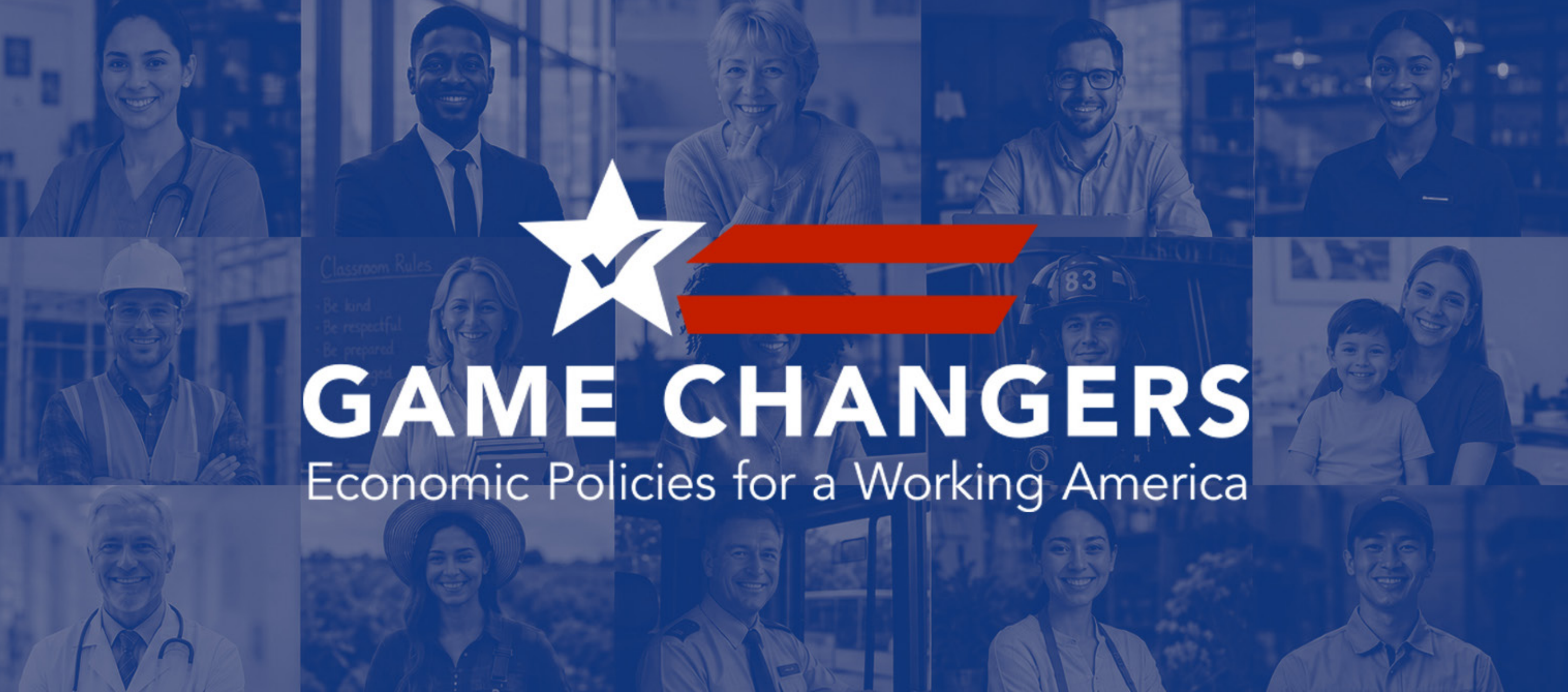

BACKGROUND PAPER / JULY 2026

The Social Housing Development Authority

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The Social Housing Development Authority

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Executive Summary

Half of renters and a quarter of homeowners have unaffordable housing – the highest rates on record. Meanwhile, 17% of global emissions come from our homes, making the need to decarbonize inseparable from the efforts to address affordability. Decades of various policies to solve these problems have come nowhere close to creating affordable, sustainable housing for all.

The Social Housing Development Authority (SHDA) is a proposal for a proactive public actor in the housing market to expand the supply of permanently affordable green social housing. This would be a federal entity that would serve the functions of a public developer, a public bank, and a land bank to create and transfer housing to the social housing sector.

Social ownership: While the SHDA would handle financing and development, in the end this housing would be owned by a variety of eligible entities, including tenant cooperatives, community land trusts,

public housing authorities, mission-driven nonprofits, and others. It would include rental housing and limited-equity ownership opportunities. The housing would be mixed income, with permanently affordable units.

Public development: The SHDA would handle development, whether for a new construction project or for acquisition and green renovation. In doing so, it would centralize development capacity. This would allow the SHDA to achieve economies of scale, including large-scale procurement. It would be mandated to achieve deep decarbonization goals in housing.

Funding and finance: The SHDA relies on two pools of capital to fund housing: 1) lending authority from the Treasury, and 2) appropriated funds for capital grants. Each SHDA building is financed through loans, which must be paid back through rental income of the building. These are long-term loans at low-interest rates, allowing for low monthly debt service, thus reducing need for high rents. However, to achieve deep affordability, each SHDA project will receive some amount of upfront capital grants to buy-down the total development costs. This allows for a smaller loan, lower debt service, and lower cash flows. With this arrangement, buildings can be financially sustainable, without the need for rent subsidies, which are up to the whims of Congress.

This paper describes a federal intervention, similar to the Homes Act of 2024 (Ocasio-Cortez/Smith). Yet the structures described here can largely be replicated at the state and local levels, as exemplified by the New York State Social Housing Development Authority Act (Gallagher/Cleare) and the new Seattle Social Housing Developer. The modeling for the SHDA presented here is based on analysis developed in an earlier report.[1]

The SHDA directly creates beautiful, sustainable, affordable housing for all. We have estimated that under the provisions of the HOMES Act of 2024, with $30 billion in annual appropriations, matched with lending authority, in ten years we could create:

- 1,390,000 new social housing units. Of those:
  - 70% (973,000 units) would be affordable to low-income households, including
    - 556,000 units would be available at 0-30% Area Median Income
    - 417,000 units would be available at 31-50% Area Median Income.
  - 30% (417,000 units) would expand the supply of market rate housing
- Up to 310,000 total jobs annually, including up to 160,000 direct well-paying union jobs in the building trades industries each year.

Beyond affordability, the SHDA would decarbonize housing. For new construction, it would help standardize and incentivize the green building sector through increased demand that it creates. Yet the problem of energy inefficient housing is with the *existing* stock. Currently, private real estate only invests in energy efficiency when it's for high-income residents, or when they are forced by regulation. By acquiring distressed housing, applying green retrofits, and then turning it over to the social housing sector, the SHDA decarbonizes the existing housing stock.

[1] Baiocchi, Gianpaolo, H. Jacob Carlson, Ruthy Gourevitch, and Daniel Aldana Cohen. 2024. Green Social Housing at Scale: How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All. Climate and Community Project and Urban Democracy Lab. https://climateandcommunity.org/research/green-social-housing-at-scale/.

Introduction

Housing affordability has gone from bad to worse. By traditional measures, 25% of homeowners and half of renters (a new high) have unaffordable housing.[2] For the past 50 years, we have tried to address these problems by tinkering around the edges of the housing market, with an assortment of funding programs that give money to the private sector to provide a sprinkling of affordable housing. Meanwhile, everyone else is left to the whims of market-rate housing, which is either too expensive or undermaintained.

The Social Housing Development Authority (SHDA) is a proposal for a new government institution to be a substantial player in the housing market to grow the supply of permanently affordable housing. It would both preserve existing housing and build new housing from the ground up. This housing would be green and beautiful, designed with the idea that "nothing's too good for the working class."[3] To do it, the SHDA would be a public developer and a public bank that creates permanently affordable housing that would be owned by communities or the public. As a robust public entity, it would do the things that the private sector cannot or will not do. The result will be vibrant, accessible, and socioeconomically integrated communities that people want to live in.

The Dead End of Deregulation

Since the mid-2010s, housing policy has increasingly been absorbed by an idea: that zoning and regulations are the singular force holding back a deluge of new housing construction, and if we remove those, the private market will create abundant and affordable housing. This idea has reached the highest levels of leadership in both the Democratic and Republican parties. Federal, state, and local elected officials, as well as an assemblage of think tanks and pundits, have focused their energy on a handful of policies: eliminating single family zoning, permitting accessory dwelling units (ADUs) in people's back yards, removing environmental permitting and building code regulations. Rent control and tenant protections are also threats to this agenda, as they hinder the profitability of real estate, and thus might stop the private market from investing and building new housing.

There are a variety of reasons why this policy platform will not live up to its promises:

- **Regulations might not matter for supply or affordability.** Federal reserve economists have found that contrary to popular belief, the level of local regulatory constraints do not explain prices or housing supply, after accounting for the local income composition.[4] This aligns with other work that finds that the gains from zoning and other housing deregulation are minimal.[5]

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[2] Joint Center For Housing Studies. 2025. *The State of the Nation's Housing 2025*. Cambridge: Harvard.

[3] Quote associated with labor organizer "Big Bill" Haywood.

[4] Louie, Schuyler, John A. Mondragon, and Johannes Wieland. 2025. "Supply Constraints Do Not Explain Housing Price and Quantity Growth Across U.S. Cities." WP 33576. *NBER Working Paper Series*. Cambridge, MA: National Bureau of Economic Research.
https://www.dropbox.com/scl/fi/cs7igw8vwrva0395ms6b7/LouieWeilandMondragon2025.pdf?rlkey=vruy2u5j86fbr5ux5h525qi3y&e=2&st=1w4phke7&dl=0.

[5] Freemark, Yonah. 2023. "Zoning Change: Upzonings, Downzonings, and Their Impacts on Residential Construction, Housing Costs, and Neighborhood Demographics." *Journal of Planning Literature* 38(4):548–70. doi:10.1177/08854122231166961.

- **Demand may be a bigger factor.** "Demand" in economics is not only who wants something, but how much money they have to pay for it. With growing income inequality, a subsection of households has greater purchasing power than others, driving up overall housing costs.[6]
- **Supply shocks have slow effects on prices**. While additional supply can lower housing prices, it does not lower them that much. The rationale is that by building housing for the affluent, it creates openings in lower-priced housing, thus "filtering" affordability down to low-income households. The rate of filtering is quite slow. As an example, with only an expansion of market rate supply, to make rents affordable for a worker without a college degree, the New York City metro area would need to build 1.4 million units, *optimistically* taking over 16 years. Under more *realistic* assumptions of the construction industry, that level of affordability would be achieved with 22 million units and take 113 years.[7]
- **If new supply lowers prices, then developers will stop building**. Economic theory says that rising prices are supposed to be a signal to add supply, while lowering prices are a market signal to stop. If this is true, then there is no reason to expect that developers would continue to build housing to the point where it would lower property values and housing costs.
- **This approach has nothing to say about preserving housing stock.** Each year, about 350,000 units of housing are lost due to disrepair.[8] These include homes that threaten the health and quality of life of residents, and by losing them they also shrink the supply of available housing.[9]

Still, there are other reasons to prioritize building housing and building it quickly. It can help create dense, walkable communities that reduce car dependence and foster vibrant communities. Building quickly not only reduces construction costs, but it minimizes disruption and gets housing online – this is especially important for building *affordable* housing. While zoning may not significantly address affordability, its origins are in the racist strategy of some communities to keep others out and contributes to overall metropolitan segregation.[10] But a housing policy that *only* focuses on adding supply through additional market rate development is inadequate at best.

The need to decarbonize housing

The past 11 years have been the 11 hottest years on record.[11] As hurricanes, wildfires, flooding, and mudslides have become more frequent, some people's homes are being literally destroyed, while insurance companies are raising premiums for everyone else to cover the cost of climate disaster.[12] This

[6] Buchholz, Maximilian, Tom Kemeny, Gregory F. Randolph, and Michael Storper. 2026. "Inequality, Not Regulation, Drives America's Housing Affordability Crisis." International Inequalities London School of Economics, London, Working Paper Working Paper 159. Working Paper.

[7] Buchholz, Maximilian, Tom Kemeny, Gregory F. Randolph, and Michael Storper. 2026. "Inequality, Not Regulation, Drives America's Housing Affordability Crisis." International Inequalities London School of Economics, London, Working Paper Working Paper 159. Working Paper.

[8] Freddie Mac.The Major Challenge of Inadequate U.S. Housing Supply." Economic & Housing Research Insight. December. http://www.freddiemac.com/fmac-resources/research/pdf/201811-Insight-06.pdf

[9] Swanstrom, Todd, A.T. Harrison, Alan Mallach (Editors). 2026. *The Other Housing Crisis: Ending the Deterioration and Loss of Affordable Homes*. Princeton University Press: Princeton.

[10] Wyndham, Kiara, Zhongze Wei, and Jordan Duffin Wong. 2026. "Built to Last: Zoning and Segregation in the St. Louis Metropolitan Area." Working Paper.

[11] https://wmo.int/news/media-centre/wmo-confirms-2025-was-one-of-warmest-years-record

[12] Boomhower, Judson, Meredith Fowlie, Jacob Gellman, and Andrew Plantinga. 2024. "How Are Insurance Markets Adapting to Climate Change? Risk Selection and Regulation in the Market for Homeowners Insurance." Working Paper. 32625. National

is a major problem, as 41% of U.S. rental housing is in high-risk disaster zones, and 6.5 million housing units are in flood zones.[13] Not only is housing a victim of climate change, but it is also a cause of it. Regular heating, cooling, and electricity for our homes contributes 17% of global carbon emissions.[14]

New construction practices are expanding the scope of building new energy efficient, electrified housing. This has the potential to create beautiful, energy efficient new homes for people. But what makes decarbonizing housing so hard is that there is already so much energy inefficient *existing housing* that people actually live in. And while there are some technologies that can be installed easily, many require deep renovations. Replacing windows or insulation is not something you do on a whim, but rather at the same time as a major home renovation – if at all.

On top of that, the major issue is that the private real estate industry has little incentive to decarbonize on its own. Even though energy efficient housing saves money in the long run, the fact is that it costs more upfront. Developers and individual private property owners often prefer short term savings to long-term ones. The result is that millions have "energy poverty," where utility costs are so high that they cut deeply into household budgets. Energy costs have risen 35% between 2022 and 2025, and as of summer 2025, 14 million households had their energy debt in collections procedures[15]

What is "social housing"?

"Social housing" is a term that has entered the U.S. lexicon since around 2018 and become an increasingly common framework and demand.[16] In Europe, the term is much more common and has a clearer meaning of various kinds of affordable housing. Since the term has jumped the pond, there are varying definitions on what exactly it is.[17] For the purposes of this essay, social housing is permanently affordable housing, where the price of housing and your access to it are not determined solely by the free market. It's non-speculative, democratically-run, and publicly-backed, though under that umbrella fits a wide variety of kinds of housing. Government-owned public housing has been described as the original social housing.[18] So do limited-equity cooperatives and community land trusts.[19] Mission-driven non-profits that commit to permanent affordability can also steward social housing.

Bureau of Economic Research. doi: 10.3386/w32625. See also Birss, Moira. 2026. "National Disaster Insurance for All: The Case for a National Housing Resilience Authority."

[13] Joint Center for Housing Studies. 2024. "The State of the Nation's Housing 2024" Cambridge, MA: Harvard.

[14] International Energy Agency. 2019. 2019 Global Status Report for Buildings and Construction: Towards a Zero-Emissions, Efficient and Resilient Buildings and Construction Sector. International Energy Agency. https://www.iea.org/reports/global-status-report-for-buildings-and-construction-2019.

[15] https://tcf.org/content/commentary/fueling-debt-how-rising-utility-costs-are-overwhelming-american-families/

[16] Gowan, Saoirse, and Ryan Cooper. 2018. *Social Housing in the United States*. People's Policy Project. Cohen, Daniel Aldana, and Mark Paul. 2020. "The Case for Social Housing." *The Appeal*, November 2. Baiocchi, Gianpaolo, and H. Jacob Carlson. 2022. *Social Housing 2.0: Viable Non-Market Tools for Today's Housing Crisis.* Pathfinders. New York: Center on International Cooperation.

[17] Mironova, Oksana, and Thomas J. Waters. 2020. How Social Is That Housing? New York City: Community Service Society. https://www.cssny.org/news/entry/how-social-is-that-housing.; Chew, Amee. 2022. Social Housing for All: A Vision for Thriving Communities, Renter Power, and Racial Justice. Brooklyn, NY: Center for Popular Democracy. https://www.populardemocracy.org/sites/default/files/Social%20Housing%20for%20All%20-%20English%20-%20FINAL%203-21-2022_0.pdf; Alliance for Housing Justice. 2023. *What is Social Housing?: Basic Principles for the US.* https://www.allianceforhousingjustice.org/us-social-housing-principles;

[18] Chew, Amee. 2024. "Public Housing Is Social Housing." *Jacobin*. April 6.

[19] Baiocchi, Gianpaolo, Marnie Brady, H. Jacob Carlson, Anamika Jain, and Tony Romano. 2018. *Communities Over Commodities: People-Driven Alternatives to an Unjust Housing System*. New York: Right to the City Alliance.

While the idea of government-owned rental housing is fairly straightforward, permanently affordable ownership options are less familiar. Two common examples are limited-equity cooperatives (LECs) and Community Land Trusts (CLTs). LECs are buildings that are jointly owned by the residents as shareholders, while in a CLT someone can buy their home's physical structure, but the land is owned by the Trust. In both cases, the people who live there own their homes, can purchase it with a mortgage, and build up wealth through equity. What makes them permanently affordable is that someone buys into one for a price well-below market rate. The catch is that when they eventually resell their home, the price must still be below market rate, though varying degrees of profit are allowed, depending on the formula the LEC or CLT uses to set resale prices. This not only makes the home affordable for current and future residents, but by lowering housing costs allows households to keep more money in their pockets, which could be invested elsewhere. In one study of LECs in New York City, LECs on average saved households 25% in housing costs, relative to someone in a comparable unit.[20]

There is an implicit, though somewhat contentious, idea that the U.S. version of social housing is mixed income. There are multiple rationales for this. Mixed income housing is more financially sustainable, since you can counterbalance lower rents for some with higher rents for others – what is known as "cross-subsidy." Mixed income housing also helps a social program resist the stigmatization that often comes with policies only for the neediest. It also helps to undo residential segregation, which has been intentionally built into US housing policy from the beginning. However, mixed income housing is contentious for other reasons. It means that some money is not going to those most in need, but instead to people higher up the income spectrum (an issue discussed in the next section). Also, depending on the composition of the surrounding neighborhood, mixed income housing may accelerate gentrification.

At the end of the day, most advocates who use the term "social housing" understand it to be mixed income, but the question is how much. The next section examines this issue in more detail.

What kind of housing do we need, and for whom?

Despite the broad need for more affordable housing, there is still a question of who social policy should be for. U.S. affordable housing policy is exclusively for the poorest households. The Section 8 program is only available for households making less than 50% of AMI, and three-quarters of voucher recipients must be below 30% of AMI. Public housing (also known as the Section 9 program) is eligible to those below 80% of AMI, but 40% of new residents must be below 30% of AMI. The Low-Income Housing Tax Credits creates affordable units that are up to 80% of AMI, but more than half are below 30% of AMI and altogether 81% of units are for people below 50% of AMI.[21]

It makes sense to target policy to the poorest households, since given scarce public dollars, they have the most urgent need for help. And yet *politically*, there is a long trend where welfare policies for the poorest are regularly on the chopping block and a target for anti-government activism. Instead, policies that have broad eligibility (sometimes called "universalist policies") can bring together a set of potential beneficiaries who can fight to pass and defend social policy. Think of the uproar when politicians want to

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[20] Carlson, H. Jacob and Kiara Thomas. 2026. "Opportunity through Decommodification: Limited-Equity Cooperatives in the Gentrifying City." *Working Paper*.

[21] Lawrence, Peter. 2023. "More than Half of LIHTC Households Earn 30% AMI or Below Per New HUD LIHTC Tenant Data." Novogradac. https://www.novoco.com/notes-from-novogradac/more-half-lihtc-households-earn-30-ami-or-below-new-hud-lihtc-tenant-data.

cut Social Security or Medicare, compared to cuts to public housing. Moreover, as shown below, the housing affordability crisis has climbed into the middle class.

Targeting and universalism are two laudable goals but are in tension with one another. A hybrid is what we might call "redistributive majoritarianism," where the strategy is to construct a set of potential beneficiaries who constitute a political majority, while explicitly prioritizing the neediest in how that policy is implemented.[22] The following section examines the breadth of the housing affordability crisis, and what it would take to constitute a numerical majority.

Constructing a majority for the broad-based affordability crisis

The affordability crisis is actually worse than most statistics show. The standard policy metric for unaffordable housing is whether someone's housing costs (rent or total homeowner costs) are more than 30% of their total household income (ratio approach). But this does not capture how much money one has left over to cover other expenses. 30% of one's income going to their landlord is much more consequential for someone making $1,000 per month versus $10,000 per month. Therefore, another measure is the "residual income approach," which asks whether a household can afford necessary expenses after they have paid their housing costs.[23] Figure 1 looks across the income spectrum and shows what percent of various income categories has unaffordable housing, according to the two different approaches. To show incomes, we use the Area Median Income (AMI) metric, the standard measure for affordable housing policy.[24]

According to the residual income method, nearly all renters and owners below 50% of AMI are cost-burdened.[25] Still, a sizable majority of both owners (67.4%) and renters (61.6%) continue to be cost-burdened up to 100% of AMI. The residual income measures show how much we are underestimating housing cost burden, compared to the omnipresent ratio approach. While many households may technically pay less than 30% of their income in housing costs, they still struggle to make ends meet. We also see that both renters and owners have highly unaffordable housing. And while owners have more options than renters do – because they own an asset – the housing market still is not working for them.

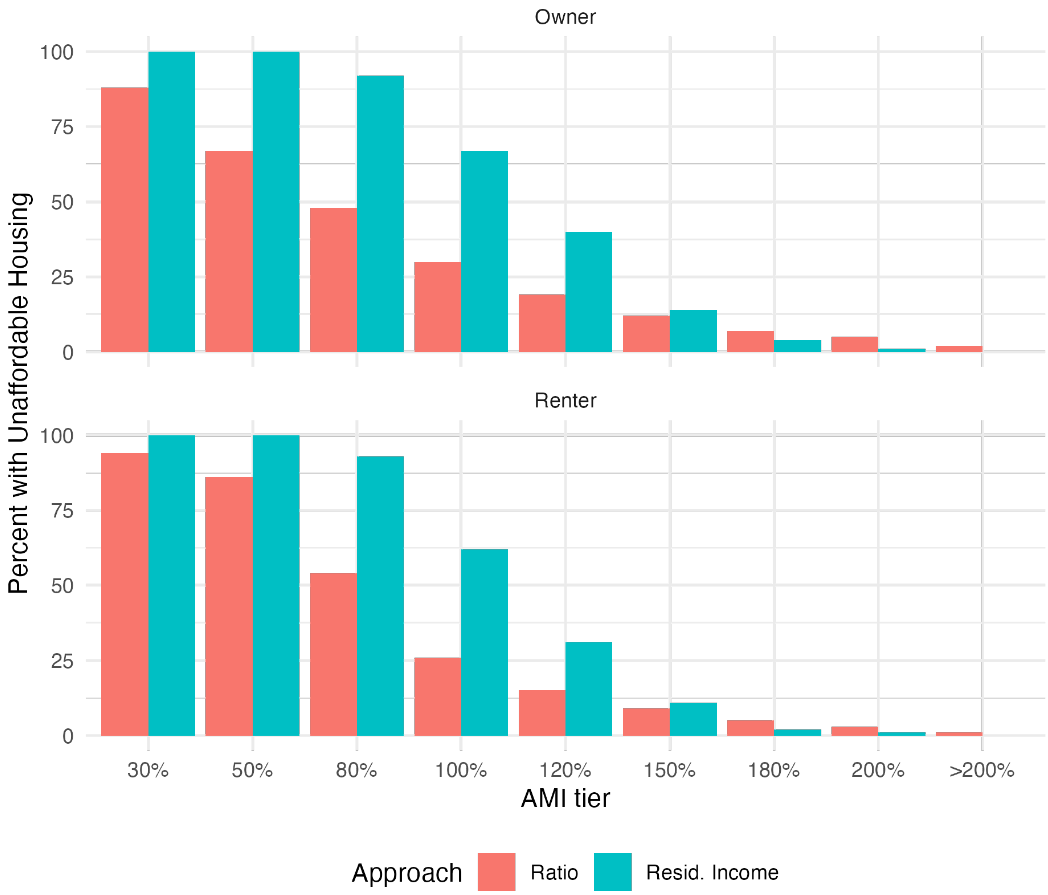
[22] Carlson & Baiocchi (Forthcoming).

[23] Airgood-Obrycki, Whitney, Alexander Hermann, and Sophia Wedeen. 2023. "'The Rent Eats First': Rental Housing Unaffordability in the United States." *Housing Policy Debate* 33(6):1272–92. doi: 10.1080/10511482.2021.2020866.

[24] This takes a given metropolitan area, calculates the median household income, and then describes a household in relationship to that median. For example, if the median household income for a metro was $80,000 per year, then that would be "100% of AMI", while $40,000 would be "50% of AMI" and $120,000 would be "120% of AMI".

[25] Carlson, H. Jacob and Gianpaolo Baiocchi. Forthcoming "Redistributive Majoritarianism: Urban Inequalities and the Struggle for Social Housing." *Urban Affairs Review*.

FIGURE 1: Housing cost burden according to ratio and residual income approaches, by AMI tier[26]



To create a simple majority of Americans who could see themselves as beneficiaries of a housing policy, it would need to be accessible to people up to 100% to 120% of AMI. However, other countries do not stop at simple majorities for their housing policy. Vienna, for example, has social housing programs that are accessible for 75% of the population. To achieve a constituency of that size, housing eligibility would need to be up to 150% to 180% of AMI.

Still, as we can see from Figure 1, households above 120% of AMI are not particularly cost burdened. Therefore, even if they might be eligible for a housing policy (hopefully engendering their political support), the majority of public dollars in a social program should be prioritized for the lowest income (redistributing towards the neediest).

[26] Source: Carlson & Baiocchi (Forthcoming)

The Social Housing Development Authority

The Social Housing Development Authority (SHDA) is a proposal for a proactive public actor in the housing market to expand the supply of permanently affordable green social housing.[27] This would be an entity that would serve the functions of a public developer, a public bank, and a land bank to create and transfer housing to the social housing sector. In short, it would:

1. **Acquire land and existing housing.** Working with communities across the country, it would seek out opportunities to either create new social housing, or step in to acquire existing housing to convert it to social housing. This latter option would be used when housing is in financial and physical distress, and when existing tenants attempt to buy their building, but may not have the resources to do so.
2. **(Re)develop green housing.** It would act as a public developer to build housing from the ground up or carry out renovations on an existing property. It would do so with an emphasis on maximizing future energy efficiency, comfort, and beauty for the future residents.
3. **Fund and finance the housing.** Acting as a public bank, the SHDA would issue low-cost loans to cover construction costs, paid out over time with the cash flows of the financially sustainable building. Additionally, it would have raw subsidy to issue as upfront capital grants to deepen the levels of affordability – without depending on unreliable operating support.
4. **Transfer the projects to the social housing sector.** The SHDA would not be the permanent owner but rather transfer the property to one of a variety of eligible entities, including local governments, public housing authorities, tenant cooperatives, or mission-driven non-profits, among others. These would be established with a permanent affordability covenant, established via a business plan that ensures it will be financially sustainable.

Given that U.S. affordable housing policy operates today mostly by funding mandates and tax credits to the private market, why should we opt to create a new institution that creates housing models that are not prevalent today? Creating all this would be no small feat. It would require a massive consolidation of development and financial capacity which does not currently exist in the public sector. Decades of neoliberalism have atrophied many important muscles in the public sector. The early days of the SHDA would likely rely much more on outsourcing of development, while prioritizing getting money out to start projects. But incrementally, more development capacity would be brought in-house, as the SHDA overcomes learning curves and expands its ambit – a process known as "institutional bootstrapping."[28] The following sections examine why such a project is still worth it.

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[27] This idea has been developed in a number of manuscripts, in particular: Baiocchi, Gianpaolo, and H. Jacob Carlson. 2020. *The Case for a Social Housing Development Authority*. New York City: Urban Democracy Lab-NYU. https://urbandemos.nyu.edu/wp-content/uploads/2020/11/SHDA-whitepaper-Nov2020.pdf.
Baiocchi, Gianpaolo, and H. Jacob Carlson. 2025. "Decommodifying Housing: The Social Housing Development Authority." Urban Democracy Lab-NYU, New York City, Working Paper.
Baiocchi, Gianpaolo, H. Jacob Carlson, Ruthy Gourevitch, and Daniel Aldana Cohen. 2024. *Green Social Housing at Scale: How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All*. Climate and Community Project and Urban Democracy Lab. https://climateandcommunity.org/research/green-social-housing-at-scale/.
[28] Sabel, Charles F. 1995. "Bootstrapping Reform: Rebuilding Firms, the Welfare State, and Unions." *Politics & Society*, 23(1), 5-48.

Why public or social ownership?

Permanently affordable housing can only be preserved if homes are seen as a place to live, rather than a vehicle for private profits. If housing – whether for an individual homeowner or a landlord – doesn't increase in value, then from a financial sense it wasn't a good investment. With affordable housing programs like LIHTC, the affordability covenants expire after 30 years. The affordability of housing is in direct contradiction from the way we treat housing as an asset for wealth accumulation.

The most secure way to do this is through public ownership. Public ownership of housing has a fraught history in the U.S. Despite a vision that was inspired by Europe of high quality, affordable housing for the working class, U.S. public housing was hampered from the beginning by a variety of poison pill amendments from the real estate industry, Republicans, and Democrats alike.[29] The result was chronic and escalating underfunding, as this sabotaged program became the political exemplar of why the government shouldn't do anything. Today, there is an estimated $169 billion capital backlog for public housing, which leads to countless health and livability problems for residents.[30] And yet, it is one of the remaining places of permanent affordability – in the case of New York City allowing over half a million low-income residents to live in one of the most expensive cities in the country.[31]

There is a resurgence of government-owned rental housing, under the banner of social housing. Cities like Seattle; Chicago; Atlanta; Montgomery County, Maryland have already invested in new such projects, with many other localities demanding public housing options for their communities. The interest is coming from social movements who are dissatisfied with how the private housing market and government programs have failed to adequately address the housing crisis.[32]

But why should this program include quasi-ownership models like LECs and CLTs? Homeownership looms large in the American psyche, and for better or worse is the basis for a large part of household wealth.[33] Two-thirds of households are homeowners, and a good portion of the rest would like to be one. Yet as seen above, many homeowners also live with unaffordable housing. While it is held up as a vehicle for wealth accumulation, it has many downsides. It is highly illiquid, and profits are not guaranteed, especially for Black and Latino households, making it a cornerstone of the racial wealth gap.[34] That wealth can actually be quite risky, most prominently displayed after the 2008 foreclosure crisis, where almost 8 million households lost their homes. Homeowners are also on the hook for all repairs and maintenance. In 2023, nearly 3 million households lived in homes that were either moderately or severely inadequate, with Black and Latino homeowners most likely to experience such

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[29] Hunt, D. Bradford. 2005. "Was the 1937 U.S. Housing Act a Pyrrhic Victory?" *Journal of Planning History* 4(3):195–221. doi:10.1177/1538513205278372.

[30] https://static1.squarespace.com/static/6643b5870445032770335492/t/68f7f02d39b3dc033401e835/1761079341507/10+Year+Roadmap+INTERIM+REPORT+Estimating+the+Cost+to+Preserve+the+Nation%27s+Public+Housing.pdf

[31] https://www.nyc.gov/assets/nycha/downloads/pdf/NYCHA_Fact_Sheet.pdf

[32] Huang, Rae, Shanti Singh, René Moya, and Gianpaolo Baiocchi. 2024. *Building The Future: Grassroots Reflections on Social Housing*. https://urbandemos.nyu.edu/2024/05/22/building-our-future-grassroots-reflections-on-social-housing/.

[33] Sullivan, Brianna, Donald Hays, and Neil Bennett. 2023. *The Wealth of Households: 2021*. P70BR-183. Current Population Reports. Washington: U.S. Census Bureau. https://www.census.gov/content/dam/Census/library/publications/2023/demo/p70br-183.pdf.

[34] Omer Ali, Nicholas Datto, Pei Yi Zhuo, Clinton Boyd, William A. Darity. 2026. "Race and home values in Durham, North Carolina: 1940–2020." *Regional Science and Urban Economics*, Volume 118. https://doi.org/10.1016/j.regsciurbeco.2026.104205. Aladangady, Aditya, Andrew C. Chang, and Jacob Krimmel. 2023. *Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances.* FEDS Notes. Washington: Board of Governors of the Federal Reserve System. https://doi.org/10.17016/2380-7172.3405.

conditions.[35] At the end of the day, a major reason is because social movements are demanding it. CLTs have long been a cornerstone of anti-gentrification organizing, and LECs are a common result when tenants take over their building from a negligent landlord.[36]

Why public development?

Ideally, the SHDA would be the developer for its projects. This means bringing together development partners, acquiring land, putting together the financing, and handling procurement. As mentioned above, all of this would be difficult to implement in-house on day one but would incrementally be brought into the SHDA offices.

Speedy acquisition to act as a kind of land bank would be a major power of the SHDA. Often, affordable housing developers must act quickly to pull together enough capital to purchase a desirable property and get outflanked by for-profit investors. This is especially true for tenants working to take over their building, who do not have the resources or capacity to handle acquisition quickly, let alone deal with redevelopment themselves.

By being a major figure in housing development, the SHDA could steer investments in the sector. Take the example of NYCHA's Clean Heat for All Initiative, which issued a call for manufacturers to create a window heat pump for NYCHA units.[37] The result was two different heat pumps that could be installed in public housing apartments in under two hours, reducing energy consumption by 87% and giving residents full control over their heating and cooling.[38] This can be an agent of green industrial policy,[39] including neighborhood-wide decarbonization.[40]

Also, public development allows the SHDA to consolidate the finances for the construction phase of development. Housing finance is broken out into two phases: 1) construction financing to pay for the upfront building expenses, and 2) permanent financing, which rolls over the construction debt into a combination of long-term debt and equity. Construction financing is short term and usually carries a high interest rate, while permanent financing has longer terms and lower interest rates, as the property is now backed by the cash flows from rent. Construction finance often requires a letter of credit, which protects the lender in case the project doesn't work out. All of these are risk protections in case the developer doesn't follow through on the project – and they are costly. By having its own large pool of resources, the SHDA can front the costs for construction, obviating the need for these additional costs.

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[35] Joint Center for Housing Studies of Harvard University. 2025. Improving America's Housing 2025. Pp. 25-26. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

[36] Huang, Rae, Shanti Singh, René Moya, and Gianpaolo Baiocchi. 2024. *Building The Future: Grassroots Reflections on Social Housing*. https://urbandemos.nyu.edu/2024/05/22/building-our-future-grassroots-reflections-on-social-housing/.

[37] Timi Koyejo, Isabel Peñaranda Currie, and Daniel Aldana Cohen. 2026. "Stop Greed, Build Green: A Working Class Climate Agenda," Climate and Community Institute. May. https://stopgreedbuildgreen.climateandcommunity.org/posts/greening-public-housing

[38] Maldonado, Samantha. 2025. "Electric Heat Pumps Get Warm Reviews at Queens Public Housing Development." *The City*. February 27. https://www.thecity.nyc/2025/02/27/nycha-electric-heat-pumps-housing-energy-queens/

[39] Patrick Bigger and Jesse Strecker, "Primer: Green Industrial Strategy for Just Transitions ," Climate and Community Project, April 2023. https://climateandcommunity.org/research/primer-green-industrial-strategy-for-just-transitions/.

[40] Zoë Cina-Sklar and Sonal Jessel, "Neighborhood-Scale Building Decarbonization: a toolkit for advocates and implementers," Building Power Resource Center and Climate and Community Institute, January 2026, https://climateandcommunity.org/research/neighborhood-scale-decarb.

In the end, there are some major benefits of centralized public development:

- **Ability to achieve economies of scale:** As a centralized agency, it would be able to conduct mass procurement and achieve discounts on construction and other inputs.
- **No need for separate construction financing:** The SHDA would draw on its own resources for the construction period and stabilize the properties as permanent loans. This obviates the need for construction financing and letters of credit.
- **No developer fees:** The development costs would be paid out of the SHDA's operating budget, eliminating the need for the typical 3% added cost for hiring an outside developer.

Altogether, eliminating construction financing and developer fees could reduce total development costs by 25% compared to a typical LIHTC project, while still achieving deep affordability.[41] This would be a major improvement. Given that the SHDA would operate with union labor or Davis-Bacon prevailing wages, this more than counterbalances the increased costs that come from high quality, but more highly paid, workers.

Why public funding and finance?

The SHDA creates affordability through a combination of low-cost loans and upfront capital subsidy. In both cases, it uses the resources of the government to do what the private market can't.

Public finance

Housing finance is typically a complex affair. Unlike a simple home purchase, where someone uses a combination of a mortgage and a downpayment, multifamily housing finance typically involves multiple funding sources. These combined sources form what is known as the "capital stack."

Affordable housing finance is even more complex. The quintessential example of this is the Low-Income Housing Tax Credit (LIHTC) program, which brings in private equity investments to affordable housing. It does so by offering tax credits to investors in exchange for 30 years of affordability on the project. To do this, LIHTC relies on "syndicators," who pool together a variety of investors to invest in projects, in exchange for tax credits. Yet doing all this involves fees and lawyers, which create additional costs. These syndication costs eat up between 10% to 27% of the potential tax credit equity, which could instead be going to the construction costs.[42]

Affordable housing projects are typically cobbled together from a variety of funding sources, including various state and local pots of money, on top of private investment and LIHTC. While nationally, the average number of funding sources for a LIHTC project is 3 to 4, that varies by location.[43] In places like

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[41] Some of these savings are because of tricks often used for LIHTC projects. The amount of LIHTC money a project can receive is based on the project's "eligible basis," which is the project's development costs. But this eligible basis can be increased by adding things like deferred developer fees and accrued interest. These aren't "real" costs, just ways to make the eligible basis bigger, and thus bring in more LIHTC money, but they make projects appear more costly on paper.

[42] Scally, Corianne Payton, Amanda Gold, and Nicole DuBois. 2018. The Low Income Housing Tax Credit: How It Works and Who It Serves. Washington DC: Urban Institute.

[43] Kneebone, Elizabeth, and Carolina K. Reid. 2021. *The Complexity of Financing Low-Income Housing Tax Credit Housing in the United States*. Berkeley: Terner Center for Housing Innovation. https://ternercenter.berkeley.edu/wp-content/uploads/2021/04/LIHTC-Complexity-Final.pdf.

California and New York State, projects with over ten sources are common. This complexity adds costs, as each funding source needs to do their own due diligence.

The SHDA could be the sole lender on a project, thus simplifying the capital stack. It could offer loans at a low interest rate and extended term. All of these are additional financial subsidies that contribute to the overall affordability of the projects.

Public funding

To pay for housing projects, the SHDA uses a combination of loans and upfront capital grants. The idea is to achieve permanent affordability but without the need for ongoing operating subsidies that could be cut at any moment. The loans come from the SHDA and are paid back through the cash flows of the building. But there are limits to how much affordability is possible through loans and cross-subsidy alone. Deep affordability must be paid for and is necessary if we want to truly provide housing for the neediest.

Most commonly the U.S. deals with deep affordability through housing vouchers. A truly universal voucher program would be a way to quickly deal with affordability, as well as put the government as a driver of decarbonization and potentially social housing.[44] However, there is a valid worry that relying on operating subsidies to prop up social housing runs the risk of those operating subsidies drying up from political negligence. These projects should be financially sustainable to be able to weather political crosswinds. Therefore, subsidy is handled as capital grants upfront. By buying-down some portion of the development costs, the building requires lower cash flows to support operations and debt service. Still, vouchers can be layered in to achieve deeper affordability and help support building finances.

Here are the various ways that the SHDA achieves deeply affordable housing, through its housing finance structure:

- **Low-cost loans:** From the SHDA, paid back through the cash flows of the building. With low-cost loans (such as a 50-year loan with a low interest rate), you can substantially reduce the amount of monthly rental income a building needs to stay afloat.
- **Cross-subsidy:** The SHDA creates mixed income housing, which means that some portion of higher rent paying tenants offset the reduced income from lower rent paying tenants. Additionally, it handles cross-subsidy at the *portfolio level*. This means that some projects may have deeper affordability than others, as long as it is offset by more mixed income housing elsewhere. This allows for more local specificity in the income compositions of projects, to be tailored to the needs of the local community.
- **Simplified capital stack:** Most projects that the SHDA funds could be covered with a single permanent mortgage. This cuts out the need for excessive fees from multiple players, which also creates project delays.
- **Centralized reserves pool:** Housing projects usually create a building-level reserve fund upfront to cover periodic cash flow problems and major repairs. It adds to the total development costs, and many projects don't end up using them. The SHDA will centralize these funds, allowing for more

[44] Cohen, Daniel Aldana, isaac sevier, Maddison Wells. 2026. "Toward housing as a human right: eliminate extreme housing and energy insecurity with a Safe Housing Foundation"

efficient allocation of resources across its portfolio, while also reducing the size of a building's loan.

- **Upfront grants to pay for development costs.** While operating support can be layered on top, the SHDA subsidies through upfront grants, so that the buildings are financially sustainable without additional subsidy. This is the crucial part to achieve deep affordability.

Conclusion

The Homes Act of 2024 proposed the creation of such an institution. It would authorize $30 billion each year for 10 years, paired with Treasury-backed lending authority. It establishes portfolio-wide affordability thresholds, where 40% of units are for households at 30% of AMI and below, 30% of units are for those at 50% of AMI and below, and the remaining units would be market rate.

Under these provisions, we have estimated that the Homes Act would create:

- 1,390,000 new social housing units. Of those:
  - 70% (973,000 units) would be affordable to low-income households, including
    - 556,000 units would be available at 0-30% Area Median Income
    - 417,000 units would be available at 31-50% Area Median Income.
  - 30% (417,000 units) would expand the supply of market rate housing
- Up to 310,000 total jobs annually, including up to 160,000 direct well-paying union jobs in the building trades industries each year.

This sort of institution works best at the federal level, where it has access to a treasury, and has a broader portfolio to draw from. However, for obvious political reasons, federal legislation is difficult at the moment. The core components are ultimately scalable down to the state and local levels. This can be seen in the New York State Social Housing Development Authority proposal,[45] as well as the Seattle Social Housing Developer that is currently operational.[46] There is also the possibility of mapping the core functions onto existing institutions, rather than creating something from scratch.[47]

Additionally, there are a variety of policies that can work in a complimentary way with an SHDA, also described in this Game Changers series. Rent control can help immediately reduce rent increases, and facilitate the conversion of over-leveraged, displacement-prone housing into social housing.[48] National Disaster Insurance can help struggling homeowners under pressure from rising insurance costs, as well as establish a national program for a vital housing service.[49] And a "Safe Housing Foundation" program,

[45] Master's Students in Urban Planning at Hunter College. 2024. "The Social Housing Development Authority: A Model for New York State". Community Service Society. May. https://www.cssny.org/publications/entry/the-social-housing-development-authority-a-model-for-new-york-state

[46] Carlson, H. Jacob, and Gianpaolo Baiocchi. 2023. "Social Housing: How a New Generation of Activists Are Reinventing Housing." Nonprofit Quarterly, June 6. https://nonprofitquarterly.org/social-housing-how-a-new-generation-of-activists-are-reinventing-housing/

[47] Brady, Marnie, H. Jacob Carlson, Gianpaolo Baiocchi, Yuly Chan, Sara Duvisac, and Tyson Patros. 2026. "Building Blocks of a Progressive Building Agenda", NYU Urban Democracy Lab Working Paper. http://hdl.handle.net/2451/75567

[48] Paul, Mark. 2026. "National Rent Control"

[49] Birss, Moira. 2026. "National Disaster Insurance Community Investment to Make Homes Safer and More Affordable."

anchored by a fully funded voucher system, would alleviate affordability problems for the poorest households, as well as help foster green industrial policy as well as the growing stock of social housing.[50] In the end, all these programs are doable, as experience from the U.S. and abroad has shown. All it requires is the political will to have the government be a proactive participant in the housing market, with the goal of making homes for all.

Acknowledgements

This proposal is a restatement of a shared project with Gianpaolo Baiocchi on decommodified housing and the SHDA. This includes thought partnership with many others. Of particular note are Ruthy Gourevitch, Daniel Aldana Cohen, and Marnie Brady. The views expressed here are those of the author and do not necessarily reflect those of anyone in the United States government, including U.S. Representative Alexandria Ocasio-Cortez or U.S. Senator Tina Smith.

*For more information on this topic, including the **Policy Brief**, please visit our policy page.*

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[50] Cohen, Daniel Aldana, isaac sevier, Maddison Wells. 2026. "Toward housing as a human right: eliminate extreme housing and energy insecurity with a Safe Housing Foundation" GameChangers