

STATE & LOCAL STRATEGIES

For Social Housing

Developing, operating, and preserving [social housing](#) requires substantial and long-term funding. However, in recent decades, Congress has moved away from supporting housing as a public good. Since the New Deal era, the federal government has been the primary funder of public housing—the most well-known form of social housing in the United States. But Congress has critically underfunded the public housing program, which serves the lowest income households throughout the country. Creating a resilient national social housing ecosystem that can serve everyone requires strong and strategic grassroots organizing across the country and at every level of government. We desperately need direct federal funding and support for deeply affordable housing. But communities across the United States must also find other means at the state and local level to meet the urgent and growing need for safe, decent, affordable housing for all. Housing justice organizers and advocates must leverage all available state and local resources to preserve and expand social housing at a large scale that is permanently and deeply affordable and available for all.

WHAT IS SOCIAL HOUSING?

Social housing is a public option for housing. It 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 and 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:

While states and local governments cannot address our housing crisis alone, they can play a critical role.

- Socially owned by public entities, tenants, or mission-driven nonprofits.
- Permanently affordable to all, even the lowest-income residents, including those with no incomes. No social housing resident should pay more than 30% of their income on housing costs.
- Permanently decommodified and protected from for-profit investors. Social housing should be treated as a human need, not a commodity.
- Under community control. Residents should have a direct role in management and decision-making.
- Designed to promote racial and gender equity & end displacement of communities of color. Immigration status & criminal records should not disqualify people from residence. Social housing should be planned to advance the access of marginalized communities to greater social & economic opportunities.
- Built using green construction methods according to the principles of energy efficient design. Social housing must include the renovation and sustainable rehabilitation of existing buildings for energy efficiency and disaster resilience.
- High quality and built to last. It should be accessible to all people regardless of age, physical need, or other factors.

**Alliance for
Housing
Justice**

- Operated within a set of practices that protect tenants from evictions & displacement, such as rent regulation, just cause protections, right to counsel, right to organize, and more.

STATE AND LOCAL FINANCIAL RESOURCES

While states and local governments cannot address our housing crisis alone, they can play a critical role.¹ Financial resources that state and local governments can use to create social housing include grants, loans, and tax credits. Grants are the best funding source to guarantee permanent affordability. Both loans and grants can be funded from the proceeds of taxes, bonds, and fees. However, not all revenue sources are created equal. Regressive revenue sources (i.e. sources that place a higher burden on working families) could exacerbate the very inequities that social housing seeks to redress, while more progressive sources (where higher-income people pay more) could address past harms and close long-standing racial disparities in housing. State and local jurisdictions can use racial equity impact assessments to analyze the benefits and burdens of various funding sources to select and design funding programs to limit unintended consequences and achieve equitable outcomes.²

Regardless of the source of revenue, grant and loan proceeds can be used for a variety of social housing needs, including acquisition of land and/or improvements, site clearance and remediation, architectural and other professional services, rehabilitation, new construction, major capital expenses, and ongoing operating expenses, which are vital to ensuring social housing is affordable to renters with the greatest needs.

Below is an overview of the various options available for state and local governments to fund social housing.

Taxes. State and local governments can raise money to support social housing through taxes. Revenue raised through income taxes, property taxes, and sales taxes, for example, can be spent on social housing. The assessment rate for traditional taxes can be increased, with the extra money dedicated to social housing. State and local governments may also impose new progressive taxes—such as real estate transfer taxes, mansion taxes, wealth taxes, excess compensation taxes, anti-speculation taxes, or vacancy taxes—and dedicate the new tax proceeds to social housing efforts.

Bond Issues. In some states, both state and local governments can raise funds through bond issues. Bond issues may dedicate funds for particular purposes, like social housing, or they can leave it up to government discretion as to how to deploy such funds. Often, a ballot measure approved by a majority, or even a super-majority of voters, may be required to authorize a bond issue.

State and Local Social Housing Development Authorities. Although states and general units of local government can issue bonds to fund social housing as described above, a more targeted approach to generating bond proceeds for social housing development is to create a social housing development authority like the Seattle Social Housing Developer. The funding mechanism would be similar to general state or municipal bond funding, but the commitment to the use of the funds for social housing would be more concrete. This would both help to ensure the use of funds for housing, in general, and for housing that is consistent with social housing principles, in particular. Currently, many bond-funded affordable housing developments fall short of those principles. State and local social housing development authorities would have a clearer mission to avoid that outcome.

1 Local Housing Solutions. n.d. "What is a local housing strategy and why is it important." Local Housing Solutions. <https://localhousingsolutions.org/plan/what-is-a-local-housing-strategy-and-why-is-it-important/>.

2 See the [City of Portland's Clean Energy Fund](#) funded by a 1% tax on large retailers, the [City of Seattle's Equitable Development Initiative](#) funded by a payroll tax on large employers, and the [City of Los Angeles's Affordable Housing Program](#) funded by a property transfer tax that applies to residential and commercial properties sold for over \$5 million.

Fees. Fees are another important potential source of state (and more often, local) resources that can fund grants and loans to support social housing. Fees may include commercial linkage fees, affordable housing impact fees, and in lieu fees assessed pursuant to inclusionary zoning ordinances. Some states may preempt local governments from imposing these kinds of fees. Additionally, these funding streams are dependent on a significant volume of for-profit, private sector development. Thus, fees may be a useful funding mechanism for social housing in the short-term, but of declining utility long-term as efforts to decommodify housing become increasingly successful.

Grants and Loans. Direct upfront grants are most critical for ensuring projects are deeply affordable. The structure of loans in support of social housing can vary in terms of the repayment terms, the interest rate charged, and whether the debt is forgivable. Low-interest loans from not-for-profit institutions rather than for-profit investors—such as loans from public banks or government agencies—are preferable to support affordability.

State Tax Credits. Tax credits are distinct from both grants and loans as a financial resource for social housing. The federal Low-Income Housing Tax Credit Program (LIHTC) is the largest source of subsidy for the development and preservation of affordable housing, but many states also have state tax credit programs that offset state income taxes to incentivize affordable housing production. State housing finance agencies award tax credits to affordable housing developers through competitive application processes. In turn, developers exchange the tax credits for “equity” investments from taxpayers, typically for-profit corporations, that use the tax credits to reduce their tax liability. LIHTC and its affiliated state programs typically do not require permanent affordability, but housing financed by LIHTC can be transferred to full non-profit or public control, for permanent affordability in the future. To ensure these transfers, nonprofit developers should have strong protective contracts with investors. State Housing Finance Agencies can also reform state-level LIHTC program requirements to allocate tax credits only to projects that are permanently and deeply affordable, nonprofit owned, and with strong tenant protections.

State-Controlled Federal Funds. State housing agencies also have significant control over how federal housing funds are allocated—including funds from HUD’s HOME and Housing Trust Fund programs as well as LIHTC (see above). State housing agencies can condition the use of these funds on compliance with social housing principles, such as long term affordability, non-profit ownership, protection from unfair rent increases, etc.

STATE OR LOCAL POLICY SUPPORTS

Beyond financial resources, state and local governments have or can adopt policy changes that make the acquisition, development, and expansion of social housing economically feasible and sustainable in the long-term. For example, policies such as Tenant Opportunity to Purchase Acts (TOPA) or Community Opportunity to Purchase Acts (COPA)³ can support the creation of social housing.

Public Land. The donation or discounted long-term lease or sale of publicly owned land at below fair market value is a critically important way for state and local governments to support social housing development. By law or policy, state and local governments can commit to prioritizing social housing over for-profit development or other uses when determining how to dispose of publicly-owned land. State governments may also be able to require local governments to prioritize in this way. The contribution of public land at below fair market value is especially important in high-cost metropolitan areas that tend to have the highest land costs and competition for well-located sites and where social housing as an antidote to gentrification and displacement is of highest value. In some jurisdictions, public land banks already exist, but are used to

³ PolicyLink. n.d. “Tenant / Community Opportunity to Purchase.” <https://www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/topa-copa>.

quickly transfer land to for-profit developers. Instead these land banks should be retooled to lease land for social housing development.

State and Local Offices of Social Housing. States and municipalities can create offices of social housing to serve as coordination hubs for both financial and other policy-based efforts to support social housing. Building out social housing will require a lot of moving pieces, so staffing the work of ensuring that those pieces are coordinated is critical to the effectiveness of social housing efforts.

Pipelines Moving Vacant and Corporate-Owned Properties into Social Housing Sector. State and municipal policies can facilitate the transition of properties that are not currently publicly-owned into the social housing sector. In particular, states and localities can take a tougher approach to irresponsible, absentee corporate landowners. Code enforcement efforts should target such bad actors instead of low- and moderate-income homeowners, and, when significant unpaid fines accrue, government entities should be strategic about attaching liens to delinquent properties and then acquiring those properties through tax foreclosures. Additionally, as many local governments already do, municipalities should tax vacant properties at higher rates than land that is in active use. Municipalities that already do so to some extent should consider widening the differential in how vacant and non-vacant properties are taxed even more. Higher taxation of vacant properties should incentivize absentee corporate landowners to sell, including to social housing developers. Failing that, default on property taxes owed is likely to occur, and municipalities can be proactive about acquiring such tax foreclosed properties for use as social housing in a manner similar to that described above for properties with code enforcement arrears.

TOPA/COPA. A tenant opportunity to purchase act (TOPA) or community opportunity to purchase act (COPA) can be a powerful tool to preserve existing housing as social housing and to prevent displacement. These laws give tenants and community-based nonprofits a right of first refusal when landlords seek to sell their properties. In the District of Columbia, which has had TOPA since the 1970s, many properties primarily resided in by poor and working-class tenants have transitioned to social ownership through the exercise of TOPA rights. Many of these properties have been located in neighborhoods with severe gentrification and displacement pressures. TOPA and COPA can short-circuit insider networks through which corporate landlords convey properties for speculative purposes with little to no regard for their tenants. For TOPA and COPA to be effective, it is critical that states and localities pair the right of first refusal with financial assistance and technical assistance. Otherwise, it is often very difficult for tenants and community-based nonprofits to exercise their rights in practice.

Property Taxes and Development Fees. Local governments may also exempt, in whole or in part, social housing developments from local property tax liability or waive impact fees typically charged to new developments. As with land donation, property tax abatements and fee waivers provide a direct financial benefit to social housing by relieving developers from an otherwise necessary development and operating expense. Notably, it may be easier to build public support for abatement policies than to increase existing or to create new taxes.

Community Benefits. State and local governments can also create conditions to incentivize third parties to contribute to social housing efforts or to deter market competition that makes the development of social housing harder. Such conditions include community benefits agreements whereby private developers commit to contribute land, money, and/or services to create community benefits, which may include community land trusts and community development corporations.

Additionally, tenant protections like just cause eviction, rent control, right to organize, robust housing code standards, limits on condo conversions, and more can discourage for-profit actors from bidding up the price of properties that otherwise could be developed or preserved as social housing. As with development-related fees, state law may preempt local governments from adopting strong tenant protections.

Community Capacity Building. Culturally specific organizations and social housing developers of color face systemic barriers to acquire, develop, and manage social housing. Local governments can provide direct financial support for organizational capacity building to help overcome some of these barriers. They can also review their own underwriting and solicitation criteria for funding to remove institutional bias to access funding throughout their competitive solicitation processes. Both Seattle's Equitable Development Initiative and Portland's Clean Energy Fund have significant fund set asides for capacity building to support community-based organizations to prepare for successful funding applications and then develop and manage projects.

ORGANIZING GETS THE SOCIAL GOODS

Housing affordability remains a top issue in federal, state, and local political campaigns, providing important opportunities for strategic organizing to win and align new and existing policies to support social housing and to ensure everyone has a safe, stable, and affordable home. In particular, grassroots tenant organizing is important for ballot measures when political candidates have not been responsive to voters' needs and demands. Ballot initiatives required for certain types of policies like bond issues will require organizers to engage directly in the electoral process. Administrative campaigns can focus instead on how the executive branch of state or local governments is implementing already authorized policies and programs. Below are a few notable examples of state and local advocacy and organizing campaigns that have made significant gains in the social housing ecosystem.

In 2019, tenant groups across New York, anchored by the Housing Justice for All Coalition (a member of AHJ), won the passage of the Housing Stability and Tenant Protection Act, which was passed by the New York State Legislature and signed by the Governor. The law closed several loopholes that had significantly undermined the effectiveness of rent stabilization in New York. By doing so, the law reduced the ability of the real estate industry to reap windfall profits from speculative investments in aging properties. This should facilitate efforts to preserve those properties as social housing. The victory came after several incumbent legislators who had been opponents of tenants' rights were unseated in primary challenges the previous year.

In 2022, KC Tenants Power's organization was pivotal to the success of Kansas City, Missouri's Question 2, a \$50 million bond issue with the proceeds going to the city's housing trust fund and with proceeds prioritized for deeply affordable housing. KC Tenants Power's organizing not only helped to achieve an overwhelming win on election day with more than 70% of the vote through door-knocking and other tactics but also helped to better align the uses of the funds with social housing goals. By strategically withholding support until the City Council agreed that extremely low-income housing would be prioritized, KC Tenants Power was able to strengthen the resulting policy.

In 2022, the City of Oakland announced plans to proceed with two non-profit-owned, 100% affordable developments on a City-owned site on East 12th Street that, at an earlier stage, the City had planned to provide to a for-profit, market-rate developer. Neighborhood-based organizing group Eastlake United for Justice had campaigned for 100% affordable housing on the site in coalition with citywide and regional organizing, advocacy, and legal organizations (including Public Advocates, a member of AHJ) for several years prior to the victory.

In 2023, House Our Neighbors, a nonprofit social housing advocacy group in Seattle, put an initiative on the ballot to create the Seattle Social Housing Developer (SSHD). The initiative won 57% of the vote. The SSHD is a Public Development Authority, a quasi-government agency with the authority to develop and manage publicly owned housing where rent is capped at 30% of a tenant's income and available to people making between zero and 120% of the area median income. The measure itself didn't create a revenue source but the SSHD has committed to not competing with other affordable housing developers or service providers for existing sources of funding. House our

Neighbors has again submitted enough valid signatures needed to qualify a ballot measure for a public vote that would levy a 5% “excess compensation” tax on employer payroll expenses for each Seattle-based employee paid over \$1 million annually. The expected \$53 million per year of tax revenue would be used by SSHD, to build, acquire, manage and maintain permanently subsidized, mixed-income affordable housing.

For more information about the fight for social housing, please visit the Alliance for Housing Justice’s [website](#).

