

We are in the midst of a nation-wide housing crisis. In cities and towns across the United States, private housing developers have failed to build enough housing over the last three decades. We should lower the barriers to private housing construction, but to catch up, we need an all-hands-on-deck approach.

What is Social Housing?

Social Housing is a widely accepted model for public housing, employed in nations across the globe and in some parts of the United States. It describes both a type of housing and the process used to build and manage it.

Rather than wait for private and non-profit developers to submit proposals for new construction, **Social Housing is initiated, designed, built, owned, and operated by the people.**

Fact: this is the way public housing was built and offered in the United States from the New Deal until 1969. That was the year that Congress, with the help of the real estate industry, slashed funding for public housing and restricted it to the very poor. Occurring simultaneously with “white flight” from urban centers, these changes transformed many public housing projects into dense concentrations of racialized poverty.

Characteristics of Social Housing:

- it's revenue neutral
- it's permanently affordable, not just for 20 or 30 years, as is typical with some private affordable housing developments
- it's mixed-income, so that residents are not “ghettoized” by race or class
- it provides residents with security from eviction
- it's sited in a variety of areas, including both suburbs and urban cores
- it's well-designed and well-built
- it includes public, community, and common spaces for events and recreation
- it's governed by residents, not bureaucrats
- it does not have barriers to entry like private housing often does, so you can still find housing even if you have bad credit, a criminal record, or eviction history
- it provides a pathway to home ownership by lowering rents, so tenants can save for a downpayment

Social Housing isn't just low-income housing.

Social Housing is offered to a robust mixture of tenants making **anywhere from 0 to 120% of median area income**, creating healthy mixed income, mixed age, and mixed background environments. Social Housing provides housing at **both low-income price points and the “missing middle.”**

How is this different from what we're currently doing?

In recent times, the City of Portland has sold or leased land to private or non-profit developers like Avesta, CHOM, and Port Property, and let those developers design, build, own, and operate the housing, while providing them with tax incentives, interest free loans, and grants.

In the Social Housing model, the City of Portland retains ownership of the land, and builds and operates the housing itself, in much the same way that Portland Public Schools builds and operates schools. This way, we don't have to wait for private entities to develop projects on our dime, we can envision and build exactly the kind of housing we want, where we want it. And because the City doesn't have a profit motive, the housing we build can be high-quality and affordable in perpetuity.

This is the “public option,” but for housing.

Remember during the debate for Obamacare, some senators wanted a “Public Option” - a health insurance offering that would be operated by the government, to provide people with an alternative to private health insurance? It was also referred to as “Medicare for All.” **This is that, but for housing.**

But “the City isn’t a developer!”

Why not? From the 1940s-1960s, local, state and federal governments built public affordable housing. Cities and states across France, Spain, Germany, Canada, and a long list of other nations currently build permanently affordable housing for their residents.

The City already provides a diverse array of services: parking, fire protection, public health, recreation. It’s already a bank, in the form of the Portland Development Corporation. We can be a developer of affordable housing, too.

Global examples:

- In the **United Kingdom**, 17% of households live in Social Housing, and 55% of all Social Housing is controlled by local authorities.
- Since 2002, the **Province of Québec** has built 23,000 units of social housing, in a financial partnership with local governments.
- Since 2015, **Indonesia** has built nearly a million units of Social Housing, with a 70%/30% split between low-income and non-low-income residents.

USA examples:

- **Seattle, Washington** passed a ballot initiative in 2022 which established a Social Housing development authority and mandated the construction of housing for anyone making between 0-120% AMI. <https://shorturl.at/qtyTY>
- **Montgomery County, Maryland** plans to build 9000 units of public housing using a new public housing authority and a \$5 million revolving fund to facilitate land purchases and construction. *“We’re replacing the investor dudes from Wall Street, the big money from Dallas,” said Zachary Marks, chief real estate officer for Montgomery County’s housing authority. “This kind of project is better for the taxpayer, it avoids a concentration of poverty, and it’s very capitalist in my view. A lot of this is just convincing governments that you don’t even know how powerful you actually are.”* <https://shorturl.at/iIX48>
- The **State of Rhode Island** recently debated creating a similar program with a \$10 million revolving fund. <https://shorturl.at/bijnp>
- **San Francisco, California** is in the process of building over 250 units of Social Housing specifically for local teachers. <https://t.ly/zTR5e>

Isn't this the Portland Housing Authority's job?

Yes and no. The Portland Housing Authority (PHA) does not have the resources that the City does. They have struggled recently to build any new public housing at all and have had to rely on public-private partnerships to rehabilitate aging public housing stock.

In fact, the City of Portland has historically given the PHA no preference over private developers, forcing them to compete with private developers. By contrast, the recent ballot measure in Seattle requires the city to consider whether public land should be sold to the Social Housing developer authority before proceeding with any sale to a private entity. In other words, Social Housing gets first dibs.

The City of Portland could build housing on its own, or it could partner directly with the PHA. In such a partnership, the City could contribute its access to land and capital, and the PHA could contribute its expertise in building and operating public housing.

And how do we pay for this?

The City of Portland currently has approximately 9 million dollars in the **Jill Dusen Housing Trust Fund**. This fund contains some ARPA funds, but is capitalized regularly through the contributions of private developers who choose to buy out of the City's inclusionary zoning ordinance that requires them to build some affordable housing as a part of every large project. The City could supplement this by **issuing a revenue bond**. Unlike general obligation bonds, which raise taxes, **revenue bonds pay for themselves over time** because the projects they fund bring in revenue. Portland's JetPort is an example of a revenue bond project. Fees paid by passengers support the project costs. The rents paid by tenants would provide the revenue stream to build and maintain Social Housing. Montgomery County, MD has used their bonding authority to successfully build Social Housing for decades.

The benefits of Social Housing are exponential.

As construction debt on a housing project is paid down, the equity can be leveraged to create more housing. This financing model is called a **"revolving fund."** The City of Portland Development Corporation uses a revolving fund to stimulate the economy, providing more than 209 Portland businesses with over \$13 million in financial assistance since 1991. A Social Housing revolving fund will also help strengthen Portland's economy, by allowing more workers to live in Portland.

Where can I find more information about Social Housing?

Vox, *"How state governments are reimagining American public housing: States are remembering that they can own housing, too."* - August 4, 2022

<https://shorturl.at/gmpB4>

The American Prospect, *"Why America Needs More Social Housing"* - April 16, 2018

<https://shorturl.at/hoqH4>

The Community Service Society of New York, *"Social Housing in the U.S."* - February 18, 2020

<https://t.ly/TZrbU>

> A deep dive into the reasoning behind Social Housing,

The Urbanist, *"Growing Social Housing in Seattle"* - February 21, 2021

<https://shorturl.at/irAPR>

> An analysis of Social Housing's past and future in Seattle, with loads of statistics.

The Urbanist, *"A Closer Look into Seattle's Public Developer for Social Housing Ballot Initiative"* - March 21, 2022 <https://shorturl.at/orsuA>