaneously, Housing Justice for All—a coalition of tenant unions from across New York State and a pivotal voice in New York's tenants' rights movement—was pushing for tenant opportunity to purchase (TOPA) and community opportunity to purchase (COPA) legislation in Albany.

TOPA and COPA give either building tenants or an eligible community organization the chance to make an offer before the building owner lists the property or sells to a third party.[283] Since a TOPA bill was introduced in 2021, advocates have been promoting the policy and related funding to assist tenants in purchasing their homes.[284] Around that same time, a statewide coalition of progressive organizations called "Invest in Our New York" mounted a push to increase taxes on New York's wealthiest residents and corporations. The effort gained traction as newly elected, more left-leaning state legislators, many backed by the Working Families Party and Democratic Socialists of America, took up the cause. The package of six revenue measures (two of which would eventually pass) outlined key ways to impose new or heightened progressive taxation schemes. However, the legislation did not explicitly say how the new revenue should be spent.[285] Coalition members agreed that some funding should be allocated for social housing, though the specifics of how that would be structured were unclear.

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282 Mironova and Waters, "How Social Is That Housing?"
283 The TOPA legislation currently in the New York Statehouse also provides tenants with the right of first refusal, granting eligible tenants, tenant organizations, and qualified purchasers who previously made an offer the opportunity to offer another bid before the owner can sell it to a third-party.
284 Zellnor Myrie, "Tenant Opportunity to Purchase Act," Pub. L. No. S3157 (2022), https://www.nysenate.gov/legislation/bills/2021/S3157; Nick Reisman, "Advocates Call for 'social Housing' Funding in Budget," Spectrum News - NY1, April 4 2022, https://ny1.com/nyc/all-boroughs/ny-state-of-politics/2022/04/04/advocates-call-for--social-housing--funding-in-budget.
285 The new revenue went into the state's general fund.

In the background of this advocacy was the growing sense that New York, particularly New York City, had not built housing to meet population growth since the 1990s. The rise of YIMBY advocates, like Open New York, led more and more elected officials to embrace the notion that supply was a key lever to address housing challenges.[286] Many in the housing justice ecosystem were either disengaged from or antagonistic towards zoning reform and other efforts to bolster housing supply.[287] Tired of ending up on the anti-development side of spot zoning fights, some within the coalition movement set out to develop a model bill for social housing. Informed by a trip to Vienna, Assembly Member Emily Gallagher and her legislative director, John Paraskevopoulos, began developing a social housing bill.[288]

Over the course of roughly a year, Paraskevopoulos developed and Assembly Member Gallagher introduced legislation to establish the Social Housing Development Authority. The new public authority would have wide-ranging powers, including constructing, rehabilitating, and financing housing projects; owning, managing, and selling property; acquiring land through eminent domain; issuing taxable and tax-exempt bonds; and overriding local zoning regulations. While the first version of the bill proposed nineteen members, the legislation introduced in the current legislative session reduced the number to nine: Four residents of SHDA-owned or managed properties and five state representatives (the governor appoints three members and the commissioner for the Department of Housing and Community Renewal and commissioner of the office of temporary and disability assistance serve as ex officio members). The state appointees must represent labor ("employee organizations"), affordable housing advocates, or hold some technical proficiency in architecture, urban planning, affordable housing finance, etc. SHDA

Interviewee #16, Zoom with Author, March 2025; Ginia Bellafante, "New York, Finally, Taxes the Rich," *The New York Times*, April 9, 2021, sec. New York, https://www.nytimes.com/2021/04/09/nyregion/nyc-budget-taxing-rich.htm; *Invest in Our New York 2021*, 2021, https://www.youtube.com/watch?v=GrkNUl0OL9k; Invest In Our New York, "2021 Short Summary," 2021, https://www.investinourny.org/_files/ugd/f46647_b494eb2b2dc64ef8ac118f4570dc8d6e.pdf.

[286] Bridget Read, "Partying With the New YIMBYs on the Block," Curbed, February 9, 2023, https://www.curbed.com/2023/02/open-new-york-yimbys.html.

[287] Shelby R. King, "Is a YIMBY/Tenant Activist Bridge Possible?," Shelterforce, December 6, 2022, https://shelterforce.org/2022/12/06/is-a-yimby-tenant-activist-bridge-possible/.

[288] Rich Calder, "Lefty NY Pols Take Free Trip to Vienna to Push 'Social Housing,'" October 22, 2022, https://nypost.com/2022/10/22/lefty-ny-pols-take-free-trip-to-vienna-to-push-social-housing/; Miranda, "The Plan to Bring Social Housing (Back) to New York."

residents will elect the four resident seats. While the SHDA has "Development" in the name, much of the organization's legislative focus is on acquiring distressed properties.

Assembly Member Gallagher's legislation would give SHDA the first right of refusal for distressed properties with more than three units not owned by a governmental or tribal entity.[289] Distressed properties include those where the party responsible for paying the mortgage or property taxes fails to do so or where the property falls into physical disrepair.[290] Additionally, SHDA can act as a land bank, acquiring properties through eminent domain or purchases and then repositioning them via a clearinghouse.[291] Both elements were valuable to tenant unions, which often struggle without clear recourse against their landlords for control over their apartments. Additionally, SHDA tenants have just cause eviction protection, and units not subject to local rent regulation laws have a 2% rent cap.[292] All SHDA constructed or converted housing must be permanently affordable and cannot exceed 25% of the renters' income, lower than the typical 30%.

Bill drafters had a challenging time determining affordability standards. The coalition advancing SHDA included individuals who earn roughly $10,000 a year. At the same time, advocates are attempting to sell the program to educators in the United Teachers Federation who earn $70,000 to $145,000 annually.[293] Eventually, the bill authors determined that across the SHDA portfolio, no more than a third of all units can go to households earning more than 100% AMI, and no less than 25% of all units must be affordable to households earning 30% AMI or below.[294] Bill's authors changed the affordability standards from the development level to the portfolio level for increased feasibility, realizing as they headed towards the introduction that each development would require a notable subsidy.[295]

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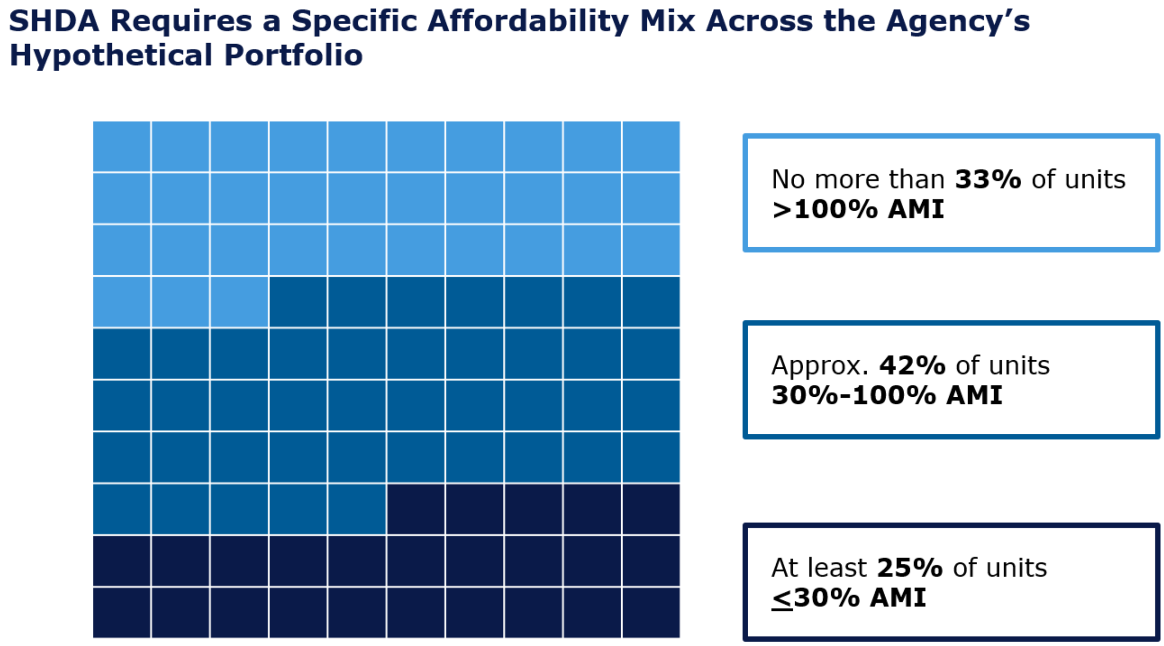
[289] Page 17 of the bill. Cordell Cleare, "Establishes the New York State Social Housing Development Authority," Pub. L. No. S8494 (2024), https://www.nysenate.gov/legislation/bills/2023/S8494.
[290] Ibid, section 9(13), page 4.
[291] Ibid, section 8, page 15.
[292] If the units are in a jurisdiction with rent guidelines based on the Emergency Tenant Protection Act of 1974, then those guidelines dictate unit rents.
[293] United Federation of Teachers, "Teacher Salary Schedule 2022-2027," 2023, https://www.uft.org/sites/default/files/attachments/teachers-salary-schedules-2023.pdf.
[294] Cleare, Establishes the New York State Social Housing Development Authority, page 21.
[295] Interviewee #16.

Figure 16: SHDA's Proposed Portfolio Affordability Requirements



Note: The author's graphic illustrates a potential 100-unit affordability breakdown. The overall arrangement could include more deeply affordable units and fewer units for households earning more than 100% AMI.

The coalition behind the Social Housing Development Authority argues that the state should provide the agency with $5 billion in initial capitalization and $75 million annually for operating expenses. The $5 billion fund could be used as a revolving loan or property acquisition fund and to provide capital subsidies to individual projects. Advocates argue that the SHDA can deliver below-market-rate housing because it does not require market-rate returns, will receive some rental assistance via vouchers, could use public land, and would be exempt from most zoning rules and property taxes. In theory, cash flow from developments would pay off debt raised via the bond market or could be reinvested in a revolving fund.[296] Accurately estimating production and preservation outputs is challenging for a statewide program that includes expensive real estate markets in New York City and

[296] It is challenging to imagine that the affordability mix outlined will be able to generate positive cash flow without Section 8 or state vouchers, or other operating subsidies.

much softer markets in some communities upstate.[297] While the extent of financial modeling behind the proposal remains unclear, its strength lies in the broad coalition of advocates backing the bill.

The Social Housing Development Authority drafting process included input from tenants' unions, grassroots membership organizations like VOCAL, the Community Service Society of New York, and organized labor. While the drafters talked to educators, nurses, and other unions, the building trades were a key partner in the eyes of bill proponents. Organizers knew early on that they wanted SHDA to use union labor and that involving the NYS Building & Construction Trades Council was critical. The coalition saw the SHDA as a tool to weaken the relationship between the building trades and New York's real estate interests—an alliance rooted in shared financial goals and the trades' desire to preserve institutional stability.[298] These networks had long driven growth agendas and influenced individual development projects. Supporters of the bill viewed the SHDA as an opportunity to challenge and reshape this entrenched power dynamic.

Bill proponents also collaborated with YIMBY forces. The relationship between the umbrella of housing justice organizations and YIMBY advocates in New York is far less antagonistic than in California. Open New York is the most prominent YIMBY organization in New York and strikes a less combative tone with fellow left-leaning housing advocates than some of its more online peers. Open New York endorsed good cause eviction and TOPA legislation led by Housing Justice For All.[299] Open New York also supported SHDA and encouraged the bill drafters to ensure the public development authority would be exempt from zoning restrictions, a bread and butter of YIMBY issue.[300] While the SHDA bill

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[297] "Social Housing Financing Assumptions/Background," January 3, 2024.
[298] Sam Stein, a writer on housing and CSS staff member, has written extensively on the alliance between the two groups. Stein, "Labor, Land Use, and the Luxury City" (New York City, New York, City University of New York, 2020), https://academicworks.cuny.edu/cgi/viewcontent.cgi?params=/context/gc_etds/article/4741/&path_info=Stein_Dissertation_final_draft.pdf.
[299] Read, "Partying with the New YIMBYs on the Block."
[300] Mihir Zaveri, "A New Bill Could Bring 'Social Housing' to New York," *The New York Times*, February 6, 2024, sec. New York, https://www.nytimes.com/2024/02/06/nyregion/new-york-state-housing-developer-bill.html.

does not top Open New York's 2025 policy agency, the organization's collaborative nature (and non-twitter-dueling leadership) has created a less conflict-oriented housing advocacy environment.[301]

Much like Seattle and California, the Social Housing Development Authority was a policy built by a coalition through consensus-building. It reflects both decisions made by its chief drafter, John Paraskevopoulos, and aligned housing justice and labor groups. However, the alliance of supportive organizations has not yielded a committee hearing for the Senate or Assembly versions of the SDHA bill due to peculiarities about how power is distributed and wielded in Albany.

Statehouse leadership, rather than committee chairs, determines what bills get a hearing, prioritizing bills where the whole conference is aligned and that will not stir controversy with the administration. Interviewees argued that the legislature's leadership is excessively deferential to the governor, as evidenced by the fact that the legislature has not overridden a veto since 2006.[302] The governor also holds notable leverage over the legislature in unseen ways. The New York executive has a constitutional timeline to sign bills, and the "shot clock" only begins when the legislature sends the bill to the governor. But, according to individuals familiar with Albany, leadership in the legislature sends bills when the governor requests them. This practice allows the governor to delay bill signing till the end of the year and then condition approval on a last-minute amendment.[303] Additionally, most substantial legislative matters move as part of the budget, and advancing progressive legislation is more challenging outside of the budget.[304] However, advocates never expected the SHDA to advance with Kathy Hochul in the governor's mansion.

The coalition envisions social housing reforms—such as SHDA, TOPA, and others—becoming pivotal issues in the 2026 gubernatorial primary, either as policy pillars for Democratic candidates or as

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[301] Leaders on the housing justice side of things also deserve credit. However, it was not a focus in my conversations with those individuals.
[302] Interviewee #16; Gerald Benjamin, "New York and the Veto–Proof Legislature," Gotham Gazette, December 22, 2020, https://www.gothamgazette.com/130-opinion/10014-new-york-veto-proof-legislature-governor-cuomo-override.
[303] N.Y. Const. art. IV, § 7.
[304] Interviewees #31 & 32, Zoom with Author, April 2025.

wedge issues they cannot ignore. This strategy is based on the rules of the political environment. New York is a weak home rule state. New York City cannot independently create public authorities like the SHDA, and it is constitutionally constrained in how much debt it can take on. Additionally, ballot measures are procedurally challenging: New York state does not offer residents a citizen-initiated ballot process. New York City's ballot process can face administrative challenges from the City Clerk and is restricted to the city's home rule authority. Based on these structural dynamics, proponents plan to push social housing as the left's housing agenda in 2026. [305]Although the SHDA is unlikely to move forward immediately, other initiatives that more closely align with existing domestic examples have gained traction this legislative cycle.

State Senator Rachel May's bill S733 would create a revolving loan fund to spur the production of mixed-income housing in New York State.[306] The bill tasks the New York State Housing Finance Agency with administering the low-to-no-cost loan fund. 20% of the units in eligible developments must be affordable for households earning 50% AMI or less. While nonprofit, public, and for-profit agencies are eligible, the loan cannot be combined with LIHTC funds. The fund is attempting to jumpstart stalled market-rate projects, like Massachusetts' BILD initiative, rather than fill gaps in a LIHTC capital stack.[307]

This revolving loan fund was a product not of an international delegation, but domestic peer learning. With the help of the Center for Public Enterprise, Senator May's staff developed the legislation, along with a parallel effort at the local level in Syracuse. CPE estimates that by combining " (1) a revolving loan fund to provide low-cost construction loans, (2) a source of low-cost senior debt, such as FHA Risk-Share/FFB loans, and (3) property tax relief enabled via a public ownership stake," mixed-income developments in Syracuse would pencil with roughly 30% of units serving residents earning 50-

[305] Interviewee #19.
[306] The size of this loan fund is set through the budget rather than through S733.
[307] Rachel May, "Establishes a Housing Project Revolving Loan Program and Fund," Pub. L. No. Senate Bill S733, § Private Housing Finance Law (2025), https://www.nysenate.gov/legislation/bills/2025/S733; "Bringing Innovation to Lending and Development" (MassHousing, n.d.), https://www.masshousing.com/-/media/Files/Developers/BILD/BILD-Overview.pdf.

70% AMI.[308] The Syracuse Land Bank is creating a subsidiary called "Invest Syracuse" that could maintain ownership of the future housing.[309] Invest Syracuse aims to advance shovel-ready projects, develop underutilized public land, and create an alternative path for LIHTC projects that do not receive funding. Syracuse officials plan to issue an RFP to solicit interest from developers and hope that they could create a local $20M revolving loan fund.[310] Building this capacity is particularly interesting for Syracuse as a proposed highway removal project (I-81) advances, potentially opening new developable land, and a $100 billion chip factory opens nearby, bringing new workers and sapping up construction labor.[311]

Governor Hochul announced a similar revolving loan fund to the legislation Senator May introduced, although specifying that her proposed $50 million revolving loan fund would focus on upstate and not include New York City.[312] As of May 2025, it appears the budget includes two $50 revolving loan funds for mixed-income housing, one for NYC and one for upstate New York.[313] Stakeholders expressed a range of reactions to the proposed revolving loan fund, from neutral to enthusiastic. Housing justice advocates viewed it as a modest but potentially valuable step toward demonstrating the state's capacity for innovation in housing production.[314] Representatives from state affordable housing development associations were generally upbeat, noting that similar middle-income housing interventions had been discussed for years.[315] YIMBY advocates have identified the fund as a top legislative priority for 2025.[316] While the revolving loan fund feels actionable, the SHDA legislation is seen as more remote.

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[308] "Invest Syracuse Overview Memo."
[309] This name was directly inspired by Chattanooga's public housing subsidiary called "Invest Chattanooga."
[310] Eddie Velazquez, "Syracuse Needs More Affordable Housing. City, Land Bank Explore Public Developer Model to Get It," Central Current, February 21, 2025, http://centralcurrent.org/syracuse-needs-more-affordable-housing-city-land-bank-explore-public-developer-model-to-get-it/.
[311] Ibid.
[312] The update-downstate political dynamics was a recurring topic during my conversations with New Yorkers involved in housing and state politics.
[313] Email exchange with interviewee #18.
[314] Interviewees #31 & 32.
[315] Interviewees #33 & 34
[316] Zaveri, "A New Bill Could Bring 'Social Housing' to New York."

Representatives from the affordable housing community were either disinterested in or dismissive of the SHDA proposal. Given the current circumstances in Albany, one interviewee from an affordable housing association told me, "No one is really paying attention to it." Similarly, the Real Estate Board of New York (REBNY), often viewed by housing progressives as a political adversary, has not taken any public stance on the legislation. Advocates on the left also acknowledged that traditional affordable housing developers, both nonprofit and for-profit, were unlikely to embrace the proposal with enthusiasm. Some housing justice representatives noted that tenant organizing efforts have not always aligned with LIHTC developers' priorities, fomenting disagreements and fraught interpersonal relationships.[317] Furthermore, affordable housing developers had not responded to TOPA excitedly or engaged in lobbying efforts, even if it could mean expanding the organization's balance sheet.[318] If the legislation relies on Albany's current gatekeepers, the SHDA will remain an idea.

The specter of public housing looms larger in New York than in other case studies. The New York City Housing Authority is the country's largest housing authority and New York City's biggest landlord.[319] The organization's 2023 Physical Needs Assessment estimates that NYCHA's public housing properties will require almost $80 billion in capital improvements over the next twenty years.[320] Given the significant funding challenges, some argue that any discussion of new social housing initiatives must also confront the realities of NYCHA's existing housing stock. Among those I interviewed for this thesis, there was a broad consensus that public housing constitutes a core form of social housing and that NYCHA's capital needs should be addressed to ensure residents' safety and well-being. However, opinions diverged on the most effective strategies to achieve that goal.

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[317] Interviewees #31 & 32.
[318] The lack of excitement could come from uncertainty about operating or capital subsidies necessary to effectively purchase, rehab, and maintain the properties.
[319] Donna Kimura, "Top Public Housing Authorities," Housing Finance, April 1, 2010, https://www.housingfinance.com/developments/top-public-housing-authorities_o; Thomas DiNapoli, "Issues Facing New York City Agencies: New York City Housing Authority" (Office of the New York State Comptroller, n.d.), https://www.osc.ny.gov/files/reports/osdc/pdf/nycha-issue-brief.pdf.
[320] "NYCHA's New Physical Needs Assessment," *NYCHA Now* (blog), July 12, 2023, https://nychanow.nyc/nychas-new-physical-needs-assessment/.

NYCHA first took advantage of the Rental Assistance Demonstration (RAD) program–one of the limited tools the federal government offers public housing authorities to rehab public housing–during Mayor Bill de Blasio's second term.[321] NYCHA's sole vehicle for RAD conversions at the time was called PACT, Permanent Affordability Commitment Together. PACT aimed to embed public housing rights within RAD redevelopments where NYCHA would partner with private firms for redevelopment and property management.[322] Critics have argued that the PACT program is a means of privatizing public housing.[323] The skepticism of PACT and NYCHA more broadly was amplified by the revelation that NYCHA's Chair had signed off on paperwork claiming that lead paint inspections had been conducted when they had not.[324] After Greg Russ, former Executive Director of the Cambridge Housing Authority and CEO of the Minneapolis Housing Authority, took over at NYCHA, the agency developed a plan for the NYCHA Preservation Trust.

The NYCHA Preservation Trust is a public benefit corporation, created by the State of New York, that NYCHA controls. The Trust allows NYCHA to utilize the higher rents and greater flexibility associated with Section 8 contracts while NYCHA employees continue to provide day-to-day operations and maintenance. While still going through a RAD conversion, the Preservation Trust owns the converted public housing rather than a public-private partnership. NYCHA controls the majority of the board, and the NYCHA CEO is chair of the Trust board. Additionally, the Preservation Trust allows for alternative construction delivery methods, easing some procurement challenges that NYCHA faces in its traditional operations. Residents in public housing vote to decide whether their building remains public housing,

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[321] "Mayor de Blasio Announces 62,000 NYCHA Apartments To Receive Comprehensive Repairs," The official website of the City of New York, November 19, 2018, http://www.nyc.gov/office-of-the-mayor/news/565-18/mayor-de-blasio-62-000-nycha-apartments-receive-comprehensive-repairs.

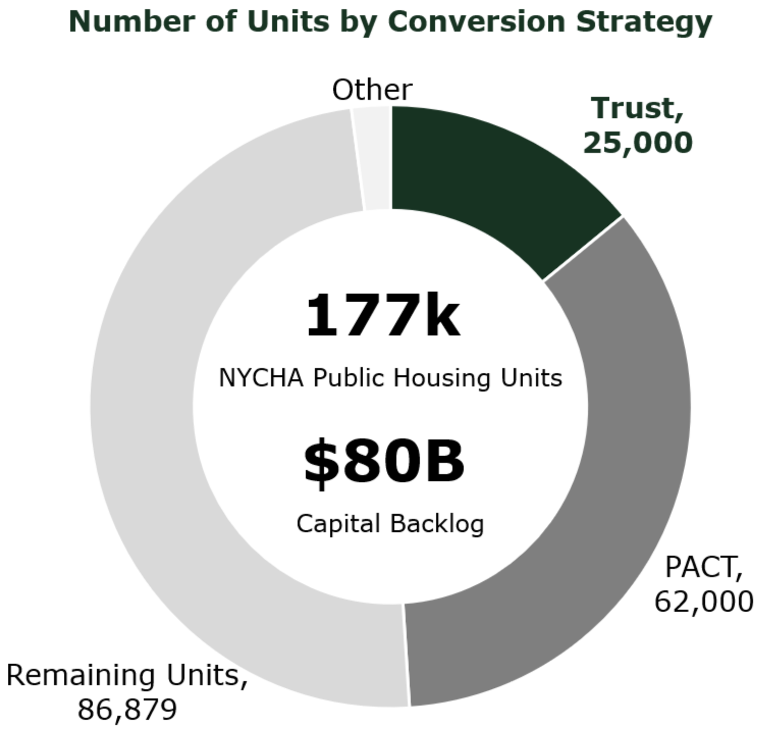
[322] NYCHA continues to be the permanent owner of the buildings and land; "Preservation Trust Basics FAQ," NYCHA, June 2022, https://www.nyc.gov/site/nycha/about/preservation-trust-faqs.page.

[323] Maria Monica Fernandez, "PACT Impact: Privatization Fears at Lower East Side Public Housing," *The Village Sun* (blog), January 3, 2023, https://thevillagesun.com/pact-impact-privatization-fears-at-lower-east-side-public-housing.

[324] J. David Goodman, "City Filed False Paperwork on Lead Paint Inspections, Inquiry Finds," *The New York Times*, November 14, 2017, sec. New York, https://www.nytimes.com/2017/11/14/nyregion/nyc-lead-paint-inspections.html.

joins PACT, or joins the Preservation Trust. State lawmakers in Albany authorized the Trust to rehab 25,000 of NYHCA's roughly 177,000 public housing units.[325]

Figure 17: NYCHA Public Housing Units by RAD Vehicle



Note: Author's recreation and redesign of a chart from a NYCHA Preservation Trust webinar on Design-Build.[326]

The Preservation Trust is a strong example of how social housing principles can be built into a new organization. The Trust is a public entity that includes resident voices on both its board and via building-level rehab votes and must maintain permanent affordability for properties within its portfolio. Some might question whether this represents mixed-income housing. The average household income for families in NYCHA public housing is $26,165. While NYCHA buildings do not host the same income

[325] NYCHA has to go back to Albany for permission to continue beyond 25,000 units; Interviewee #30, Zoom with Author, April 2025.
[326] *Design-Build for Developers: Partner with NYC Public Housing Preservation Trust to Modernize NYCHA*, 2024, https://www.youtube.com/watch?v=pmiwtauf9Cs.

range as peers in Seattle or Vienna, the developments support neighborhood-level income mixing.[327] Given the Trust and NYCHA's development potential, could NYCHA or the Trust begin to pursue new production in addition to its rehabilitation activities?

The agency brings particular advantages and baggage to the table when thinking about proactive development. NYCHA has the scale, balance sheet, and internal staff to structure new deals that resemble Montgomery County or international peers. NYCHA and the Trust also exist today. As seen in Seattle, standing up a new organization takes ample time. However, NYCHA carries the burden of its existing portfolio and historical involvement in urban renewal efforts. Suppose the agency wanted to pursue more new construction. How could it justify those efforts with tens of thousands of distressed units looming in the background of the conversation? NYCHA's (or the Preservation Trust's) ability to step into this new role may depend on whether the agency can resolve the seeming tension between production and addressing its existing stock.

Examining the SHDA push, the state's revolving loan conversations, and the emergence of the NYCHA Trust provides a few key lessons. The push for a Social Housing Development Authority emerged from the housing justice movement's efforts on rent stabilization legislation (which was successful in 2019), TOPA and COPA organizing, and the need to respond to the rising chorus calling for supply-side interventions in the housing system. Grassroots, leftist, and labor organizations had extensive input on the SHDA bill language. The support of the building trades was significant, as coalition organizers attempted to decouple the building trades' alliance with the Real Estate Board of New York. While traditional affordable housing developers questioned the wisdom of the model, they recognized that the bill did not warrant their attention because of the current state government dynamics and officeholders. SHDA backers also understand these dynamics and plan to push the SHDA and associated social housing policies during the 2026 gubernatorial Democratic primary.

[327] "NYCHA Resident Data Book Summary" (NYCHA, January 2025), https://www.nyc.gov/assets/nycha/downloads/pdf/Resident-Data-Book-Summary.pdf.

State Senator Rachel May's revolving loan fund represents a near-term, incremental step that echoes similar programs in Montgomery County and Massachusetts. The program has elicited excitement from YIMBY organizations like Open New York, passive support from affordable housing industry representatives, and little or no opposition from the housing left. This more collaborative dynamic can be partly attributed to the greater overlap between YIMBY-aligned legislators and organizations and those affiliated with the housing justice movement. Furthermore, local efforts by Senator May in Syracuse and similar efforts in Kingston (NY) demonstrate the power of peer learning and localized innovation in the face of New York's housing challenges.

Lastly, the NYCHA Preservation Trust demonstrates how public housing authorities can instill principles of permanent affordability and resident choice into public housing rehabilitations while keeping those assets in public hands. While NYCHA officials and state lawmakers worked with legal advocacy and tenant representatives to craft the Preservation Trust, it was far from an accepted approach on New York's political left. CCS and Housing Justice for All supported the Preservation Trust, while groups like VOCAL-NY, a grassroots low-income organization, opposed the bill.[328] The Preservation Trust represents a hopeful option that may allow NYCHA to break through the logjam of capital needs and resident suspicion to fix the buildings that the federal government has underfunded for decades. However, NYCHA and the Trust's ability and political will to extend beyond repairing the existing public housing stock into new construction remains to be seen.

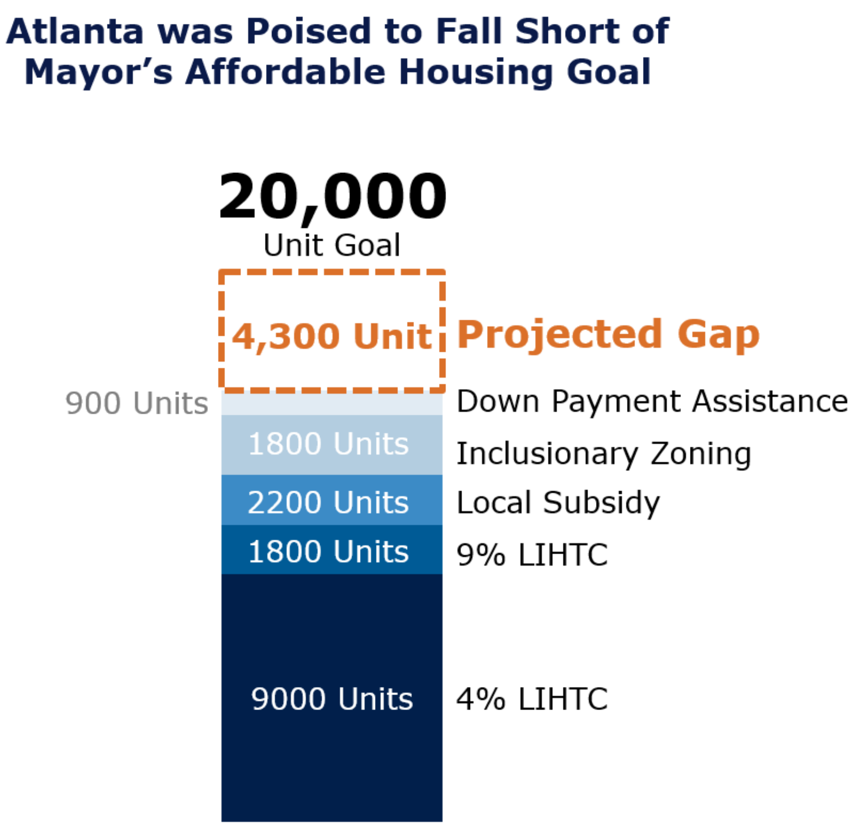
Atlanta

As a candidate for Mayor in 2021, Atlanta City Council Member Andre Dickens set an ambitious goal: 20,000 units of new or preserved affordable housing by 2030. As an incumbent running for reelection four years later, Mayor Dickens touts that the city is on pace to meet and surpass that goal. Over 6,500 affordable units have been completed, and more than 4,700 are funded or under construction

[328] David Jones, "Preservation Trust May Be NYCHA's Best Hope," Community Service Society, November 9, 2023, https://www.cssny.org/news/entry/preservation-trust-may-be-nychas-best-hope.

(11,277 total).[329] However, when Mayor Dickens first took office in 2022, city staff told him that Atlanta would fall roughly five thousand units short of this goal under optimistic conditions.[330]

Figure 18: Atlanta Affordable Housing Creation and Preservation Goal and Projected Shortfall



Note: Author's version of stacked bar chart in AUDC slide deck[331]

[329] "City of Atlanta Affordable Housing Tracker," City of Atlanta, accessed May 4, 2025, https://coaplangis.maps.arcgis.com/apps/dashboards/bd9a133a63c849eab0a721a0bb5d9475; Kristal Dixon and Thomas Wheatley, "Mayor Dickens Touts Past Four Years to Justify Four More," Axios, February 26, 2025, https://www.axios.com/local/atlanta/2025/02/26/mayor-dickens-atlanta-state-of-the-city-address.
[330] Josh Humphries and Bruce Katz, "Responding to a Crisis: Lessons from Atlanta's Housing Strike Force" (National Housing Crisis Taskforce, March 4, 2025), https://nationalhousingcrisis.org/app/uploads/2025/03/Housing-Strike-Force.pdf.
[331] "Building a New Model for Affordable Housing Development."

The state had begun to hit its volume cap for private activity bonds (which must make up at least 50% of a project's financing for 4% LIHTC projects). Even with supportive partners at the state level and projects in Atlanta receiving sizable tax credit allocations, LIHTC alone would not cut it.[332] There was no expectation that the federal government would solve this problem for Atlanta.[333] Furthermore, a zoning overhaul that would increase residential density broadly across Atlanta appeared to be a politically infeasible pathway to chip away at this goal.[334] While neighbors revolted against potential regulatory changes to private land, the City of Atlanta was beginning to rethink how to use public land.

Atlanta joined the Putting Assets to Work Incubator in 2022. The initiative, led by former congressperson and Salt Lake County Mayor Ben McAdams, helps jurisdictions map existing public land and rethink how to use those resources. Atlanta mapped land owned by the city government, Atlanta Public Schools, the regional transit authority, the local housing authority, and other public sector entities. Consultants and city staff analyzed this catalog to identify hundreds of acres across dozens of underutilized sites that the City of Atlanta or partner organizations could reposition to benefit the public. The untapped potential in this land was the key motivation in convening the Atlanta Housing Strike Force.

The Atlanta Housing Strike Force is an interagency working group tasked with hitting the city's 20,000-unit goal by 2030. Mayor Dickens chairs the Strike Force, supported by key officials from his administration. Other Strike Force agencies include MARTA, Atlanta Public Schools, Atlanta Housing (the public housing agency), Invest Atlanta (the city's redevelopment authority), the regional land bank, land trust, and the county recreation authority.[335] With a clear goal, the working group creates the conditions for interagency collaboration and problem-solving. Mayor Dickens' administration was also

[332] Interviewee #2, Zoom with Author, March 2025.
[333] Interviewee #1, Zoom with Author, March 2025.
[334] Ibid; James Brasuell, "Debating Atlanta's 'City Design Housing' Reform Movement," Planetizen, March 18, 2021, https://www.planetizen.com/news/2021/03/112649-debating-atlantas-city-design-housing-reform-movement; David Pendered, "150 Neighborhoods Say Atlanta's Proposed Long-Range Development Plan Is Unlawful," SaportaReport, October 11, 2021, http://saportareport.com/150-neighborhoods-say-atlantas-proposed-long-range-development-plan-is-unlawful/columnists/david/.
[335] Humphries and Katz, "Responding to a Crisis: Lessons from Atlanta's Housing Strike Force."

willing to think beyond the traditional tools of municipal housing policy and take on more risk to achieve its goals.[336] Given the abundance of public assets across the Strike Force members, the Mayor's Office of Housing set about investigating how to activate this land to mitigate Atlanta's housing shortfall. Based on lessons from international examples and Montgomery County, the Mayor's Office constructed the Atlanta Urban Development Corporation.[337]

City staff spearheaded the formation of the Atlanta Urban Development Corporation (AUDC) to advance public land development in collaboration with private-sector partners.[338] The Mayor's Office for Housing combed through state statutes to determine where this new entity should live. Should it be a department, a part of the economic development authority, the housing authority, an independent nonprofit, or something else? Staff discovered that the powers they were interested in–property tax exemptions, bonding authority, etc.– were vested with Atlanta Housing. Those same powers transfer to subsidiaries of the housing authority. Inspired by Copenhagen and other international communities' land redevelopment systems, staff in Atlanta pushed for a new organization under the city's existing public housing authority.

The subsidiary of Atlanta Housing would be able to operate without the same history and baggage as the almost 90-year-old housing authority. By establishing distinct branding, AUDC could differentiate itself from Atlanta Housing, potentially enhancing its appeal to private sector partners. This legal structure and branding would allow AUDC to leverage Atlanta Housing's statutory authority while positioning itself as a more flexible and agile development partner. However, like in many communities, stakeholders wondered why AUDC was necessary.

Initially, some members of the Task Force doubted whether a new organization was necessary. However, city staff overcame that resistance by clarifying what niche AUDC would serve. First, AUDC was not pursuing LIHTC funds. As Chief Housing Advisor, Joshua Humphries, said in 2023, "We have

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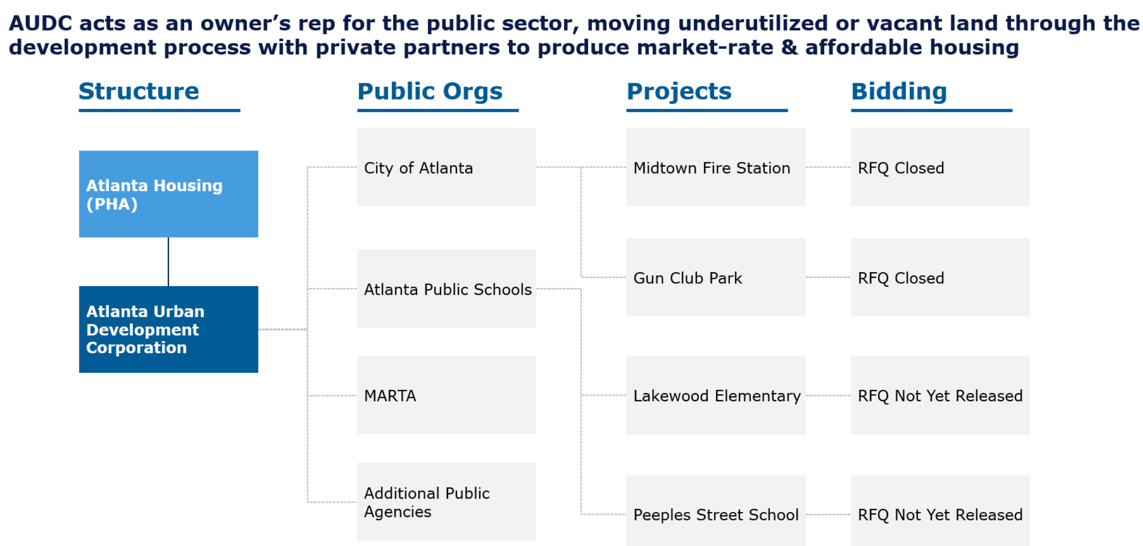
[336] Ibid.
[337] Interviewee #1
[338] "Building a New Model for Affordable Housing Development."

less availability to use the primary tool that's created affordable housing units in the city…it is incumbent on us to do everything we can to create new affordable housing units—using different models and different sources than we historically have."[339] Echoing what we heard from Council Member Andrew Friedson in Montgomery County, City of Atlanta officials argued that AUDC is complementary, not competitive. Second, AUDC does not attempt to redevelop public land independently. Instead, the small team acts as an owner's rep for the public sector, working with the City of Atlanta, Atlanta Public Schools, and other agencies to move from concept to closings. For example, AUDC is leasing property from Atlanta Public Schools (APS) to redevelop two schools that have sat vacant for more than twenty years; AUDC will oversee the redevelopment process in collaboration with APS and private developers.[340] The staff behind AUDC argued that agencies should focus on their core competencies (e.g., education, transit, park management, etc.) rather than attempt to set up new real estate offices within each of those agencies. Since its creation roughly 18 months ago, AUDC has developed a reputation as an almost neutral party providing a shared service to public sector entities across Atlanta.

Figure 19: Atlanta Urban Development Corporation Collaboration Diagram



Note: Author creation for illustration; Not intended to be comprehensive.

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[339] Sean Keenan, "Atlanta Plans to Embrace 'European-Style Social Housing,'" Atlanta Civic Circle, July 3, 2023, http://atlantaciviccircle.org/2023/07/03/atlanta-launching-urban-development-corporation/.
[340] Sean Keenan, "Atlanta Housing-APS Deal Tees up Affordable Apartment Construction," Atlanta Civic Circle, September 13, 2024, http://atlantaciviccircle.org/2024/09/13/atlanta-housing-aps-deal-tees-up-affordable-apartments/.

Strategic board construction also limited resistance to AUDC. Atlanta Housing board members comprise the majority of the AUDC board.[341] The Board Chair (as of May 2025) is Atlanta Housing's Chief Housing and Real Estate Officer. The board includes representatives from established affordable housing developers and the former President of the Atlanta NAACP. Sitting on the board as ex officio members are the CEO of Atlanta Housing, the CEO of the city's economic development authority, City Council Member Jason Winston, and Mayor Dickens' Chief Policy Officer. Part of the intention with the ex officio board members was to ensure those parties and organizations knew what was happening with AUDC. Given that AUDC is intended to operate at the pace of private real estate, the board is expected to be available for meetings on tight timelines to review contracts and more.

AUDC brings unique tools to these public-private deals, making it a more attractive and powerful partner than a private pre-development consultant. AUDC can deploy up to a 100% property tax exemption for housing units serving households earning up to 140% AMI. However, AUDC must have an ownership stake in the deal to deploy the Private Enterprise Agreement (PEA).[342] Financed by a 2023 housing bond, AUDC has a $38 million housing production fund to use as mezzanine debt. These early dollars can address key community desires for site programming (e.g., a walking path or park area) and provide the necessary infrastructure for future development. Modeled on Montgomery County's HPF, the fund mandates a lower rate of return (<6% interest) than a private market alternative. Lastly, AUDC can issue debt via municipal bond markets. The City of Atlanta aims to have AUDC provide low-cost permanent financing to the projects once they are stabilized, in theory achieving a lower mortgage interest rate than a conventional multifamily mortgage. This permanent financing will allow the HPF investment to revolve as cash flow begins to pay down the mortgage. By leveraging these three tools and treating

[341] Joel Alvarado, Rosalind Elliott, Sarah Kirsch, and Larry Stewart.
[342] "Building a New Model for Affordable Housing Development."; Georgia Code Ann. § 8-3-3, § 8-3-3.1, and § 8-3-8 (2024).

public land as equity, AUDC aims to ensure that 30% of units in its developments are permanently below market rate: 20% at 50% of Area Median Income (AMI) and an additional 10% at 80% AMI.

A unique way that AUDC addressed potential stakeholder challenges is by putting the city in the driver's seat for community engagement rather than a private party. An official familiar with AUDC's process laid out two distinct processes for public land development. Under the traditional method, the city would issue an RFP, responses would come in, and then the public entity and the developer would approach the community together. The community would be frustrated, feeling like the project was already baked. Unless the city included some performance incentive in the contract, the developer would want to minimize engagement time, limit project changes, and move forward. Projects like the recently unraveled Murphy Crossing development near the Atlanta Beltline face substantial challenges under this process, often resulting in major deviations from their initial plans.[343]

The community engagement and pre-development processes for AUDC parcels aim to frontload neighborhood priorities and reduce development risk. AUDC and the City of Atlanta conduct community engagement and take the project through its entitlement and rezoning process before issuing a request for qualifications (RFQ). Developers then submit materials to illustrate their portfolio and experience. Because RFQs require less upfront investment than RFPs, they are more accessible to a broader array of partners, including smaller organizations. AUDC establishes partnership parameters in advance and typically has alternative opportunities if a potential collaborator is unwilling to meet affordability or ownership requirements.[344] With the project already zoned appropriately, the developer bears less of the project risk. AUDC has additional leverage to negotiate a lower cost of capital from the development partner or use a developer fee structure rather than an equity return.

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[343] Matt Reynolds, "Art of the Failed Deal: How Murphy Crossing Development Fell Apart," *The Atlanta Journal-Constitution*, March 24, 2025, sec. Metro Atlanta.
[344] "Request for Qualifications For Redevelopment of Fire Station 15 with Integration of New Affordable & Market Rate Housing" (Atlanta Urban Development, January 11, 2024), https://assets-global.website-files.com/657ad30f1454198c9d8e1d97/65a1dea1fa5edfde7724124c_01%2011%202024%20-%20Midtown%20Fire%20Station%20RFQ.pdf.

While the AUDC has not yet cut the ribbon for any projects, the organization has an extensive development pipeline.[345] AUDC is redeveloping a City of Atlanta fire station to include a mixed-income residential tower above a new fire station. AUDC is partnering to redevelop a decommissioned city park known as Gun Club Park and an adjacent parcel for roughly 700 new housing units, with 30% of units affordable to households earning 50-80% AMI.[346] AUDC is participating in the redevelopment of Mall West End, a 1970s-era shopping mall. The redevelopment team intends to replace the aging shopping center with 900 mixed-income housing units in mid-rise buildings with ample ground-floor retail. The public sector in Atlanta is taking a more prominent role in these developments and taking on more risk in the process. AUDC's office is emblematic of agencies' higher risk tolerance under Mayor Dickens.

AUDC operates out of 2 Peachtree, a 41-story office tower that Invest Atlanta purchased from the State of Georgia.[347] The office tower that used to house the Georgia Department of Community Health is slated for an office-to-residential conversion, which is expected to produce hundreds of mixed-income units. While the City's economic development authority, not AUDC, owns the tower, this demonstrates the city's willingness to intervene in the private real estate market to facilitate redevelopment and drive affordability.[348] The newer AUDC just announced its own office-to-residential conversion effort.[349]

Seeking to emulate public development corporations from abroad, city officials hope that AUDC will become financially sustainable based on equity returns, developer fees, loan proceeds, and more. The City of Atlanta provided AUDC $4 million for its first few years of operating funds. Much like Assembly Member Lee in California, some interviewees highlighted that deals should be able to stand independently (without LIHTC or other funds typically used to fill LIHTC capital gaps). City officials are

[345] This is as of early May 2025.
[346] "Building a New Model for Affordable Housing Development."
[347] "City of Atlanta Acquires 2 Peachtree Building from State of Georgia, Taking Next Steps to Transform Property into Mixed-Use, Mixed-Income Development in Heart of Downtown," City of Atlanta, February 16, 2023, https://www.atlantaga.gov/Home/Components/News/News/14569/672?backlist=%2F.
[348] Tyler Wilkins, "Atlanta Officials Pursue Housing at West End Mall, Downtown Office Tower," Atlanta Business Chronicle, June 21, 2024, https://www.bizjournals.com/atlanta/news/2024/06/21/atlanta-housing-west-end-mall-41-marietta.html.
[349] Tyler Wilkins, "City-Backed Nonprofit Takes over Downtown Tower, Advancing $30M Conversion," Atlanta Business Chronicle, May 7, 2025, https://www.bizjournals.com/atlanta/news/2025/05/07/atlanta-audc-ownership-change-41-marietta-downtown.html.

working toward a 2030 vision in which Atlanta has created or preserved 20,000 affordable housing units and established a stable and increasingly independent AUDC, capable of using its authority to advance housing production and affordability.

Interviewees stressed that the innovation in Atlanta is not AUDC, but the Housing Strike Force itself. Collaboration across departments and agencies allows AUDC to build a redevelopment pipeline. Interviewees argued that AUDC was one of many things the City of Atlanta was doing. As one interviewee shared with me, "There are 25 things happening on housing in Atlanta right now…housing is about a lot of 2% solutions…maybe AUDC is a 5% solution, but it is within the context of a much broader effort on housing in the city."[350] Other solutions include creating a common app for local affordable housing dollars, expediting permitting, and leveraging philanthropic dollars. While AUDC may be taking new risks and using new tools, it is not expected to close the 5,000 affordable housing unit gap alone.

The collaborative environment fostered by the Housing Strike Force played a significant role in ensuring that the Atlanta Urban Development Corporation (AUDC) faced minimal resistance from housing ecosystem partners. However, several additional factors contributed to the initiative's early progress.

First, staff framed AUDC as an organization with a limited and clearly defined scope that fills an unmet niche in Atlanta's housing ecosystem. By focusing on accelerating the delivery of affordable housing, particularly on publicly owned land, without directly pursuing LIHTC, AUDC avoided competing with existing developers.[351] Instead, AUDC positioned itself as complementary, offering tools such as tax abatements, low-interest loans, and partnerships with public and private entities. Staff could credibly argue that AUDC was a new tool in the toolbox, not a better version of an existing tool.

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[350] Interviewee #1.
[351] Interview #42, Zoom with Author, April 2025.

Second, AUDC includes private sector developers as partners, adding capacity while maintaining public-sector control over projects. This approach reduced concerns about exclusion or redundancy and helped build trust across sectors.

Third, the Mayor and local community foundations announced a $200 million philanthropic fund to supplement the city's bond dollars. These additional dollars helped ease tensions that could have emerged when $38 million from the city's housing bond package was earmarked for the Housing Production Fund. The philanthropic supplement functioned as a strategic buffer, softening reactions from segments of the affordable housing community that might have otherwise objected.

Fourth, some parties who may have initially bristled at the idea of a new agency found themselves on the board of directors with insight into the organization's operations and activities. This attempt to "daylight" the organization curtailed the opportunity for distance to morph into distrust.[352]

Fifth, AUDC has shied away from "social housing" language. While officials mentioned it in early press coverage, that language is not included on AUDC's current materials or website.[353] This branding decision likely led to less public attention, especially from the State of Georgia. As of April 2025, city officials are not worried that state lawmakers will attempt to preempt or undermine AUDC.

Sixth, the City of Atlanta created a semi-neutral, quasi-governmental agency in AUDC. AUDC staff are not co-located with Atlanta Housing or at Atlanta City Hall. By creating a new organization, city staff could circumvent some discontent due to interagency history.

Lastly, Atlanta benefited from what I refer to as the "Cloak of Technocracy." I define the "Cloak of Technocracy" as the tendency for complex, technical, and bureaucratic-sounding initiatives to move forward with limited public scrutiny or political resistance. Proponents can disarm stakeholders by presenting initiatives as neutral, technical ventures before conflicts arise. AUDC exemplifies this dynamic: it is a technically complex organization with value in financing innovations, pre-development

[352] Interview #1.
[353] Keenan, "Atlanta Plans to Embrace 'European-Style Social Housing;'" "Atlanta Urban Development Corporation," accessed April 4, 2025, https://www.atlurbdevco.com/.

work, and inter-agency collaboration. Operating under the radar through an innocuous name, AUDC has avoided attention from state policymakers who could otherwise view a public entity creating new mixed-income housing as a step toward socialism. Grassroots organizations have also shown limited engagement with the initiative. As AUDC's pipeline of projects progresses in the months and years to come, we will see whether the organization's land revitalization efforts can keep stakeholders smiling while helping the city reach 20,000 new or preserved affordable housing units by 2030.

Chattanooga

"Divest from Invest Chattanooga!" echoed throughout the mostly empty chambers of Chattanooga City Council as a lone protester continued speaking past her allotted time. The speaker was testifying in opposition to an intergovernmental agreement that would transfer $20 million to the new subsidiary of the Chattanooga Housing Authority. After attempting to start a chant about one-for-one replacements, a relevant topic for the HOPE VI program, two police officers ushered the protester out of the room. She had argued that Invest Chattanooga was about "privatization" (presumably of public housing, although she did not specify).[354] Ironically, the new public housing subsidiary's mandate is to help develop and retain ownership of mixed-income housing in perpetuity.

Invest Chattanooga resembles the Atlanta Urban Development Corporation. It is a public housing authority subsidiary exempt from property taxes with a revolving loan fund. The new subsidiary requires 20–30% of units in each development to be below market rate and intends to hold long-term ownership of the projects it supports. Invest Chattanooga was based on peer learning from Atlanta and Montgomery County. However, you will not hear city staff in Chattanooga mentioning Vienna or "social housing" in public meetings.

The program architects behind Invest Chattanooga emphasize that the program is a local solution, not a federal program, to facilitate public-private partnerships for permanent affordability. City staff tailor

[354] *Chattanooga City Council Business Meeting - 01/21/2025 Part 2*, 2025, https://www.youtube.com/watch?v=Ql5yITE2Xbk.

this messaging to their local political environment. Chattanooga Mayor Tim Kelly is an independent. The Chattanooga City Council is nonpartisan with a mix of progressives and moderates. Republicans hold a trifecta in Tennessee, controlling the House, Senate, and governorship. These circumstances meant that trips to Vienna were likely to solicit more scorn than praise. How did Chattanooga find itself in the same conversations as Seattle and New York State?

In 2023, Mayor Tim Kelly announced a $100 million fund to address Chattanooga's housing challenges over the next five years. The City of Chattanooga would contribute $33 million, and the remainder would come "from a combination of partners across the nonprofit, philanthropic, and private sectors."[355] Of that $33 million, $20 million was intended as a revolving loan fund.[356] When the City of Chattanooga released an RFP for an entity to administer the revolving fund, they received only one response. It was from a CDFI proposing to expand an existing loan product they already administered. While the City initially entertained conversations with the CDFI, they eventually decided not to invest the city's resources into this fund. Instead, city staff began considering domestic examples as inspiration for their loan fund.

In addition to speaking with Atlanta and Montgomery County, the City of Chattanooga contracted with the Center for Public Enterprise (CPE) to help them set up the loan fund. Like Atlanta, Chattanooga staff and CPE consultants reviewed city and state statutes to identify the most advantageous host for a new mixed-income production mechanism. The Chattanooga Housing Authority, like Atlanta Housing, pays notably lower property taxes than its private market or nonprofit counterparts. The financial benefit of the Payment In Lieu Of Taxes (PILOT) was a critical justification for why the Chattanooga Housing Authority was the right place for the new development entity. Additionally, city staff found strong and

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[355] Ellis Smith, "Mayor Tim Kelly Launches $100 Million Affordable Housing Initiative to Create and Preserve Thousands of Homes" (City of Chattanooga, March 31, 2022), https://chattanooga.gov/sites/default/files/2024-09/220331---Mayor_Tim_Kelly_launches_100_million_dollar_affordable_housing_initiative_to_create_and_preserve_thousands_of_homes.pdf.

[356] "Housing Action Plan" (City of Chattanooga, August 2023), https://chattanooga.gov/sites/default/files/2024-07/Housing-Action-Plan-2023.pdf; Interviewee #9, February 2025.

capable partners in the PHA leadership. HUD awarded the Chattanooga Housing Authority a Choice Neighborhood Initiative grant in 2023, lending additional credibility to the organization. With a willing partner, city staff needed to get other key partners on board with the idea.

Two notable stakeholders could have derailed the momentum towards Invest Chattanooga: The Community Foundation of Greater Chattanooga and former US Senator Bob Corker. The Community Foundation of Greater Chattanooga (CFGC) was a key partner for the non-public dollars that comprised Mayor Tim Kelly's $100 million commitment. While the community foundation was not excited about providing construction financing, which is considered more risky debt, they were willing to support in the form of a mezzanine loan. Like the HPF, this impact investment would garner a lower return than traditional private equity investments. City staff's flexibility to engage existing philanthropy demonstrated a willingness to combine efforts rather than box out peers. The second key figure in Invest Chattanooga's road to implementation was a man with a short stature and a long resume, Bob Corker.

Former Senator Bob Corker looms large in Chattanooga. Senator Corker grew up in Chattanooga and started a construction company there in the 1970s. After managing a successful construction company, he acquired two of the largest real estate companies in Chattanooga and served as a senior official in Tennessee Governor Don Sundquist's administration. In 2001, he ran for mayor of Chattanooga and won.[357] After one term as Mayor, voters elected Corker to the US Senate, where he represented Tennessee for twelve years. One could argue that former Senator Bob Corker is the most politically influential individual in southeast Tennessee. City staff worked to get the businessman and retired senator's blessing for the program. Emphasizing local funding for public-private partnerships proved a strategic choice, particularly given Corker's background as a real estate developer and Republican senator. Invest Chattanooga Board Member Matt Phillips serves as an informal designee for former Senator

[357] "Entrepreneurship Hall of Fame 2005," University of Tennessee Chattanooga, accessed April 3, 2025, https://www.utc.edu/gary-w-rollins-college-of-business/news-and-events/entrepreneurship-hall-of-fame/2005.

Corker. Corker is the chair and lead investor of Matt Phillips' real estate development firm, Rise Partners.[358]

Invest Chattanooga mirrors much of the Atlanta Urban Development Corporation's board design: Three board members of the Chattanooga Housing Authority–developer Adam Kinsey, NAACP Education Chair Edna Varner, and Chattanooga's Chief Housing Officer Nicole Heyman–are on the board of Invest Chattanooga. The Treasurer for the Community Foundation of Greater Chattanooga, along with Matt Phillips, is also on the board. Board construction for new entities is a mechanism to bring stakeholders into the fold, allowing them to feel ownership over a project and limit potential dissent amongst partners. However, this does not mean every organization with an interest gets a seat.

Unlike our other communities, Chattanooga has relatively few active affordable housing developers. One notable entity that may view Invest Chattanooga as competition is Chattanooga Neighborhood Enterprise (CNE). Founded in 1986, CNE focuses on homeownership and affordable rentals by producing "missing middle" infill housing.[359] The agency has tended not to rely on LIHTC for its projects. The City of Chattanooga had historically granted CNE one million dollars annually, with relatively few performance metrics in place.[360] After Chattanooga's housing plan, the city diversified its housing awardees. While CNE has not publicly criticized Invest Chattanooga, they contacted Montgomery County to inquire about the model. Thus far, the initiative has encountered little resistance from grassroots groups.

Chattanoogans in Action for Love, Equality, and Benevolence (CALEB) is a progressive coalition that organizes around various local issues from criminal justice to education. The network of civic, labor, and faith organizations frequently criticizes the city. However, the groups' affordable

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[358] "Chattanooga Firm Buys Downtown Block, Eyes Alternatives for Future Development," Chattanooga Times Free Press, January 18, 2023, https://www.timesfreepress.com/news/2023/jan/18/local-development-firm-tfp/.
[359]"Missing Middle Housing," Opticos Design, accessed April 4, 2025, https://opticosdesign.com/missing-middle-housing/; Chattanooga Neighborhood Enterprise and Incremental Development Alliance for the Lyndhurst Foundation, "Missing Middle Housing Types for Chattanooga" (Chattanooga Neighborhood Enterprise, November 2016), https://www.cneinc.org/_files/ugd/036083_5f8e28d6b30b4e6ea946ee0b4ea70fab.pdf.
[360] "Resolution for CNE's Purchase-Rehab-Sale Program," Pub. L. No. Resolution No. 31200 (2022), https://chattanooga.gov/sites/default/files/resources/31200-20Subrecipient-20Agreement-20Chattanooga-20Neighborhood-20Enterprise-20-1-20million.pdf.

housing push has not directly addressed Invest Chattanooga. Instead, the group is demanding a community land trust to help more families access homeownership and maintain affordability. While the group might agree with (now former) Councilmember Demetrus Coonrod's comments that Invest Chattanooga does not serve the lowest income households (0-50% AMI), CALEB has yet to organize for or against the new agency.[361]

Like other communities, city officials quickly note that this new revolving loan fund is not a silver bullet for their city's housing challenges. But Invest Chattanooga demonstrates the potential to deploy the core functions of mixed-income, public sector-led housing development outside Democratic strongholds. Invest Chattanooga took root because city staff tailored the organization's brand and language to the political environment. Staff members learned from peers (i.e., Atlanta and Montgomery County) and found the vehicle with the proper legal authority (i.e., the Chattanooga Housing Authority). City staff navigated stakeholder relationships adroitly, adding key figures to their board while maintaining PHA control. By navigating the political environment to establish this new entity, Chattanooga has created a new means to build affordable housing. As Chief Housing Officer, Nicole Heyman said to Chattanooga City Council earlier this year, "...we have steadily added tools to our toolkit. Today, I'm proud to present Invest Chattanooga as the latest and, perhaps, *most critical* addition to that toolkit." [emphasis added]."[362]

Discussion

Cross-Case Synthesis

The lessons from these case studies fall into four broad themes: First, the sense of competition amongst affordable housing ecosystem stakeholders (i.e., affordable housing developers), particularly

[361] *Chattanooga City Council Business Meeting - 01/14/2025 Part 1* (Chattanooga, TN, 2025), https://www.youtube.com/watch?v=4766kmvbD6A.
[362] Ibid.

amidst resource scarcity and institutional constraints, constitutes a substantial roadblock for the social housing movement. Second, proponents' approach to achieving their desired policy change, initiative branding, and their ability to participate in multi-issue bargaining notably impact how affordable housing interest groups respond to new mixed-income, permanently affordable program proposals. Third, private sector support appears dependent on the public sector's willingness to partner and how proponents describe the problem they are attempting to solve. Fourth, social housing represents an opportunity for collaboration between YIMBYs and the housing left. However, underlying that collaboration are potential fault lines regarding revenue neutrality and the value of new market rate supply.

Opposition due to competition and generalized skepticism from existing affordable housing providers is a principal challenge to new mixed-income, permanently affordable housing efforts. This dynamic was apparent in all of our cases (except Chattanooga to some degree). Affordable housing providers worry that there might be fewer resources for their (LIHTC) projects if funds go to support new mixed-income initiatives. Proponents try to blunt or preempt these concerns by stressing the degree to which programs can be complementary and not competitive. Council Member Friedson in Montgomery County, the Center for Public Enterprise, and city staff in Atlanta and Chattanooga all deployed varieties of the following argument: The LIHTC program is fully subscribed, and this combination of tactics (e.g., lower-interest revolving loans, tax abatements, public land, etc.) creates a new tool to build affordable and market-rate units while not siphoning resources from existing actors. However, the credibility of this non-competitive argument depends in part on who delivers it.

Members of the capital "A" affordable housing industry will be more likely to accept this complimentary frame from peers or partners, especially if proponents can engage in multi-issue negotiations. Seattle is a telling case here. Affordable and market-rate developers highlighted that House Our Neighbors did not have experience building housing. Roberto Jimenez's presence has helped soften some of those concerns, considering his background leading one of California's largest affordable housing nonprofits.[363] California's Global Policy Leadership Academy (GPLA) has introduced hundreds of influential figures in the state to international social housing models, thanks to strong leadership and strategic funding. Backed by the well-connected Jennifer LeSar and previously led by affordable housing veteran Helmi Hisserich, with support from the Chan Zuckerberg Initiative, GPLA has organized delegations to study one of the world's most exemplary social housing systems. While it is difficult to quantify these trips' network-building impact and persuasive influence, it is notable that many of the most important figures in California's housing ecosystem have toured Karl-Marx-Hof and other social housing developments in Vienna.[364]

Proponents in positions of institutional power can engage in multi-round and multi-issue bargaining with affordable housing developers. There is no evidence that Montgomery Council Members packaged the announcement of the HPF idea with nonprofit tax abatements and the preservation fund to mitigate concerns. They were able to credibly illustrate how they would help affordable housing providers who could not utilize the HPF. However, mitigating concerns amidst institutional constraints and scarcity is challenging.

Proponents of new mixed-income development programs readily acknowledge that inadequate funding and the current environment of scarcity plague affordable housing development. As one interviewee from California told me, "There isn't an end run around inadequate resources."[365] California is an instructive example of how institutional constraints regarding revenue, debt issuances, and ballot measures can fuel a sense that the affordable housing industry's inadequate funding is under assault. Some interviewees I spoke with argued that one needs to "plug the holes in the ship" to realize a social housing future. Federal tweaks to the existing system could dampen scarcity dynamics. National

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[363] To illustrate this point, the Housing Development Consortium is hosting a webinar on social housing as a part of Affordable Housing Week 2025 on Friday, May 16th. "Social Housing: Movement-Building to Building Homes," *Housing Development Consortium* (blog), accessed May 14, 2025, https://www.housingconsortium.org/calendar/#!event/2025/5/16/social-housing-webinar.

[364] Anu Natarajan, "April Vienna Social Housing Trip Inspires Housing and Homelessness Delegates," *LeSar Development Consultants* (blog), April 29, 2024, https://lesardevelopment.com/april-vienna-social-housing-trip-inspires-housing-and-homelessness-delegates/.

[365] Interviewee #7.

affordable housing groups have been promoting "The Affordable Housing Credit Improvement Act" in DC to increase 9% LIHTC allocations by 50% and reduce the private activity bond requirement for 4% credits from 50% to 25% of total development costs.[366] Regardless of federal legislation, interest groups' reactions to local initiatives depend on the policy's content, how it portrays them, and their work.

Existing stakeholders often interpret conversations about new paradigms or novel programs as criticisms of the current tools or the actors wielding them. In Seattle, some in the affordable housing community interpreted the initiative as a critique of their work using LIHTC. At a recent social housing conference event in Massachusetts, the conversation started with a participant asking, "What's wrong with public housing, and what's wrong with LIHTC?" How proponents define the problem they aim to solve often shapes how existing stakeholders interpret new approaches. The Housing Production Fund was cast in part as a way for Montgomery County to close its production gap based on a recent regional study. City staff in Atlanta centered public land reactivation as the core of AUDC's work. While criticism of LIHTC projects' economic inefficiency or cost per unit is common amongst traditional developers, LIHTC is the best affordable housing production tool currently available. Affordable housing groups struggle to think beyond the possibilities of LIHTC.[367] Nonprofit and for-profit perspectives on emerging mixed-income housing tools shape the political viability of legislation and the functionality of the proposed system.

Nonprofit and for-profit affordable housing developers build the vast majority of new below-market-rate units in the United States today. Setting up a new social housing system that does not tap the capabilities that those organizations have built over the decades may limit the "industrial capacity" of a new social housing system.[368] As illustrated by the Seattle case, it is time-consuming to establish a new development entity with the internal ability to carry out projects (especially without support from local

[366] As I write this in 2025, additional funding for affordable housing or beneficial tax policy seems a distant possibility. The Action Campaign, "The Affordable Housing Credit Improvement Act" (National Council of State Housing Agencies, April 2024), https://rentalhousingaction.org/wp-content/uploads/2025/04/AHCIA-2025-One-Pager.pdf.
[367] Naizghi, "Why Don't California's Nonprofit Housers Embrace Social Housing?"
[368] Bruce Katz, Ben Preis, and Michael Saadine, "The US Needs a National Housing Industrial Strategy," *Accelerator for America* (blog), October 10, 2024, https://www.acceleratorforamerica.org/news/the-us-needs-a-national-housing-industrial-strategy/.

decision makers). Although some within the housing justice movement express skepticism toward for-profit affordable housing developers, lasting affordability can often be ensured through policy instruments such as deed restrictions, regulatory agreements, and ground leases, regardless of whether the owner is a nonprofit, for-profit, or public entity. Tenant governance could follow models like Boston's Castle Square, where tenants secured a joint venture with WinnCompanies and eventually gained a majority stake in the partnership.[369] Alternatively, mixed-income proponents can engage development stakeholders through their existing pipeline. For example, the Center for Public Enterprise is working with Michigan's State Housing Finance Agency on a product that developers who do not receive 9% tax credits could utilize to build mixed-income properties instead of waiting to compete again in the following year's 9% allocation process. This example is a compelling case for how a more interventionist, entrepreneurial public sector role can create new, positive-sum opportunities.

Debates around resource competition can also highlight the purported tension between new mixed-income developments and the substantial capital backlog in existing public housing. While public housing authorities are typically not the loudest voices in these conversations, there is a legitimate question about the best way to distribute scarce resources. Housing authorities themselves do not appear to be oppositional based on evidence from New York, Atlanta, and Chattanooga. In Atlanta's case, the AUDC can partner on specific redevelopment efforts, allowing the housing authority to focus on its core missions rather than attempting to become a public land redevelopment agency. Additionally, no one I spoke with tried to distance public housing from the social housing movement. These experiments may help shine light on the work that housing authorities have already been conducting via subsidiaries.[370]

The second major takeaway from this research is that proponents' power, theory of change, and language all notably impact how affordable housing interest groups respond to new mixed-income, permanently affordable program proposals. In three of our six cases, we see proposals from groups with

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[369] "About Us," Castle Square Tenants Organization, 2024, https://www.cstoboston.org/about-us.
[370] Rachel Kleit, Whitney Airgood-Obrycki, and Anaid Yerena, "Public Housing Authorities in the Private Market," *Housing Policy Debate* 29, no. 4 (July 4, 2019): 670–92, https://doi.org/10.1080/10511482.2019.1582548.

less traditional decision-making authority–House Our Neighbors in Seattle and housing justice coalitions in California and New York–using program design as a canvas for collaborating with other coalition members. We can describe such an approach as a “Charter by Coalition” process.

Proponents crafted the language for SB555, New York’s Social Housing Development Authority proposal, and Initiative 135 through an iterative process. Bill drafters solicited input from various organizations and individuals on what the model should include. This strategy built political support for the initiatives and embodied a consensus-based, collaborative approach to policymaking. House Our Neighbors added provisions about restorative justice and nondiscrimination of undocumented individuals to their ballot initiative based on feedback from other local groups.[371] Incorporating feedback from partners may involve increasing the complexity or eventual development costs. Requirements for union labor are a key provision across the efforts by housing justice groups in NYS, Seattle, and California. These coalitions tend to believe that widespread support and resident education are necessary ingredients for success. To paint a vision of the future and garner the attention and interest of the public, these groups explicitly call these efforts “social housing.” The language expresses a break from the past, not just an incentive tweak. Full implementation of the program might even need to serve as a political wedge issue in future elections. Some individuals from the housing justice movement argued that social housing was infeasible through traditional legislative dealmaking and that an ongoing social movement is necessary to realize and sustain the effort.[372]

Other proponents of mixed-income, permanently affordable housing implemented their programs by leveraging their position as legislators or city staffers to persuade internal colleagues and primary stakeholders that this new effort is non-competitive and serves a unique function. These actors often prioritized near-term tangible outcomes, “keys in doors” as one interviewee told me, over public education or language purity. Montgomery County, Atlanta, and Chattanooga proponents benefited from the “Cloak of Technocracy.” Housing finance is complicated. Most members of the public are not going

[371] Interviewee #21.
[372] Interviewees #21 & 19.

to attend a committee hearing about whether Montgomery County should reinvest the Housing Production Fund interest payments to replenish the Housing Initiatives Fund or reinvest those dollars in the HPF for future loans. Without attempting to obfuscate, these less flashy names initially received less attention from stakeholders and the public.

Additionally, these proponents tend to have more incremental goals than those working through a coalition. Compare the difference between House Our Neighbor's retreat, where they expressly embraced non-incrementalism, with an Atlanta representative discussing the culmination of 2% wins to solve the housing crisis. Neither of these perspectives is right or wrong. These actors know their localities and what is strategic in that environment. Rather than claim there is a "correct" path, I consider how variations in proponents' framing of solutions influence stakeholder responses. Affordable housing stakeholders are less threatened by niche, incremental, technocratic solutions to immediately produce new mixed-income, publicly owned, permanently affordable housing than a new social housing agency proposal or a state-wide study.

How private actors respond to new housing experiments depends on proponents' willingness to collaborate with them and whether they will have a role in a future system. Private housing developers broadly opposed I-135. In New York, REBNY recognizes that SHDA is not an immediate threat due to how legislative leadership controls the budget process. As a result, the organization sees no need to mobilize in opposition to the legislation. In California, the Realtors opposed both SB555 and AB309, claiming that the bills did not prioritize homeownership and would reduce the availability of affordable homeownership opportunities.[373] California interviewees reported that a "NIMBY rebellion" within the ranks of the Realtors overturned leadership a few years ago. Since then, the group has opposed zoning reform (that would create more homeownership units). Interestingly enough, the California Apartment

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[373] Other private (and public) actors also stood against AB309 based on its land-use preemption; Mehgie Tabar, "Staff Report on SB555" (California State Senate, April 24, 2023), https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/SB%20555%20%28Wahab%29%20-%20analysis_0.pdf; Mehgie Tabar, "Staff Report on AB309" (California State Senate, June 20, 2023), https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/3.%20AB%20309%20%28Lee%29_0.pdf.

Association remained silent on both bills. According to some in California, Assembly Member Lee argued that rent control efforts operate downstream of affordability concerns.[374] However, private parties in Montgomery County, Atlanta, and Chattanooga remained relatively silent, likely because those three communities utilize private-sector development partners to help deliver new housing. Even if Governor Newsom had signed AB309 and the California Department of General Services had released an RFP for the sites, a private developer working on a fee-for-service basis could have submitted a bid.[375] Another way to consider private sector dissent is to think about what role the state is stepping into under these various proposals.

The state is supplanting the role of private equity in Montgomery County, Atlanta, and Chattanooga. Private equity as an interest group is less concerned with municipal activities. Capital will seek out high-return deals across zip codes and time zones. Developers, realtors, and apartment owners are more rooted in place. Localized stakeholders still can help build mixed-income developments (e.g., EYA and Duffy Companies in Montgomery County). Conversely, equity investors have countless other investment opportunities. While popular discourse tends to vilify developers and private equity, it is worth considering the service that for-profit and nonprofit developers can provide within mixed-income housing production schemes and whether it makes sense for the public sector to take on that role in the early days of this movement.

Social housing is an opportunity for collaboration between YIMBYs and housing justice advocates. As demonstrated in New York, these two overlapping but distinct housing groups can support one another's efforts, even if they are not necessarily in lock-step.[376] However, social housing conversations can also result in two-track processes, like in California, based on disagreements regarding revenue neutrality, affordability ranges, and resident control. To illustrate the contrasting perspectives, consider Assembly Member Lee's emphasis on developments "being able to stand on their own two feet,"

[374] Interviewee #8.
[375] Instead of a developer relying on a return on their equity investment.
[376] Read, "Partying with the New YIMBYs on the Block;" Shepard, "Justice Supply."

versus a section header from a 2024 social housing article that read "Revenue Neutrality Is a Myth."[377] Should mixed-income permanently affordable housing be a tool for production that brings along affordable units, or does it need to be deeply affordable from the outset? The balance between affordability levels and revenue neutrality is tightly connected at the project and portfolio scales. Tensions around this issue partly reflect some individuals' concerns that social housing could serve as a platform for "supply skeptics" to make their support for new development contingent on narrowly defined conditions.[378]

The heart of the disagreement between some in the housing justice movement and YIMBYs is whether new market-rate supply mitigates rising prices through vacancy chains in the short run and filtering in the long run or exacerbates private speculation, fuels gentrification, and deepens the housing crisis.[379] In a certain way, social housing can act as a Rorschach test: Some may see "social housing" as new revolving loan funds with lower interest rates that can encourage market-rate and affordable supply and a potential counter-cyclical mechanism to soften residential construction's boom and bust nature. Others may see "social housing" as a new vehicle to address deep affordability outside the private market without relying on corporate tax breaks (i.e., LIHTC).[380] While these two visions sometimes diverge, "left YIMBY" and "supply curious" housing justice contingents found common ground in Seattle and New York. There is nothing inherently contradictory about cross-subsidization while also working to increase revenue. As State Representative Mike Connolly noted at a recent social housing conference, revolving loan funds are a valuable tool to deploy scarce resources efficiently while we simultaneously push to

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[377] Chew, "Public Housing Is Social Housing;" Amee Chew is a staff member at the Center for Popular Democracy and frequent contributor to progressive social housing reports.
[378] Interviewee #29; Vicki Been, Ingrid Gould Ellen, and Katherine M. O'Regan, "Supply Skepticism Revisited," SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, November 10, 2023), https://doi.org/10.1080/10511482.2024.2418044.
[379] Evan Mast, "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market," *Journal of Urban Economics*, Special Issue: JUE Insight Shorter Papers, 133 (January 1, 2023): 103383, https://doi.org/10.1016/j.jue.2021.103383; Jonathan Spader, "Has Housing Filtering Stalled? Heterogeneous Outcomes in the American Housing Survey, 1985–2021," *Housing Policy Debate* 35, no. 1 (January 2, 2025): 3–25, https://doi.org/10.1080/10511482.2023.2298256; Michael Friedrich, "The Case Against YIMBYism," *The New Republic*, accessed February 4, 2025, https://newrepublic.com/article/179147/case-against-yimbyism-yimbytown-2024.
[380] Chew, "Public Housing Is Social Housing."

expand available resources.[381] Given the popular momentum behind social housing, the convergence of these distinct, overlapping priorities could open new avenues for productive alliances.

This research examines six case studies of mixed-income, permanently affordable housing initiatives launched since 2019. What, then, can we expect as these experiments evolve between now and 2030—and even beyond? First, domestic and international peer learning will continue to spread practices. In particular, the Center for Public Enterprise has proved an extremely effective vehicle for franchising the Montgomery County model. As more buildings come online in Montgomery County, Atlanta, Seattle, and Chattanooga, the new developments will likely attract tours and increased media attention. More localities are likely to flock to these models, given limited support from the federal government until at least 2028. House Our Neighbors will continue working in Olympia and around Seattle to protect and expand the social housing model across the state. Assuming it withstands potential retrenchment efforts, the Seattle Social Housing Developer has the potential to acquire and develop hundreds of units over the next few years. Its success (or shortcomings) will stand out as an early, high-profile example of a new organization committed to the mission of "social housing." Similarly, Los Angeles is poised to grow in prominence amongst those who follow mixed-income, permanently affordable housing as the "Alternative Models for Permanent Affordable Housing Program" begins to deploy hundreds of millions of dollars in the years to come. Mixed-income, permanently affordable programs will likely continue to proliferate as local experiments.

Now, it may seem an odd time to consider new financial and political frameworks for housing production. Heading towards the FY26 budget, Republicans on the Hill and in the White House are attempting to reduce the meager housing support that exists for low-income households to pay for tax breaks for wealthier Americans.[382] But history, policymaking, and politics are not linear. The Wagner–

[381] *The Evolving Landscape of Social Housing in New England - Responses and Reflections*, 2025, https://www.gsd.harvard.edu/event/the-evolving-landscape-of-social-housing-in-new-england/.
[382] Tobi Raji, "Proposed Cuts to Housing Programs Could Affect Millions, Experts Warn," *The Washington Post*, May 6, 2025, https://www.washingtonpost.com/nation/2025/05/06/section-8-cuts-trump-budget-proposal/; Harris Eppsteiner and John Ricco, "Illustrative Distributional Effects of Policies Consistent with the House Concurrent Budget Resolution for Fiscal Year 2025 | The Budget Lab at Yale," The Budget Lab at Yale, March 19, 2025,

Steagall Housing Act of 1937, which created Public Housing, emerged from the depths of the deepest recession in US history, after Catherine Bauer and fellow "Housers" had been pushing for modern housing for over a decade. While path dependence often constrains change, certain critical junctures present opportunities to redefine the trajectory.[383] We could eventually see the case studies discussed in this paper expanded into federal initiatives. At the recent social housing conference, Massachusetts State Representative Connolly provided a valuable vision for the future: "...it is hard to deploy funding at a large scale until you've proven it on the pilot scale... let's demonstrate and prove some of these concepts now [2025], and hopefully, when there are more favorable days in Washington, D.C., we can do what Massachusetts has always done, which is lead the way [by scaling level mixed-income developments]."[384] Success at the federal level will depend on first understanding how stakeholders engage with these initiatives in cities and states.

Limitations & Future Research

This topic's breadth means that this research product represents only a sample of the stories and lessons from early mixed-income, permanently affordable experiments. Studying "social housing" experiments involves deciding what to include or exclude. Chicago or DC's stakeholders may react differently from what I found in our six case studies. If social housing is an umbrella term with many related policy measures, this project focuses on new production instead of TOPA or rent stabilization.[385] Similarly, I mainly examine new entities, legislation, or programs. This focus means that the "quiet successes" of public housing agencies or other entities might go unnoticed by this kind of effort.[386]

Semi-structured interviews allow the researcher to cast their perspective into an interviewee's story. Additionally, conducting primarily anonymous interviews makes it more challenging to

https://budgetlab.yale.edu/news/250319/illustrative-distributional-effects-policies-consistent-house-concurrent-budget-resolution-fiscal.

383 James Mahoney, "Path Dependence in Historical Sociology," *Theory and Society* 29, no. 4 (2000): 507–48.

384 Ibid.

385 Mironova et al., "Pathways to Social Housing in New York."

386 Goetz, *New Deal Ruins*.

individualize perspectives. I sought to distinguish between moments when interviewees spoke solely from personal experience and when they positioned themselves as representing the views of a broader group. Future research is warranted to examine other stories and questions with new methods.

The mixed-income, permanently affordable housing production field would benefit from further research and the application of additional methods. First, concerning interest group research, a worthwhile project would be reconsidering who acts as an interest group during citizen ballot initiatives. Seattle's case study demonstrates that most Seattle City Council members (in 2025) and Mayor Bruce Harrell acted to delay and dissuade Seattle voters from supporting Proposition 1A. While traditional interest group analyses examine policy outcomes and interest group activities, resident ballot initiatives muddy those waters. If ballot initiatives affect revenue or constrain a jurisdiction in ways elected officials find undesirable, those officials may become the most invested interest group.

Additional methods could help validate or challenge this paper's findings. Ethnographic or embedded research practices could bring a more human and textured quality to this discussion. Network analysis could help explore the relationship between nested organizations and coalitions comprising the "housing justice movement."[387] Policy research could help identify how to plug federal dollars into these new efforts without making local programs overly dependent on those resources. Other worthwhile questions grapple with how to operationalize social housing. How does resident engagement and empowerment function during the building's design and operations? How should new entities like the Seattle Social Housing Developer contend with questions regarding rental arrears, evictions, and broader property management challenges? How can designers and developers create spaces that foster connections within buildings and neighborhoods to encourage sociability? These lines of inquiry, and more, suggest a broad and necessary agenda for future research that deepens our understanding of social housing and informs the practical work of building more just and inclusive housing systems.

[387] One interviewee argued that there is not a single movement, but movements and distinct networks mobilizing.

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BUSINESS **LOCAL & STATE** **NEWS**

New housing report paints dour picture for Portland's poorest renters

A new report from Harvard University shows that for the first time, more than half of Portland renters are considered cost-burdened, meaning they spend more than 30% of their income on housing.

Community: **Portland**

Posted June 25
Updated June 26

Hannah LaClaire
Staff Writer

5 min read **Gift Article**

More than half of Portland tenants are struggling to afford rent.

According to a new report from Harvard University's Joint Center for Housing Studies, **almost 52% of renters** in the Portland-South Portland area are "cost-burdened," meaning they spend at least 30% of their income on housing. And more than 24% are "severely" cost-burdened, meaning that more than half their income goes to housing.

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uncertain federal policy environment.

The increase distills what advocates, along with policymakers, municipal and state officials, and developers have been saying for years: Maine needs to **build more housing.**

Last year, about 45% of Portland-area renters were considered cost-burdened and just under 24% were severely cost-burdened.

The increases in Maine mirror the national picture. Across the country, 50% of renters are cost-burdened, including 27% of renters who are severely burdened, according to the report. It's the third consecutive record-setting year.

"It's just a monstrous problem," said Victoria Morales, executive director of the Quality Housing Coalition.

'DROPS IN THE BUCKET'

Much of the report's data is from 2023, when the country was in the middle of a housing production boom.

In 2024, multifamily developers completed 608,000 new units, the most in nearly 40 years and more than double the average annual completions since 1990. But even that boost wasn't enough to counter the number of renters moving into professionally managed apartments (usually larger investor-owned buildings, rather than small landlord-owned rentals).

Between 2019 and 2022, the number of renter households increased by about 171,000 annually. That number jumped by 408,000 in 2023 and then 848,000 last year, according to the report.

High home ownership costs have contributed to the increase in renters.

According to the Harvard report, home sale prices nationally have gone up 60% since 2019. The rise has been much steeper in Maine.

Last month, the state **recorded a new median high** of $425,000. In May 2019, the median was $230,000. That's an 85% increase in six years.

According to the report, the income required to afford the median $527,700 home in Portland last year was $163,876, while the median home owner household income was $105,000.

With high interest rates, mortgages have reached an all-time high and as climate change-related disasters have increased, so have the **costs for insurance**.

The state has been desperately working to add more housing. The Legislature this session passed a slew of bills designed to **reduce development barriers** and fund more **affordable housing programs**.

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> **Affordable housing stock expected to increase in Maine, but high costs are still straining owners, renters**

In Portland, a recent flood of development appears to be slowing down.

In 2023, city officials approved a record 1,306 new units and saw 750 completed. Last year, the number of proposed units plummeted to just 464, while 582 were built, according to the city's housing dashboard. Halfway through 2025, Portland is on track for **another year of high approvals** with the planning board clearing 690 units, but just 34 have been completed so far.

"The slowdown in application for building permits, in construction starts and construction completions … over the last couple of years is concerning because Portland had historically had a long lull of very little new development and then there was a period where it had started to pick up," said Patrick Hess, director of real estate development for Avesta Housing. "That has slowed recently and as one of the prime economic drivers of the state, we need housing in Portland for the workforce."

Much of the housing that has been added in the last few years has been targeted toward renters at the **higher end of the income scale**. Of the 1,366 units that Portland developers have completed since 2023, more than 72% have been market rate.

Meanwhile, according to the Harvard study, the share of Maine apartments with rent above $2,000 has almost tripled since 2019, going from 6,445 to 17,498 — a 171% increase. At the same time, the number of apartments below $1,000 has declined 22%.

The state needs more housing of all types across all income levels, Hess said, adding that Avesta has about 1,000 units in the pipeline to be completed in the next few years.

But the need is great.

"The applications stack up and it feels like we are only making drops in the bucket," he said.

PAYING HOUSING DEBT

The rising costs are disproportionately impacting the state's poorest residents.

A March report from the National Low Income Housing Coalition found that 24% of Maine renters are "extremely low income," meaning they make below $31,550 for a four-person household — that's about 30% of the area median income and is just under the federal poverty level.

Of those renters, 81% are cost-burdened and 65% are severely cost-burdened. It's a sharp jump from 2023, when 72% and 52% of the poorest renters were cost- and severely cost-burdened, respectively.

Nationally, 87% and 75% of renters were considered cost- and severely cost-burdened.

Over two years, Maine slipped from the **least cost-burdened state** to the ninth.

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According to the Harvard report, renters with annual household incomes under $30,000 had an average of just $250 per month left over after paying for housing costs.

These residents — people who are housed but housing insecure — are often invisible to most Mainers, said Morales at the Quality Housing Coalition.

Maine needs to build more housing that is affordable for families, she said, but in the mean time, "we really think that what is needed is to pay people's housing debt."

Last year, MaineHousing, in collaboration with the Quality Housing Coalition, launched an $18 million **eviction prevention program**, which provides renters up to $800 a month in rent relief and a one-time payment to catch up on back rent, paid directly to the person's landlord. So far, the program has helped keep 1,200 families housed, with an average monthly contribution of $737 and a back rent payment of $4,395. Applications close on Friday.

Legislators this session passed a bill that would have replenished the program with an additional $10 million, but in a tight budget environment, it is unlikely to get the support it needs on the **special appropriations table**.

Morales, however, said that "saying we don't have enough money in our budget to prevent another 1,000 evictions" is disingenuous. Maine will still bear the costs, she said. They'll just play out in the state's hospitals, shelters, schools and emergency services.

THE COSTS ARE 'TOO STEEP'

The Harvard report and national conversation about housing affordability comes amid a storm of uncertainty surrounding federal policy.

In his budget plan, President Donald Trump has proposed essentially ending Section 8 and other housing voucher programs, slashing federal rental aid by about 40%. The plan calls for sending money to states to design their own rental assistance programs and would also impose a two-year cap on rental assistance for able-bodied adults.

Immigration crackdowns and tariffs have threatened the stability of the construction industry.

The looming possibility of an economic downturn could slow housing demand.

The scale of federal funding will be nearly impossible to replace, according to the report. State and local governments, facing funding cuts for health care, education and other services, will have to make difficult decisions.

"The nation's overlapping housing crises have grown in urgency over the last two decades and can no longer go unaddressed," the report says. "The costs, both to the economy and to households, are too steep."

https://www.pressherald.com/2025/06/25/new-housing-report-paints-dour-picture-for-portlands-poorest-renters