

Green Social Housing at Scale:

How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All

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by Climate and Community Institute, Urban Democracy Lab, & Socio-Spatial Climate Collaborative

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Introduction

The only way out of our housing and climate crises is through a massive investment in housing as a public good: developing a national green social housing agenda. The creation of a federal Green Social Housing Development Authority (Green SHDA) would build and preserve millions of homes outside of the predatory real estate market, allowing people to have a permanent roof over their heads, to build roots in their communities, and to live safely in our changing climate.

This memo points to the key findings from our research, “Green Social Housing at Scale: How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All.” To read the full report, see <https://www.climateandcommunity.org/green-social-housing-at-scale>.

The problem

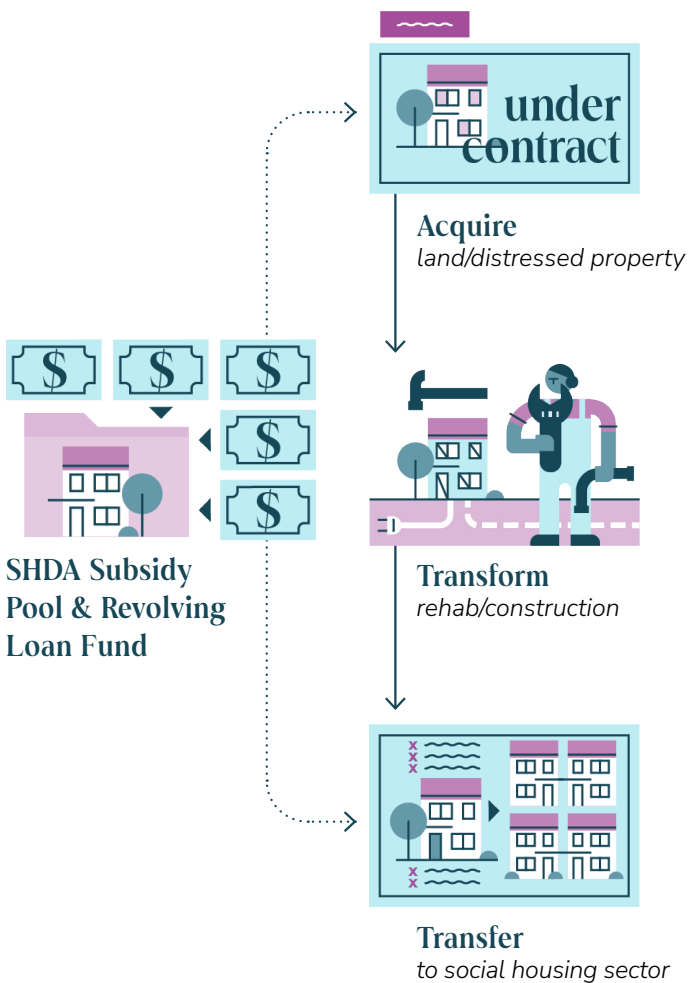
Every day, millions of Americans struggle to find housing they can afford.¹ The federal government’s system of outsourcing rental housing to the private market — an industry driven by a desire to increase profits, too often at the expense of tenants — is not working. Meanwhile, homeownership is becoming increasingly harder for low- and middle-income families to obtain and hold on to.

Relying on the private market to address housing needs also delays climate action. The drive to profit off of rental housing disincentivizes landlords to do the deep retrofits necessary to address the climate crisis. And if landlords do decide to make these fixes, they could then choose to flip properties and attract higher income tenants.² The web of private ownership of rental homes also makes it harder to deploy federal clean energy investments in rental housing as compared to in homes owned by those who live in them.³

- 12.1 million renters in the US pay over half their income in rent⁴
- 43% of renters live in units with habitability issues, like broken windows, pests, and a lack of heating or cooling⁵
- 16 million homes are vacant often as a result of high rents or poor conditions⁶

The solution

A federal Green SHDA would empower the government to purchase distressed real estate, vacant land, and properties where tenants are vulnerable to being exploited; transform these places into healthy and environmentally resilient homes; and transfer them to the green social housing sector, which includes limited-profit cooperatives, community land trusts, nonprofits, and public housing. These housing options can put residents more in control of their own living conditions rather than at the whims of private landlords or banks.



In its first 10 years, the Green SHDA will:

- Invest \$30 billion in our communities in annual appropriations, combined with a revolving loan fund to recoup and reinvest funds back into social housing
- Build and preserve between 1 million and 1.8 million new social housing units for a range of households, prioritizing those who need it most, creating up to 818,000 units for extremely and very low-income households
- Generate up to 615,000 jobs annually, including 232,000 direct well-paying union jobs in the building trades industries each year.
- Deliver the safe and healthy living environments to help us mitigate and adapt to climate change by modernizing and retrofitting the housing stock.
- Redress the harms of our racist housing market by putting control in the hands of tenants and their neighbors, and delivering resources directly to communities on the front lines of the climate crisis, instead of to corporations;

The Green SHDA is a model built to scale, giving it the potential to transform the U.S. housing sector. It will improve the health and well-being of millions of families by providing housing stability, healthy living options, and climate-resilient communities.

Financing the Green SHDA

With an annual appropriation of \$30 billion – the same amount the government spends on the Mortgage Interest Deduction for homeowners annually – the Green SHDA would be able to ensure that at least 40 percent of green social housing units can serve people with no income or extremely low incomes, allowing them to live in green social housing that is built to the highest design and habitability standards, and ongoing funding will help ensure that this housing can be sustainably operated over time.

The Green SHDA would combine two financing tools:

- 1. A revolving loan fund:** The Green SHDA will have an initial 10-year capitalization in the form of a capital account at the US Treasury, modeled after the US International Development Finance Corporation. From this capital pool, the Green SHDA will issue low-cost loans to green social housing projects. The capital pool will act as a revolving loan fund to finance projects while also recouping funds over time that it can reinvest in the green social housing sector, including for new acquisition projects and operating assistance. This will help insulate the Green SHDA from financial markets that create the boom and bust real estate investment cycle that harms renters, homeowners, and the economy as a whole.
- 2. Capital subsidies:** The annual \$30 billion in congressional appropriations would primarily go toward direct subsidies for the capital costs in green social housing construction, acquisition, and renovation. By using subsidies to reduce the initial capital costs, green social housing projects do not need to take on big loans and thus have lower debt service obligations. This means that projects need to generate less rental income in order to be sustainable, thus allowing them to be more affordable without external operating support. These funds would also be used to pay for the credit subsidy required by federal loan programs.

For a given social housing project, the subsidy pool covers a certain percentage of the capital costs, with the remainder being paid for with a loan. The subsidy portion thus acts much like a “down payment,” in that a larger subsidy infusion means that a project can take out a smaller loan. Individual SHDA projects will have a loan-to-value ratio that could range from 0 to 100 percent, with the remainder coming from the subsidy pool.

In Tables 1 and 2, we model how a \$30 billion annual appropriation for 10 years – combined with different ratios of loan to subsidy capital – will enable different levels of affordability in an average Green SHDA multifamily property.⁷ We also include portfolio-wide unit creation estimates. As shown in these tables, higher subsidy amounts lead to more affordability. For example, a Green SHDA relying on 100 percent subsidy could lead to Green SHDA housing being 100 percent affordable for extremely low-income tenants. These tables also show the trade-off between the number of green social housing units created through the Green SHDA over a 10-year period and the level of affordability of each unit: the more affordable units the Green SHDA produces, the fewer social housing units can be created overall. Exact financing details will of course vary project by project, based on local needs determined in partnership with civil society. The Green SHDA should maximize its use of subsidy to ensure deep affordability where the need is greatest. As shown in Table 2, prioritizing deep affordability can enable the Green SHDA to create up to approximately 818,000 units at 0-50% AMI (including approximately 476,000 units at 0-30% AMI and 342,000 units at 30-50% AMI).

One example of using a combination of a revolving loan fund and capital subsidy to advance federal social housing is in the Homes Act, in which Senator Smith and Congresswoman Ocasio-Cortez propose a new Authority with affordability set-asides for extremely low-income and low-income renters. Our model estimates that this proposal would build and preserve upwards of 1.3 million homes, including approximately 852,000 for the lowest-income households. These estimates reflect the power of the Green

SHDA on its own to finance housing for a wide range of households and to prioritize those suffering most in today’s housing crisis. This financial structure is designed to scale up easily, and it should be especially easy to scale up the loan pool. The loan pool is only limited by any maximum lending authority described in statute or by available funds needed to cover the “credit subsidy” required under the FCRA (for more detail, see full report methodology section). Combining the Green SHDA with existing affordable housing programs could further expand its impact.

The Green SHDA would be able to use its funding to provide operating assistance to its properties and collect surplus cash for the purposes of ongoing operating assistance. Incorporating ongoing operating assistance into a Green SHDA would also allow for the creation of more units serving extremely low-income renters over time, letting the Green SHDA further fill the urgent and large gap in extremely low-income housing supply.

TABLE 1

Self-Sustaining Affordability Structures across a Green SHDA Portfolio

Affordability structure	Subsidy and Loan Mix		
	50% LOAN / 50% SUBSIDY	30% LOAN / 70% SUBSIDY	HIGHER SUBSIDY RATIOS
<p>SCENARIO 1: Balanced affordability mix across units</p> <p><i>In this scenario, we assume an even split of units are affordable at 30%, 50%, and 80% of AMI.</i></p>	<ul style="list-style-type: none"> • 15% of units at 30% of AMI • 15% of units at 50% of AMI • 15% of units at 80% of AMI • 55% of units for Moderate-income households 	<ul style="list-style-type: none"> • 27% of units at 30% of AMI • 27% of units at 50% of AMI • 27% of units at 80% of AMI • 19% of units for Moderate-income households 	With subsidy covering 81% of costs, the Green SHDA can get to 100% affordability of the portfolio, split evenly across 30% to 80% AMI.
<p>SCENARIO 2: Deeper affordability mix across units</p> <p><i>In this scenario, we assume half of affordable units are available for extremely low-income households (30% AMI), and half of units are affordable at 80% AMI.</i></p>	<ul style="list-style-type: none"> • 22.5% of units at 30% of AMI • 0% of units at 50% of AMI • 22.5% of units at 80% of AMI • 55% of units for Moderate-income households 	<ul style="list-style-type: none"> • 41% of units at 30% of AMI • 0% of units at 50% of AMI • 41% of units at 80% of AMI • 18% of units for Moderate-income households 	With 87% subsidy, Green SHDA can get to 100% affordability, with half of units at 30% AMI and the rest at 80% AMI.
<p>SCENARIO 3: Prioritizing extremely low-income units across units</p> <p><i>In this scenario, we attempted to maximize units available below 30% AMI.</i></p>	<ul style="list-style-type: none"> • 32% of units at 30% of AMI • 0% of units at 50% of AMI • 0% of units at 80% of AMI • 68% of units for Moderate-income households 	<ul style="list-style-type: none"> • 58% of units at 30% of AMI • 0% of units at 50% of AMI • 0% of units at 80% of AMI • 42% of units for Moderate-income households 	With subsidy covering 86% of costs, the Green SHDA can set 78% of total units at 30% AMI, with the remainder of units for moderate-income households.

TABLE 2

Total Unit Creation Under Varying Subsidy and Affordability Structures

Affordability structure	Subsidy and Loan Mix		
	50% LOAN / 50% SUBSIDY	30% LOAN / 70% SUBSIDY	HIGHER SUBSIDY RATIOS
<p>SCENARIO 1: Balanced affordability mix across units</p> <ul style="list-style-type: none"> • 270,327 units at 30% of AMI • 270,327 units at 50% of AMI • 270,327 units at 80% of AMI • 991,199 Moderate-income units <p>Total: 1,802,180 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 347,563 units at 30% of AMI • 347,563 units at 50% of AMI • 347,563 units at 80% of AMI • 244,582 Moderate-income units <p>Total: 1,287,272 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 376,111 units at 30% of AMI • 376,111 units at 50% of AMI • 376,111 units at 80% of AMI • 0 Moderate-income units <p>Total: 1,112,457 Green SHDA units over 10yrs</p>	
<p>SCENARIO 2: Deeper affordability mix across units</p> <ul style="list-style-type: none"> • 405,491 units at 30% of AMI • 0 units at 50% of AMI • 405,491 units at 80% of AMI • 991,199 Moderate-income units <p>Total: 1,802,180 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 527,781 units at 30% of AMI • 0 units at 50% of AMI • 527,781 units at 80% of AMI • 223,996 Moderate-income units <p>Total: 1,287,272 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 476,438 units at 30% of AMI • 341,793 units at 50% of AMI • 217,505 units at 80% of AMI • 0 Moderate-income units <p>Total: 1,035,736 Green SHDA units over 10 years</p>	
<p>SCENARIO 3: Prioritizing extremely low-income units across units</p> <ul style="list-style-type: none"> • 576,698 units at 30% of AMI • 0 units at 50% of AMI • 0 units at 80% of AMI • 1,184,702 Moderate-income units <p>Total: 1,802,180 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 746,618 units at 30% of AMI • 0 units at 50% of AMI • 0 units at 80% of AMI • 527,781 Moderate-income units <p>Total: 1,287,272 Green SHDA units over 10 years</p>	<ul style="list-style-type: none"> • 780,945 units at 30% of AMI • 0 units at 50% of AMI • 0 units at 80% of AMI • 220,226 Moderate-income units <p>Total: 1,001,211 Green SHDA units over 10 years</p>	

The Green SHDA would mark a new era for federally backed housing, and provide a public option for affordable housing development and preservation that gets around the drawbacks of current federal programs. The Low-Income Housing Tax Credit (LIHTC) program — the primary tool for preserving and developing affordable housing today — has become increasingly hard to use in today’s housing market and is facing a wave of affordability expirations as the 30-year affordability mandates expire, which could lead to higher rent hikes for tenants.⁸ What’s more, this program primarily outsources public dollars to for-profit developers rather than prioritizing mission-driven public and nonprofit entities that are accountable to community needs. Through

providing deep subsidies, recouping funds through a revolving loan fund, centralizing and streamlining financing and underwriting, ensuring permanent affordability, and prioritizing mission-driven partners, the Green SHDA would usher in a new path for leveraging public dollars to pay for unionized construction, high building performance, and permanent affordability. Our financial analysis shows that a Green SHDA would enable comparable per-unit financing costs to what is possible in LIHTC deals, but can ensure these units remain affordable for longer, and that monies go to better social purposes than enticements to profit motivated intermediaries.

Importantly, once at scale, the Green SHDA could also reduce the market power of bad-faith landlords and cool the market to bring down costs. Right now, landlords have hiked rents so high that federal subsidies like Housing Choice Vouchers have lost their purchasing power in many markets.⁹ And increases in rental costs in a region are directly associated with increases in homelessness rates.¹⁰ Over time, the Green SHDA's interventions in the private housing market would have a chilling effect. This would reduce speculation and bring down costs, thereby enabling other federal forms of housing subsidy to go further for extremely low-income renters and limiting the extent of market power that landlords have to gouge tenant rents.

Recognizing the specific need to preserve our nation's public housing stock and address the backlog of maintenance, the Green SHDA would also include funds for HUD to work alongside the Green SHDA to preserve and improve the public housing stock. A Green SHDA must include sufficient funding to clear the HUD's public housing capital backlog, as well as legislative language ensuring that Public Housing Authorities can access funds.

Creating good green union jobs

The Green SHDA will:

- Generate up to 615,000 jobs annually, including 232,000 direct well-paying union jobs in building trades industries. This includes jobs in the construction industry (e.g., residential repair construction, roofing, contracting), maintenance jobs, jobs in the decarbonization and green landscaping sectors (such as HVAC installation and plumbing jobs), and indirect jobs across the social service sector. It will also create jobs in communities surrounding green social housing preservation and construction projects, boosting local economies and working-class communities around the country.
- Comply with Davis-Bacon and prevailing wage laws to ensure jobs are completed with unionized labor and that workers are paid fairly; and
- Promote the right to organize by requiring an explicit neutrality policy, and notifying all workers on Green SHDA projects of their right to organize under the National Labor Relations Act.

Our state-level jobs estimates in California, New York, and Illinois illustrate the impact of Green SHDA jobs creation across the country. In its first year alone, the Green SHDA would generate an estimated 49,000 jobs in California; 23,000 jobs in New York State; and 17,000 jobs in Illinois.

TABLE 3

Job estimates (in job-years) generated by the Green SHDA in first 10 years¹¹

Year	DIRECT JOBS	INDIRECT JOBS	INDUCED JOBS	TOTAL JOBS
1	232,000	166,000	217,000	615,000
2	228,000	163,000	214,000	605,000
3	224,000	161,000	211,000	596,000
4	221,000	158,000	207,000	586,000
5	217,000	155,000	204,000	576,000
6	214,000	153,000	200,000	567,000
7	210,000	150,000	197,000	557,000
8	207,000	148,000	194,000	549,000
9	203,000	146,000	191,000	540,000
10	200,000	143,000	188,000	531,000
Average employment per year	216,000	154,000	202,000	572,000
TOTAL	2,156,000	1,543,000	2,024,000	5,723,000

TABLE 7

Estimated employment impacts of a Green SHDA in California (in job-years)

Year	DIRECT JOBS	INDIRECT JOBS	INDUCED JOBS	TOTAL JOBS
1	25,000	11,000	13,000	49,000
2	24,000	11,000	13,000	48,000
3	24,000	11,000	13,000	47,000
4	24,000	10,000	13,000	46,000
5	23,000	10,000	12,000	46,000
6	23,000	10,000	12,000	45,000
7	22,000	10,000	12,000	44,000
8	22,000	10,000	12,000	43,000
9	21,000	9,000	11,000	42,000
10	21,000	9,000	11,000	41,000
Average employment per year	22,900	10,100	12,200	45,100
TOTAL	229,000	101,000	122,000	451,000

TABLE 8

Estimated employment impacts of a Green SHDA in New York (in job-years)

Year	DIRECT JOBS	INDIRECT JOBS	INDUCED JOBS	TOTAL JOBS
1	13,000	5,000	5,000	23,000
2	13,000	4,000	5,000	23,000
3	13,000	4,000	5,000	22,000
4	12,000	4,000	5,000	22,000
5	12,000	4,000	5,000	21,000
6	12,000	4,000	5,000	21,000
7	12,000	4,000	5,000	20,000
8	11,000	4,000	5,000	20,000
9	11,000	4,000	5,000	20,000
10	11,000	4,000	5,000	19,000
Average employment per year	12,000	4,100	5,000	21,100
TOTAL	120,000	41,000	50,000	211,000

TABLE 9

Estimated employment impacts of a Green SHDA in Illinois (in job-years)

Year	DIRECT JOBS	INDIRECT JOBS	INDUCED JOBS	TOTAL JOBS
1	8,000	4,000	5,000	17,000
2	8,000	4,000	5,000	16,000
3	8,000	3,000	5,000	16,000
4	8,000	3,000	5,000	16,000
5	8,000	3,000	4,000	16,000
6	8,000	3,000	4,000	15,000
7	7,000	3,000	4,000	15,000
8	7,000	3,000	4,000	15,000
9	7,000	3,000	4,000	14,000
10	7,000	3,000	4,000	14,000
Average employment per year	7,600	3,200	4,400	15,400
TOTAL	76,000	32,000	44,000	154,000

Advancing national climate goals

The Green SHDA will:

- Transform our homes into comfortable, health-promoting, climate-friendly, and environmentally resilient places to live.
- Support frontline environmental justice communities.
- Ensure that investments from the Inflation Reduction Act benefit those hurt most by the housing crisis.
- Build public sector capacity to accelerate the use of green technologies throughout the buildings sector, benefiting consumers and speeding up decarbonization beyond just social housing.

FIGURE 1

Elements of Green Social Housing Development Authority	Climate policy connection
<p><i>Permanently off the private market (“decommodified”) and no one pays more than 25 percent of their income on rent</i></p>	<ul style="list-style-type: none"> • Affordability provisions over long time periods ensure that green investments in communities with sensitive land markets don’t lead to further displacement of low- and moderate-income residents through green gentrification • Affordability means that everyone, regardless of income, can have access to beautiful and environmentally resilient housing • Necessary energy efficiency upgrades and retrofits can happen without increasing rents or passing costs on to tenants • Building enough new decommodified housing will ensure that migrants from other countries or other US regions (often displaced by climate impacts) can move to welcoming communities with adequate housing supply
<p><i>Resident control and community participation</i></p>	<ul style="list-style-type: none"> • Tenants are empowered and have a clear and safe structure to voice needs for repairs and climate resilience upgrades • Residents can make decisions about where funding goes for the ongoing maintenance of housing • Residents can work together to create green spaces, gardens, and other types of meaningful changes to their property site
<p><i>Publicly owned or state-backed housing</i></p>	<ul style="list-style-type: none"> • Enables the state to overcome challenges of decarbonization of private rental housing by directly managing or financing huge swaths of the residential building sector, which creates a more direct pathway for green retrofits and decarbonization of housing. • States can more easily leverage federal funding streams, reducing budgetary strain • Ability to co-locate community resilience centers and other resilience-oriented resources with housing
<p><i>Strong tenant protections</i></p>	<ul style="list-style-type: none"> • Tenants do not have to fear retaliation in the form of no-cause evictions for requesting repairs, enabling more communication around repair and greening needs • Good cause protections ensure landlords won’t be able to use green investments as an excuse to displace tenants

References

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- 2 Chelsea Kirk, *Decarbonizing California Equitably: A Guide to Tenant Protections in Building Upgrades/Retrofits Throughout the State* (Los Angeles, CA: Strategic Actions for a Just Economy, 2023), <https://www.saje.net/wp-content/uploads/2023/09/Decarbonizing-California-Equitably-Report-1.pdf>.
- 3 Neel Dhanesha, "Climate Fixes Are All Aimed at Property Owners. What about Renters?" *Vox*, July 27, 2022, www.vox.com/thehighlight/23198145/renters-climatechange-solutions.
- 4 Joint Center for Housing Studies, *America's Rental Housing 2024*.
- 5 United States Government Accountability Office, *Rental Housing: As More Households Rent, the Poorest Face Affordability and Housing Quality Challenges* (Washington, DC: US GAO, May 2020, <https://www.gao.gov/assets/gao-20-427.pdf>).
- 6 Ibid.
- 7 These tables model affordability scenarios across the Green SHDA portfolio. Deeming a unit "affordable" means no household has to pay more than 30% of their income on housing costs, and is eligible to those making no more than 120% of AML.
- 8 Winton Pitcoff, *The next preservation challenge: expiring LIHTC properties*, *Affordable Housing Finance*, April 25 2024, https://www.housingfinance.com/news/the-next-preservation-challenge-expiring-lihtc-properties_o.
- 9 Shelby R. King, "How to Make Universal Vouchers Actually Work," *Shelterforce*, October 15, 2021. https://shelterforce.org/2021/10/15/how-to-make-universal-vouchers-actually-work/?gad_source=1&gclid=Cj0KCQjwpNuyBhCuARIsANJqL9Ocnafc60FtqqxBTd5ojknJJP7rEwUZd3pUuzoEcMdyvzf_xo8UL4aAkg3EALw_wcB.
- 10 U.S. Government Accountability Office, "Homelessness: Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population," July 14, 2020, <https://www.gao.gov/products/gao-20-433>.
- 11 Job estimates in Tables 3, 7, 8, and 9 (Totals, California, New York, Illinois) assume that 50% of total Green SHDA building funds are spent on new construction and 50% are spent on rehabilitation/retrofitting.