

# Why we need social housing in the US

*An influx of publicly owned, efficiently built apartments would add to the housing supply while minimizing the displacement risks caused by luxury developments*

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The debate about how to resolve our nation's housing crisis is stuck in a frustrating rut. One side of the divide, calling themselves yimbys (Yes in my back yard), say we should allow private developers to build more housing units. On the other side of the divide are anti-gentrification campaigners who maintain that unleashed private developers will construct luxury housing that pushes up neighborhood rents and displaces local residents.

What makes this debate so intractable is that both sides have a point. The only way to fit more people into an area is to build more housing units. This is just how physical reality works. At the same time, we have seen neighborhoods across the country change rapidly after an initial stage of new developments or amenities made living in the surrounding housing units more attractive to affluent renters. Adding luxury housing units can bring down the rents of an overall region while simultaneously raising them in a specific neighborhood, causing displacement.

There is a solution to this impasse though. In a paper released by People's Policy Project (3P) on Thursday, my colleagues Peter Gowan and Ryan Cooper propose that municipal governments across the country build millions of units of social housing. An influx of publicly owned, efficiently built apartments would add to the housing supply while minimizing the displacement risks caused by luxury developments.

Under the 3P proposal, municipalities would finance the construction of new housing through municipal bond markets, loans from the federal government, and federal grants that mirror those already provided under the low-income housing tax credit program. The buildings themselves would be erected by construction companies through the same process that cities use to build libraries and other public facilities. Once constructed, the management of the new housing units could be done either through a public authority or by contracting with a property management company.

Expanding the housing supply through this social housing approach has many benefits over private, market-led development.

First, social housing could be built at lower cost. The interest rates on government debt are lower than the interest rates on almost any other kinds of financing, including the bank loans relied upon by private developers. Additionally, local governments in many cities already own around a fifth of their city's land, a figure that excludes public parks. It means that, unlike a private developer, municipalities could have zero land acquisition costs in many cases. Savings from lower interest rates, lower land acquisition costs, and the ability to forgo profits could be used to offer new housing at much lower rents.

Second, social housing could be built more efficiently. Both the yimbys and anti-gentrification campaigners seem to agree that private developers will build units at the top end of the market first. But this is not an efficient allocation of short-term construction resources. A municipal builder could redirect those same construction resources towards middle-income housing with smaller square footage per unit and fewer frills and amenities. By starting at the

middle-end rather than working through luxury developments first, housing supply is added in a way that addresses the concerns of anti-gentrification campaigners.

Finally, social housing ensures that the public owns the resulting land and housing assets rather than private investors or homeowners. This gives municipalities more flexibility in managing their city's housing stock, ensures that profits (if charged) flow to the public instead of affluent people, and avoids creating even more people who have an interest in blocking further housing development.

Social building on this scale does not have much of a history in the United States, but it has been successfully pursued in many other countries in the world. Sweden's government put up 1m units of a housing in a country of 8 million people. Vienna put up so much public housing that, to this day, 60% of the city's residents live in social houses. Singapore has taken it the furthest of them all: 80% of its residents live in apartment units built and owned by the nation's public housing authority.

Of course, politics is not a debating society and proposals don't get enacted just because they are good. Nonetheless, social housing offers a uniquely effective solution to our housing crisis that campaigners should begin taking more seriously.