

# Social Housing Is Becoming a Mainstream Policy Goal in the US

*Slowly but surely, the idea of social housing — a public housing model most commonly associated with the socialist government of “Red Vienna” — is moving from being a leftist dream to a concrete policy agenda item in a number of US states.*

*Jacobin, by Galen Herz, February 2021*

A bill introduced this month in California’s legislature would lay the foundation for publicly developed and owned housing for people of all incomes: social housing. If it passes, it will mark a monumental shift in the state’s housing system.

This comes at a time when the housing market, dominated by private for-profit interests, has failed Californians. More than 2 million California households reported “little to no confidence” in their ability to cover rent in February 2021, and a recent Moody’s report suggests 10 million American households are behind on rent by an average of \$5,600. According to a recent UCLA study, at least 10,000 COVID deaths and 400,000 infections nationwide are attributable to evictions. At least 150,000 Californians are without a home — and this atrocious number predates the pandemic.

Robust tenant protections and rent cancellation and/or relief are urgently needed to address the immediate issues facing tenants. Social housing is not a substitute for that. But for a long-term, internationally proven solution to the housing crisis, social housing is the answer.

Many questions surround the new social housing bill: What would social housing look like in California? What can we learn from other legislative efforts for social housing? And what do the politics of social housing look like? Can a broad coalition be assembled to pass the bill?

## **A Very Brief History of Social Housing**

Social housing is an umbrella term that encapsulates many types of nonmarket housing and is generally defined as being accessible to people of various incomes.

A 2018 report by Saoirse Gowan and Ryan Cooper for the People’s Policy Project (PPP), “Social Housing in the United States,” reintroduced the concept to many leftists. Drawing on international models from Vienna, Finland, and Sweden, they advanced a bold plan for building 10 million mixed-income publicly owned homes over the next decade.

For a long-term, internationally proven solution to the housing crisis, social housing is the answer.

Of those examples, Vienna is the most well-known and continues to inspire. In response to dire housing conditions facing the working class in the 1920s, a newly elected socialist government built abundant, high-quality social housing — a trend that continues to this day, with now 60 percent of Vienna residents living in nonmarket homes. A January 29, 2021 video by The Gravel Institute, “How Socialists Solved The Housing Crisis,” features Zohran Mamdani, a New York state assemblyman, waxing poetic about Viennese social housing’s leafy courtyards, bathhouses, and other amenities at average rents of \$400–600 per month. The video already has more than 150,000 views.

The case for social housing has been bolstered by the inadequacy of the Low-Income Housing Tax Credit (LIHTC) program, the nation's dominant "public-private" program for creating affordable housing. Tax credits are awarded to nonprofit and for-profit affordable housing developers who then sell them to private investors. The program has been described by one housing researcher as "a better-than-nothing gimmick that helps the poor by rewarding the rich."

Recent analysis explains that even if the corporate tax rate were doubled to make LIHTC tax credits more valuable and increase housing output, it would only produce enough homes to meet the *current* national shortage of 7 million affordable units by 2070. Even more troubling, many of the LIHTC homes constructed would have affordability standards that expire after thirty years. There is a clear need for a better affordable housing system.

The public agrees. A recent nationwide poll by Data for Progress found likely voters prefer a public option for housing to a tax credit by a 32-point margin. Social housing is popular.

Progressive politicians at the national level have taken notice, as evidenced by a Bernie Sanders 2020 campaign commitment to 2 million units of mixed-income social housing (as part of a plan for 10 million affordable homes), and Representative Ilhan Omar's Homes for All Act, which calls for 12 million new public and private affordable homes.

A bill introduced this month in California's legislature would lay the foundation for publicly developed and owned housing for people of all incomes: social housing.

Still, federal efforts remain unlikely to pass in the near future. The Homes for All Act most recently had a measly six cosponsors. (For comparison, Medicare for All had 118.)

Gowan, one of the authors of "Social Housing in the United States," told me that with an unclear path at the federal level, they see state action as the next best option for building social housing.

Progressive state legislators seem to agree: there are now social housing bills pending in Maryland, Hawaii, and California.

## **What Social Housing Could Look Like in California**

The bill introduced in California, the Social Housing Act of 2021, is just seventy words long and only provides intent language.

The sponsor, newly elected assemblymember Alex Lee, who is also a Democratic Socialists of America (DSA) member, told me he wants "tenant groups, labor, housing advocates, nonprofit builders to build this bill from the ground floor up."

Still, the initial language provides a good overview: the state will create a new agency, the California Housing Authority, to develop both mixed-income rental and owner-occupied housing with affordability standards, using models such as limited equity cooperatives or long-term leaseholds, where the owner has the right to use the apartment for forty to ninety-nine years.

This latter model is based on elements from Singapore, where the government builds 80 percent of the housing, and Vienna, where the housing is mixed-income, instead of means-tested and for the poor only.

This feature is the "crux of social housing," according to Shanti Singh, the founder of San Francisco DSA's Social Housing Committee. Mixed-income projects allow for cross-subsidization, sometimes called "solidarity rents," in which higher rents from higher earners help pay for the costs of the building that lower-income tenants couldn't cover.

In the absence of social housing, higher-income tenants' money would just "go into land rentiers' and developers' pockets," Singh says. Such developments also have the benefits of social integration.

However, some on the Left have opposed this model. A mixed-income housing project with 50 percent below-market-rate units on public land in San Francisco last year was met with calls for “100 percent affordable housing.” Gowan says that approach is short-sighted. “A very narrow focus on ‘we just target the people who most need it right now’ is something that a lot of people on the Left criticize when we talk about means-tested programs in other areas,” says Gowan. “The Left should not just be looking at the next two years, but we should be trying to build toward the society we want to see.”

Gowan continued, “We don’t say, on the Left, that rich people should be excluded from Medicare for All because they can afford to pay for it. That’s actually an argument that the center makes.”

Mixed-income housing also shapes the coalition behind social housing.

“From a standpoint of creating a politics of solidarity, we realize that low- and moderate-income people are not served by pitting their interests against each other,” said Derek Sagehorn, a social housing proponent and volunteer with East Bay for Everyone, a group with a “YIMBYist” (Yes In My Backyard) outlook.

A plethora of ideas to reduce the cost of building social housing can be found in Sagehorn’s recent whitepaper, “California Housing Corporation: The Case for a Public Sector Developer,” which looks at underutilized public land, benefits from economies of scale in construction, and the University of California (UC)’s construction of student housing.

“We talk to people, and they’re like, ‘What criticisms are you going to get from more conservative opponents?’” said Sagehorn. “I was like, ‘They’re probably going to say the public sector can’t do this,’ like we’re incapable of doing this. My response is, ‘We’re already doing it.’”

Sagehorn filed public disclosure requests to study twenty-five years of UC construction financing and found that without regular use of public subsidy, they averaged around \$100,000 less per unit than their standard ‘affordable housing’ (LIHTC) counterparts. A sizable share of the savings derive from bypassing a labyrinth of affordable housing funding streams that can slow down projects and therefore increase cost.

“The University of California has developed over 100,000 rental beds and managed them over the last thirty and forty years. All we’re saying is we want to expand that to the general population and build a lot more of it,” said Sagehorn. “In that sense, it’s not particularly radical. It’s already building off of the existing well-run public institutions.”

The model is based on elements from Vienna, where the housing is mixed-income, instead of means-tested and for the poor only.

Social housing will also need to ensure tenants are treated with dignity and respect, including protecting their right to organize. Singh told me that mid-century public housing was kneecapped not just by a lack of funding, but also because public housing tenants were disenfranchised in their efforts to build power. For example, tenant organizers have been arrested for organizing at HUD-assisted properties in the past.

“Social housing will live or die by tenant power. It will live or die by having a base that’s ready to fight for it in the short-term and preserve it in the long-term,” Singh said adamantly.

Another big mistake of mid-century public housing was allowing local jurisdictions — typically dominated politically by vested homeowner interests and, often, racist whites — to choose where projects would be sited. Public housing was often placed near toxic waste dumps and industrial areas. Zoning was used to place most apartments on noisy, polluting arterials, while leafy, quiet, sleepy streets were restricted to larger, more expensive homes, off limits to most renters.

If affordable housing was proposed in more “desirable” areas, residents would fight to kill the project — a NIMBY (Not In My Backyard) backlash.

This is hardly just a historical phenomenon. For example, in 2013, wealthy homeowners in Palo Alto were incensed by a decision of their city council to rezone a 2.46-acre site for an apartment with sixty homes for low-income seniors, because it was “out of scale.” The NIMBYs launched a referendum campaign to overturn the rezoning and won, killing the project.

Sagehorn’s preferred solution is a law that allows land use for social housing to be set at the state level, similar to an existing law for the Bay Area Regional Transit (BART). This would prevent wealthier, whiter, exclusionary areas like Beverly Hills from blocking social housing.

All of these topics will be discussed soon when Assemblymember Lee convenes his roundtable. Singh told me it’s “unheard of” for a legislator to bring housing justice groups to the table from day one to craft legislation. In contrast, California governor Gavin Newsom “shut out tenant groups entirely” from his recent eviction moratorium legislation.

“What Assemblymember Lee is doing doesn’t seem novel, but unfortunately, it is,” said Singh.

## **A Case Study: Critical Lessons from Maryland’s Vaughn Stewart**

While each state is unique, Californians would be wise to learn from the experience of a three-year effort for social housing in Maryland.

Maryland House of Delegates and DSA member Vaughn Stewart introduced the first bill for social housing in 2019, with the help of Saoirse Gowan. Similar to Lee, Stewart was a young, newly elected legislator when he introduced his bill.

Stewart told me his elevator pitch, clearly well practiced and honed:

The private market has failed to meet the needs of renters in Maryland.

And this bill will help fill what is a massive housing gap, by financing thousands of publicly owned, deeply affordable homes that are built sustainably with unionized labor.

This is based on the widely successful Vienna model. These homes will be beautifully designed, near transit, accessible, and available to a mix of incomes.

He added, “And I basically deliver that over and over. And that checks a lot of boxes for people,” quickly rattling off a dozen stakeholder groups.

Questions inevitably arise about the difference between public and social housing. Stewart shared his messaging strategy to explain how social housing is available to a mix of incomes. “It’s more of a public option, rather than Medicaid, right? Most people are familiar with the health care context,” he said.

While achieving the same end goal of mixed-income public housing as California, the bill in Maryland would fund county-level public housing authorities to develop the homes instead of the state.

Maryland’s housing authorities are already building mixed-income public housing. For example, in Montgomery County, where Stewart lives, the housing authority has received national awards for its high-quality building.

“They’re already doing the work,” Stewart explained. “They just don’t have enough money.”

Stewart originally proposed a millionaire’s tax and a bond to fund social housing, which was controversial and led to a quick death in committee. When Stewart reintroduced the bill in 2020, he changed the funding source to a real estate transfer tax on million-dollar homes while cutting it for homes under \$250,000. The change boosted support for the bill.

“It’s harder to criticize building housing for people — it’s easier to criticize taxes,” Stewart observed. “We learned that lesson by shifting to a real estate transfer tax, which I say publicly is a McMansion tax, but internally, I always call it a real estate transfer tax. And the reason is it sounds extremely boring.” Stewart laughed. “We haven’t gotten nearly as much opposition about that stream.”

To pass the social housing bill, Stewart has steadily built a coalition focused on, as he puts it, “uniting the Left.” He introduced the Homes for All package of bills in 2020, which included social housing, tenant rights, and some zoning changes to allow so-called “missing middle” housing in wealthy neighborhoods. Coalition partners had input in shaping the bills, which made the process slower but more democratic. And while the bills didn’t pass last year, the coalition-building succeeded and proved durable.

Stewart acknowledged that won’t be as easy for California, where “the Left and YIMBYs have a much more fractious relationship.”

‘One thing we’ve really had to do is make this practical for people. Make this seem reasonable, mundane, and commonsense, and not utopian,’ Stewart explained.

With the aid of a united Left, Stewart succeeded in earning the support of housing authorities and local elected officials who are eager to have help in the form of state resources.

Having the support of “normal” mayors and county executives has led to many of Stewart’s colleagues changing their minds. “[They’ve] realized this isn’t a fanciful idea at all; this is an extremely realistic idea that’s worked in many other places, and it actually may be our only option if we care about working people and the housing crisis,” said Stewart.

He added, “You still need radical people, like metro DC DSA calling people and organizing around the bill, but you need some boring people, too.”

In swaying his Democratic colleagues, Stewart also said it’s important to draw the connections between social housing and racial justice, making clear that black and brown communities will be the most empowered by social housing.

Still, the bill faces a tough challenge in Maryland, where the governor is a Republican and many Democratic legislators are more conservative.

“The last piece of the puzzle is which corporate groups can you pick off,” he said. “A lot of colleagues don’t want to pass anything over the objections of the corporate industry groups.”

Stewart has been trying hard to work with the builders and realtors who “don’t necessarily hate this,” and he thinks he’s getting close to earning their support.

I asked Stewart what advice he’d give to Californians who are pushing for social housing. His response may go against the grain of some leftists’ gut instincts when it comes to talking about policy.

“It’s tempting, as someone who is such a believer in the majesty, the beauty of what Vienna has been able to pull off, to speak in those flowery terms about copying this amazing model,” he answered. “But one thing we’ve really had to do is make this practical for people. Make this seem reasonable, mundane, and commonsense, and not utopian.”

He encouraged advocates to remind people about examples of successful public housing here in the United States, as he’s done in highlighting the work of Maryland’s housing authorities, and as Sagehorn is doing using the example of the University of California’s housing construction.

Now in his third year of the effort, Stewart told me he’s getting close to passage. “I can see the light at the end of the tunnel.”

## **The Prospects for a Winning Coalition in California**

San Francisco DSA's Singh predicts the social housing issue could spark a "political realignment" in California, where in recent years housing politics have polarized around the issue of zoning changes to allow taller buildings near transit. Tenant groups that "sometimes have issue with zoning changes when they apply to gentrifying communities, disinvested communities, and communities of color" may align with urbanists for social housing, Singh predicts. Meanwhile, real estate interests, which had been aligned with urbanists/YIMBYs on zoning, could end up opposing social housing along with NIMBY types. Singh thinks that if "market urbanists" who oppose public and social housing, like Matthew Yglesias, end up getting split off from the YIMBY coalition, she'll be "pretty happy" about that.

The coalition will need to grow broader than tenant groups and YIMBYs. Labor should welcome social housing as a stable source of employment, in contrast to the private real estate sector's boom-and-bust cycles — especially with the COVID-19 recession. And environmentalists have good reasons to join as well: affordable, dense, green-built homes near transit are essential to reducing emissions.

California's push for social housing will take place just as millions of renters amass rent debt and face the risk of eviction and homelessness. This poses a challenge for the capacity of tenant organizers like Singh, who are "past our eyeballs in playing defense" for struggling renters.

Social housing is a long-term solution and will take time to scale. It's also likely the legislative effort will take multiple years to bear fruit, as the experience of Maryland's Stewart shows. Stewart says he was "overjoyed" to hear the news of California's social housing bill.

"We're just getting to the point on the Left where the Right has been for decades, in terms of policy development in the states, so this is a big day and a big week for that larger project," said Stewart in an interview. "Having worked on this monastically as one legislator for years, it's absolutely beautiful — it's music to my ears to see other states working on this."

### **About the Author**

*Galen Herz is an organizer who has managed several successful campaigns in Whatcom County, Washington, including an affordable housing levy, and was a regional GOTV coordinator for the Bernie Sanders 2020 campaign in New Hampshire.*