Social Housing as a Solution to California's Housing Crisis: Policy Analysis and Recommendations

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Executive Summary

Over the past several decades, California has developed one of the worst housing crises of any state in the nation. The state continues to underproduce housing of all types, which has increased housing costs and negatively affected the state's economy. In this report, I examine California's persistent housing crisis, focusing specifically on the challenges of building affordable housing – that is, housing that is restricted to lower-income residents at subsidized rental rates. Specifically, I analyze the potential role of "Social Housing" as a policy solution to this wicked problem. Social Housing is a policy proposal to integrate market-rate units into affordable rental housing developments so that the market rate profits can subsidize the income-restricted units. Each section of the report addresses a key aspect of the issue and builds toward policy recommendations.

In the introduction of the report, I outline the scale and urgency of California's housing crisis, emphasizing the state's chronic underproduction of housing relative to population growth. I also detail the consequences of this policy failure, which include soaring home prices, high rent burdens, increased homelessness, and constrained economic opportunity. Despite legislative efforts and ambitious state goals, California remains far behind in both market-rate and affordable housing production, with a particular shortfall in homes for low- and very low-income households. The introduction also frames social housing as an emerging policy alternative, previewing the report's structure and objectives.

In the second section, I trace the evolution of California's affordable housing policy, starting with the tradition of local control and the introduction of the Regional Housing Needs Allocation (RHNA) system. I explain how RHNA sets "fair share" housing targets for cities and counties across income levels. I also discuss the persistent shortfall in affordable housing production, which I generally attribute to high costs, regulatory barriers, and local opposition (NIMBYism). I end the section with a review of the complex network of state and federal funding mechanisms designed to support affordable housing development and highlight their limitations in meeting statewide needs.

In the third section of the report, I dive deeper into the concept of social housing, which involves public sector development of mixed-income housing. I review proposals such as Assemblymember Alex Lee's plan for a state public development firm to directly build and manage social housing developments. In this section, I also contrast social housing with California's existing models, which are primarily either privately developed market-rate housing or 100% affordable developments that the state and/or federal government subsidize non-profit developers to build. I argue that a mixed-income, publicly developed approach could address both supply and affordability gaps, especially where the private sector falls short.

In the next section, I conduct case studies of successful social housing programs in other countries. Specifically, I analyze Singapore, Vienna, Copenhagen, and British Columbia, where public entities build and manage large-scale, mixed-income housing. I provide additional details on their financing structures, long-term sustainability, and ability to overcome local opposition. The section also surveys emerging domestic proposals in other U.S. states, drawing lessons for California.

In the fifth section of the report, I provide the results from interviews that I conducted with a state senator, a city housing planner, and an affordable housing developer. I synthesize those practitioner perspectives on the feasibility and potential impact of social housing in California to provide additional reference points for my recommendations. I also highlight both enthusiasm for the model's promise and concerns about implementation challenges, such as funding, governance, and integration with existing policy frameworks.

In the final section of the report, I conclude with my recommendation that California should pursue a social housing policy to address its severe affordable housing supply shortage. I also offer specific suggestions for statewide policymakers on designing an effective program, including streamlined funding, mixed-income mandates, and robust public sector capacity to plan, build, and manage housing at scale.

1. Introduction

One only needs to look to the state legislature to realize that housing is a hot-button policy issue in California. Over the past decade, the State Legislature has passed hundreds of bills aimed at addressing the state's "housing crisis" (Gill & Schuetz, 2023). Lawmakers aimed much of this legislation at addressing California's underproduction of housing proportionate to population, which they posit has led to increasingly burdensome housing costs (Assembly Housing and Community Development Committee, 2024). Indeed, academic studies have shown that if the supply of new housing does not keep pace with a growing population, higher costs for housing will ensue (Patel et al., 2024). Lawmakers have advanced nearly all of these new laws with the goal of making it easier for the private sector to develop new housing by restricting local governments from blocking new housing through their own land use and zoning ordinances (Gill & Schuetz, 2023).

But this recent flurry of activity does not imply that this is a new problem. Since the 1970s, the state has added just 6.2 million new homes while growing by an additional 6.7 million households and 19 million people (McKinsey Global Institute, 2016). In other words, over those 40 years, the state added only 325 homes for every 1,000 additional people, which is 68 percent less than New York added during that time. For further perspective, there are now 2.93 Californians for every occupied housing unit, behind only Utah (3.09) and Hawaii (2.93) and far above the average of all other states (2.53) (PPIC, 2021).

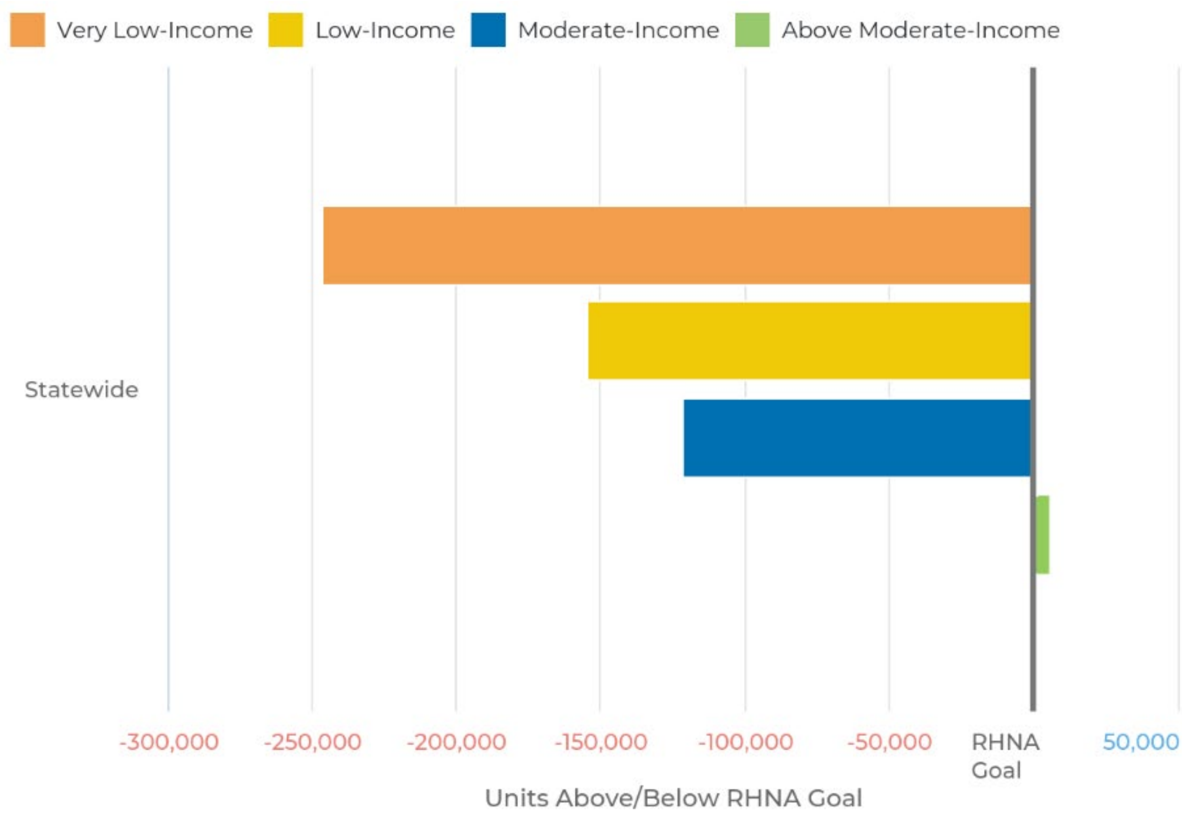
California's failure to build enough new housing to keep pace with demand has had dire consequences for the state's economy and cost of living. Between 2000 and 2021, home values in California's urban areas tripled, and California's home values are double those in New York and triple those in Texas (Streeter, 2021). Additionally, California's average monthly rent is roughly fifty percent higher than the national average (California Legislative Analyst's Office, 2015). While the high cost of buying a home has made homeownership unattainable for many Californians, these climbing rent costs mean that over half of California's renters are "rent burdened," meaning they pay more than thirty percent of their income toward rent, and nearly thirty percent of Californians are "severely rent burdened," meaning they pay more than fifty percent of their income toward rent (HCD, 2018). For instance, the California Department of Housing and Community Development has estimated that California needs at least 1.8 million homes to address household growth from 2015 to 2025, but from 2008 to 2018, California only managed to construct an average of 80,000 homes per year

The inadequate development of new housing caused home and rent prices to increase dramatically, and studies show that these rising costs result in increased homelessness and decreased economic opportunities for residents in California's urban areas. For example, during the time of housing cost growth, San Francisco's unsheltered homeless population doubled from about 2,655 to 5,180 (Streeter, 2021). Additionally, studies illustrate the direct connection between high housing costs and high homelessness rates, demonstrating that homelessness rates vary greatly throughout the country and that, ultimately, absolute rent levels and rental vacancy rates are associated with regional rates of homelessness (Colburn & Aldern, 2022). Moreover, the California Legislative Analyst's Office (LAO) found that these high housing costs hinder economic opportunity, particularly among California's lower-income residents, by forcing workers out of the state's most economically productive cities or out of the state entirely, constraining personal finances and making them more fragile, denying opportunities to build wealth through homeownership, and, forcing residents into more crowded housing which negatively affects well-being and educational attainment (LAO, 2015).

To address these problems, in 2018, the California Department of Housing and Community Development (HCD) estimated that California needed at least 1.8 million homes to address household growth from 2015 to 2025, but from 2008 to 2018, California only managed to construct an average of 80,000 homes per year (HCD, 2018). Building on this already ambitious goal, Governor Gavin Newsom came into office in 2019 proposing that the state build "the 3.5 million new housing units we need by 2025 because our solutions must be as bold as the problem is big" (Newsom, 2018). Despite the aforementioned legislative efforts to spur housing development, as of December 2024, local government officials have only permitted about 650,000 new homes (Bollag, 2024).

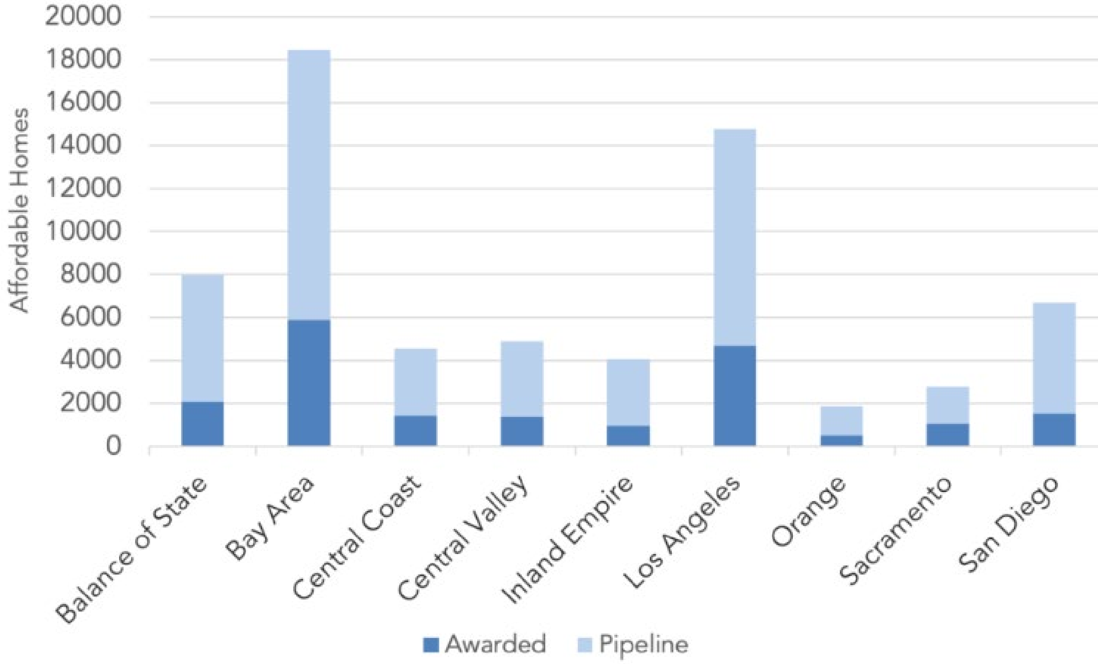
While California's overall housing problem remains vexing, state policymakers have faced an even more wicked problem than developing market-rate housing: building affordable housing, meaning housing that is restricted to low- and very low-income households at rents affordable to those demographics. Indeed, California has failed to meet its Regional Housing Needs Assessment (RHNA) targets for low- and very low-income housing, with 72% of very low-income units and 65% of low-income units unmet as of 2024, leaving a combined shortfall of approximately 1.2 million affordable homes (California Housing Partnership, 2024). Despite a near-construction pipeline of 44,723 stalled affordable units – 70% of which have secured some state funding – experts estimate that the state faces a $1.79 billion subsidy gap and a $574 million tax credit deficit to activate these projects, which could otherwise house an estimated 491,953 households over 55 years (Santana, et al., 2025). Current production rates lag RHNA mandates by 4:1 for very low-income households and 3:1 for low-income households, exacerbating homelessness (up 12% since 2022) and leaving 83% of extremely low-income renters cost-burdened. Santana, et al. (2025) attribute this systemic underproduction to fragmented funding systems requiring developers to navigate 7–12 separate applications per project, inflating costs by 15–25% and delaying construction by 18–36 months. Meanwhile, HCD's (n.d.) RHNA reforms—including streamlined data verification and vacancy rate analyses—have yet to translate into measurable progress, with only 23% of 6th-cycle permits issued for targeted income brackets.

Figure 1: 5th RHNA Cycle Production vs. Goals



Source: Rosenfeld, L., 2020

Figure 2: Estimated Annual Affordable Housing Production Capacity



Source: California Housing Partnership, 2024

Among many novel solutions to remedy California's housing shortage, and particularly its affordable housing shortage, is an emerging public policy option for governments to address housing affordability called "Social Housing." Under this model, which has been proposed by State Assemblymember Alex Lee, the state would create a public development firm to develop mixed-income rental and limited equity homeownership housing and mixed-use developments to address the shortage of affordable homes for low and moderate-income households (Lee, 2021). This would be a break from the mold in the Legislature, where, as previously mentioned, most proposals are either geared toward spurring development of market-rate housing or providing funding and financing mechanisms for 100% affordable housing developments. Proponents of this policy suggest that, through a public housing corporation, the state can take a direct role in providing housing, particularly for low- and middle-income residents (Sagehorn, 2021). Their argument is that the state must play a part in the housing market where the private sector either will not or cannot due to economic conditions or, in the case of low-income housing, lack of sufficient profitability. Additionally, affordable housing often faces significant protest from existing residents that can stymie its development (McNee & Pojani, 2021). This phenomenon is colloquially known as “Not in My Backyard-ism” or “NIMBYism”. According to proponents, Social Housing’s mix of market and affordable housing has the potential dilute the fervor of NIMBYs and provide an easier path to more affordable housing. These proponents often cite international models in Singapore and Vienna, where social housing programs focus on longer financing horizons and sustainable revenues, as opposed to maximizing short-term profits, to construct a wide array of housing types through self-financing through internal subsidization across residents’ income levels (Karlinsky et al., 2020).

In the remainder of this report, I will examine Social Housing as a potential tool to help California address its housing supply and affordability problems. I will begin by providing additional background information on the structure of California housing policy, particularly the Regional Housing Needs Allocation and affordable (meaning income-restricted) housing policies. In the next section, I will further describe social housing as a concept, discuss Assemblymember Lee’s legislative proposals, and discuss what social housing in California could look like. Then, I will provide case studies of similar programs in Singapore and Vienna, as well as emerging proposals domestically in other states. The fifth section of the paper will report on my findings from interviews with a State Senator, a city housing planner, and an affordable housing developer to provide practitioner insight on Social Housing as a concept. I will then conclude with my contention that California should pursue this policy and my recommendations for how California can best design a Social Housing program to maximize its benefits.

2. Background on Housing Policy in California

Roots of the Regional Housing Need Allocation

The history of insufficient housing development in California starts with the state's strong traditions of home rule and limited state intervention in local affairs (Krane et al., 2000). Up until the late 1960s, policymakers viewed land use decisions, including zoning for new housing, as the sole purview of local governments (Baer, 2008). However, in 1967, the Legislature enacted AB 1952, which broke this tradition by introducing the concept of a housing element in local planning documents. AB 1952 was sponsored by the California Building Industry Association (CBIA), a trade association representing housing developers, who argued that local zoning regulations were hindering their efforts to build housing at affordable rates (an argument that continues to this day).

To address this, CBIA suggested requiring local governments to include a housing element as part of their general plans, thus forcing them to consciously plan for housing and increasing their awareness of obstacles to such development. At this point, the sentiment of state-level policymakers was clear: California was not producing an adequate amount of housing, and the cause of this problem could be generally attributed to local government hostility (California State Assembly, 1980). AB 1952, and subsequent legislation to further refine it, resulted in the Regional Housing Needs Allocation (RHNA), wherein state law requires regional Councils of Governments (COGs) to distribute "fair shares" of housing to individual communities, that in turn must plan for those units in their housing elements (Baer, 2008). The RHNA process remains hotly contested to this day, but it set up the underlying policy framework for how California attempts to spur the private sector to develop new housing units. In the following subsections, I will describe the current state of California's RHNA and affordable housing policy, recent legislative efforts to spur more affordable housing development, and briefly describe how Social Housing could fit within the existing policy landscape.

The RHNA and Affordable Housing Framework Today

HCD relies on the California Department of Finance's (DOF) projections of future population growth and household formation rates to develop the RHNAs (ABAG, 2020). HCD then assigns these RHNAs to the regional COGs or to counties that do not belong to a COG (and the cities in their boundaries). In turn, the COGs methodologically apportion those allocations out to the jurisdictions under their purview so that each receives its "fair share" of the allocation, ensuring that housing requirements do not overly concentrate in any one area (Baer, 2008). These allocations include targets for housing at all income levels broken out as follows: Very Low Income: 0-50% of Area Median Income (includes acutely low, <15% of Area Median Income and extremely low, <30% of Area Median Income); Low Income: 50-80% of Area Median Income; and Moderate Income: 80-120% of Area Median Income; and, Above Moderate Income: 120% or more of Area Median Income (ABAG, 2020).

Under California law, designated affordable housing developments are those that are income-level restricted to families and individuals with incomes 60% or less than the Area Median Income (AMI) (California State Senate Housing Committee, 2023). While California has clearly failed to meet its housing supply goals across income levels, it has proved particularly challenging to construct affordable housing units, with the state only meeting 12% of its targets over the past five years (California Housing Partnership, 2024). Experts attribute this to many factors, the first of which is that it is expensive to develop any kind of housing in California due to high land, material, and labor costs, local zoning regulations and development fees, and the threat of legal challenges under the California Environmental Quality Act (CEQA) (Baldassari &

Solomon, 2020). These inhibitors are especially acute in affordable housing projects, which have lower profit margins for developers and are often subject to enhanced scrutiny and protest from local communities where politicians and residents view income-restricted projects as a threat to their community's existing character, socioeconomic status, and safety – also known as Not-In-My-Backyard-ism or NIMBYism (McNee & Pojania, 2021). These factors have resulted in affordable housing costing over $600,000 to construct per unit (California Housing Partnership, 2024) to up to $1 million per unit in some cases (Dillon & Poston, 2022). These figures apply to multi-family developments (the typical mode of affordable housing in California) with mixtures of studio, one, and two-bedroom units (California Housing Partnership, 2024; Garcia, et al., 2023). Costs accounted for include land acquisition (10%), hard costs including materials and wages (65%), and soft costs associated with the design and implementation of the project, such as tax, title, insurance, consultants, and financing (25%).

The state has set up a complex funding and financing network to offset costs and incentivize private developers to build affordable housing. These programs include: Low Income Housing Tax Credits (LIHTC), administered by the California Tax Credit Allocation Committee; Greenhouse Gas Reduction Fund grant monies allocated to the Affordable Housing and Sustainable Communities Strategies Program (AHSC), administered by the Strategic Growth Council; The Veterans Housing and Homeless Prevention (VHHP) Bond Act of 2014, allocated to programs administered by HCD in coordination with the California Housing Finance Agency (CalHFA) and California Veterans Department (CalVet); Revenues generated through the Building Homes and Jobs Act (SB 2, Atkins, Chapter 364, Statutes of 2017), allocated through HCD and CalHFA; The Veterans and Affordable Housing Bond Act of 20184 (Proposition 1), allocated to a program administered by HCD and CalHFA; The No Place Like Home Program (established by Proposition 2, 2018), administered by HCD; Budget appropriations to the Homeless Emergency Aid Program (HEAP) and the Homeless Housing, Assistance, and Prevention Program (HHAPP), administered by the Homeless Financing and Coordinating Council (HCFC) (California Senate Housing Committee, 2021).

In addition to the myriad of state financing and grant streams, affordable housing developers can also avail themselves of several federal programs through the Housing and Urban Development Department (HUD) that provide formula grants to jurisdictions of a certain size, such as the HOME Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG) Program, and Community Development Block Grant (CDBG) Program. Similarly, some local governments have developed their own funding streams to support affordable housing developments that help reach their RHNA targets, such as housing trust funds, inclusionary housing ordinances, and tax increment financing. However, affordable housing developers cannot rely on any of these discretionary funding mechanisms, and they vary significantly from jurisdiction to jurisdiction (Senate Housing Committee, 2021).

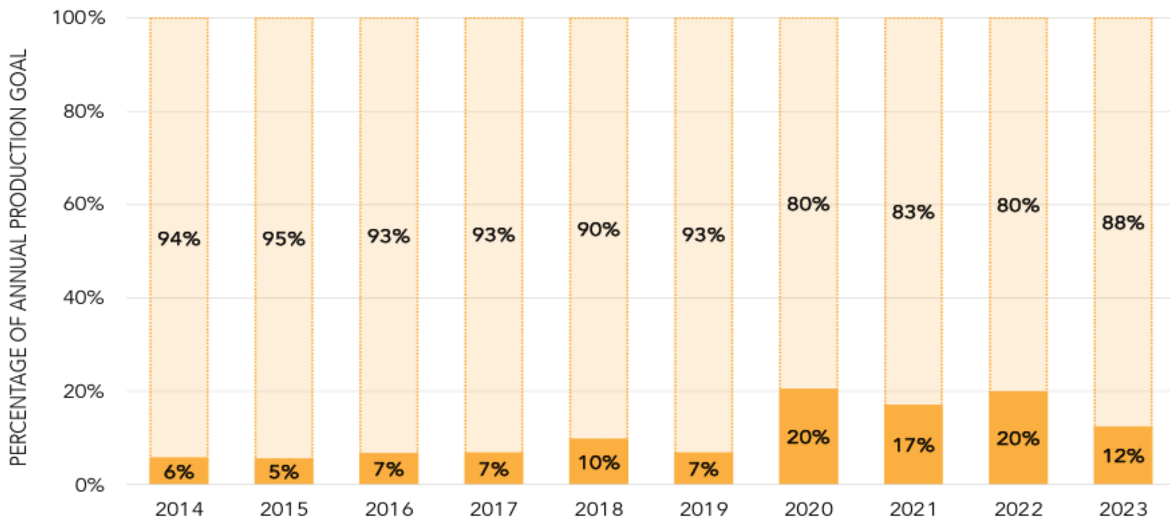
As a result, developers typically rely on a patchwork of funding and financing sources that they must weave together in a process that can take several years in order to make their affordable housing projects “pencil out.” This is an inefficient process that has clearly failed to deliver affordable housing on a scale or timeline needed for California. As I will explain in the next section, the state has also implemented several policies aimed at reducing other barriers to affordable housing development, but these also appear insufficient to incentivize the private sector to meet the state’s housing needs.

Recent Legislation to Spur Affordable Housing Development

In addition to the financing challenges associated with implementing affordable housing developments, as I previously explained, developers must also overcome obstacles related to local government approvals and CEQA challenges. Over the past several years, the Legislature enacted laws that generally fall into one of three categories: 1. Curtailing local governments' ability to stymie housing through discretionary reviews; 2. Streamlining or eliminating California Environmental Quality Act (CEQA) review for certain housing projects; or 3. Increasing punitive measures for jurisdictions whose planning and zoning actions are limiting housing production (Maclean et al., 2023).

Many of these changes in law, coupled with the new funding streams outlined above, appear to have led to positive growth in affordable housing development – with the state doubling its production of new affordable units in the last five years (California Housing Partnership, 2024). However, as noted by land use attorney Jennifer Hernandez, "a lot of these bills help a little" (Christopher, 2023). Generally, this is because legislators must accept amendments to their housing legislation, sometimes referred to as "poison pills," that limit their scope and potential effectiveness in order to get those bills passed by a majority of the Legislature (Leonard, 2025). For example, nearly all significant affordable housing streamlining laws that limit local government discretionary reviews or stop them from blocking projects altogether are limited to only projects that pay construction workers a higher minimum wage (commonly referred to as prevailing wage), provide them with health care benefits and abide by other stricter labor standards (Christopher, 2023). Similarly, CEQA exemptions for affordable housing projects have come with a litany of requirements, including that "projects must be 100 percent low-income housing projects (except for managers' units), meet prevailing wage and other labor standards identified in AB 2011, be located in an infill location and meet a range of criteria intended to ensure the site has access to transit or other amenities" (Maclean et al., 2023).

Figure 3: California's Increase in Affordable Housing Development



Annual Goal (Roadmap Home 2030)	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287
Homes Funded *	**6,636**	**6,481**	**7,799**	**7,955**	**11,458**	**7,954**	**24,204**	**20,158**	**23,551**	**14,592**

Source: California Housing Partnership, 2024

As such, the combined effect of this streamlined flurry of housing has been inadequate to meet California's affordable housing goals because the potential financial incentives offered by these changes to the law are counteracted by strict requirements that increase developer costs.

Where Social Housing Fits

Given the financial difficulties associated with constructing affordable housing in California and the limited success the state has had in spurring this development through private sector incentives, I believe it is reasonable to look at possible alternative structures. As I will explain in the next section of this report, Social Housing could provide a valuable new tool to meet the state's affordable housing needs by reducing the private sector's risk in implementing affordable projects. Specifically, social housing has the potential to break the current paradigm of complex and insufficient public subsidies combined with weak and limited streamlining laws, allowing the state to play a larger role in implementing mixed-income housing developments, with the private sector playing a supporting part.

As I have established sufficient background on California's affordable housing policy framework, in the next section, I will provide background on Social Housing as a concept, as well as an analysis of Assemblymember Alex Lee's efforts to pass legislation to implement Social Housing in California.

3. Background on Social Housing

To conduct a thorough policy analysis of social housing and its potential for remedying California's inability to produce adequate affordable housing to meet its own state goals or the demands of its residents, I believe it is first necessary to fully explain what social housing means. This includes a clarification and definition of key terms, a general discussion of the modeling of these programs in other countries, and a brief discussion of the legislative history of social housing in California, including Assembly Bill 11 (AB 11), which Assemblymember Alex Lee has introduced and is currently awaiting a hearing.

Public Housing Corporations

A key first step to understanding social housing as a concept is to establish the definition of a **public housing corporation**. Public housing corporations are semi-governmental agencies that finance and develop housing in collaboration with private developers, nonprofits, and cooperatives. They work to build infrastructure, maximize the value of government-owned and privately-owned land, and fund and create new housing projects (Karlinsky et al., 2020). These corporations can operate at the municipal, state, or national level and may receive funding from public sources such as government subsidies, grants, or tax revenue. Once operational, these corporations can capitalize their own revenues from rents to further expand housing options in their jurisdiction. Typically, their task is to construct developments with income-restricted affordable units and market-rate units to foster social integration and promote long-term stability in the housing market (Sagehorn, 2021). In California, the closest comparison to public housing corporations is local housing authorities, which are independent public agencies created under the state's Housing Authorities Law to address affordable housing needs (California Health & Safety Code §34200 et seq.). They are not part of municipal/county governments or federal HUD offices but derive their authority from state law.

Affordable Housing and Multi-Family Housing

For the purposes of this paper, I believe it is also necessary to reiterate California's definition of **affordable housing** as well as the concept of **multi-family housing**. In this report, I will define affordable housing as follows. First, the housing developer and/or property owner has recorded the grant deed of their property with terms that specifically limit the income levels of those living on the property or cap rents at a certain percentage of a household's income over a specified period after occupation (Chen, 2023). Additionally, HCD considers affordable housing to have rent or mortgage caps at no more than thirty percent of the household income of those earning eighty percent of the area median income (AMI) (HCD, n.d). HCD also defines subsections of affordability based on a percentage of area median income for very low (30-50% of AMI), extremely low (15-3% of AMI), and acutely low-income households (≤15% of AMI). In California, it is typical that affordable housing units are located within multi-family housing developments, wherein the development contains multiple units, as opposed to standalone single-family homes. Another key point when discussing affordable multi-family housing developments in California is that they are almost exclusively available on a for-rent basis, and are generally not available for purchase by their occupants except in certain cases (Housing California, n.d.).

Examples from Abroad

Proponents of social housing in California often cite three examples of social housing in practice: Vienna, Austria; Singapore; and British Columbia, Canada. Each of these governments has similar but distinctive approaches to social housing that can provide different lessons for California. I will explore these examples further in Section 4 of this paper, but a summary of their structures provides helpful context for the current efforts to institute social housing in California and the rationale behind them.

Singapore's public housing corporation, the Housing and Development Board (HDB), has been in operation for over sixty years (Majendie, 2020). The HDB is responsible for building, operating, and maintaining multi-family housing developments. This social housing program has been so successful that it has nearly eliminated the private housing market, with more than eighty percent of the population living in HDB housing. Somewhat differently, in Vienna, the city government has its own housing non-profit corporation that develops housing projects on government-owned lands (Karlinsky et al., 2020). Additionally, the city government supports non-profit rent-restricted housing developers to the extent that nearly fifty percent of all housing units in the city are affordable. Finally, and most recently, British Columbia initiated a social housing program called BC Builds. This program invests significant government funding as well as over $4 billion in financing opportunities to build mixed-affordability housing units on government-owned lands (BC Housing, 2024). While the BC Housing Agency does not have sole responsibility for constructing and operating housing developments under this framework, the government agency plays a much greater role in identifying sites, assembling financing, and controlling the mix of housing than California's government does.

Legislative History of Social Housing in California

Social housing first rose to the California legislative agenda in 2021, when Assemblymember Alex Lee took office. Assemblymember Lee currently represents District 25 (originally District 24 prior to redistricting), which generally covers Fremont, Milpitas, Newark, and parts of San Jose in the counties of Alameda and Santa Clara (CA State Assembly, n.d.). Alameda and Santa Clara counties have the fifth and eighth-highest rental costs in the state, respectively, and nearly half of all residents are rent-burdened (Bay Area Equity Atlas, n.d.). Embodying the experience that is likely typical of residents in this part of the Bay Area, when elected at age 25, Assemblymember Lee was still living at home with his mother because he could not afford the high rental costs in his hometown of Milpitas (Geha, 2020). Lee has taken on a lead role in the housing policy conversation on behalf of the "Renters Caucus" which consists of a mere five of 120 legislators who do not own their homes (Nguyen, 2024). With this background, the self-described socialist has been the main proponent of social housing in the State Legislature and has raised the public policy option as a potential tool to address California's affordable housing shortfall (Barker, 20244).

To that end, in 2021, Assemblymember Lee introduced the first legislative attempt at implementing social housing in California, AB 387 (Leginfo, 2021). A relatively modest proposal when compared to international models and Lee's later legislative efforts, AB 387 would have established a California Social Housing Council to develop policy proposals to promote social housing, hold public hearings, educate the public and stakeholders on social housing as a concept, and gather input from relevant parties. This bill defined social housing as both rental and homeownership housing that: (1) is owned by a public entity, a local housing authority, or a non-profit; (2) contains a mix of household income ranges, including extremely low, very low, and low income; and, (3) is deed-restricted affordable. While the Assembly Clerk referred this bill to the Committee on Housing and Community Development, the Committee did not hear the bill. While the legislative process is often opaque to outside observers, some have speculated that the committee did not hear the bill because it did not contain a funding source and, as such, was not ready for a hearing (Wilber, 2023).

Undeterred, Assemblymember Lee again introduced social housing legislation in 2023 via AB 309 (Leginfo, 2023). This attempt would have created a much more robust state role in developing affordable housing. Specifically, the bill would have created a new program within the Department of General Services (DGS), as opposed to the earlier AB 387, which simply would have created a new advisory council without instituting a new program. Furthermore, the new "Social Housing Program" would have authorized three social housing projects on land owned by the state under DGS's inventory, creating a land bank for suitable properties. The definition of social housing remained the same as in AB 387; however, in AB 309, the legislation directed DGS to solicit bids to develop social housing projects that included both rental and ownership models. While the rental model would stay within the typical affordable housing model in California, the ownership model required a minimum of five years of owner occupancy. Finally, the bill included several provisions limiting local jurisdictions from denying social housing projects implemented under the program. While AB 309 ultimately passed in both houses of the Legislature, Governor Newsom vetoed the bill, citing infringements on state-owned property as well as the cost pressures associated with implementing the program

(Newsom, 2023). Lee expressed disappointment with the veto but vowed to continue to champion social housing legislation in future years (Lee, 2023).

To that end, in the 2025-26 legislative session, Lee has introduced companion bills: AB 11, the Social Housing Act, and AB 590, the Social Housing Bond Act of 2026 (Leginfo, 2024). AB 11 builds on his earlier legislative efforts in this space, this time creating an independent state body called the California Housing Authority (Authority), governed by a board of experts appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules. The Authority's core mission would be to produce social housing to eliminate, "the gap between housing production and regional housing needs assessment targets, and preserving affordable housing" (Leginfo, 2024). AB 11 retains AB 309's dual rent-ownership model and instructs the Authority to prioritize development on vacant, underutilized, and surplus properties near public transit. It also goes beyond AB 309's limited pilot project scope by instructing the Authority to explicitly base its development targets on closing RHNA gaps while achieving long-term revenue neutrality by subsidizing future developments with rent and sale revenues of its previously constructed developments. On the local government side, AB 11 instructs the Authority to seek input from local jurisdictions on siting and design, but gives the state ultimate power to locate and build these developments as they deem appropriate. Finally, to fund this new Authority and its programs, AB 11 proposes to create a new Social Housing Revolving Loan Fund within the State Treasury to provide zero-interest loans for the purposes of constructing these new developments. AB 590, a companion measure, would create another funding source for the Authority by placing a $950 million general obligation bond measure on the ballot in 2026, the proceeds of which, if approved by voters, would be used for financing these developments and supporting the new revolving fund.

I have now provided a background on California's existing affordable housing policy framework, detailed social housing as a concept, and analyzed Assemblymember Lee's proposal for social housing in California. In the next section, I will analyze four international social housing models. Proponents of social housing, including Assemblymember Lee, often cite these examples as proof of concept that this policy will work in California. In this section, I not only explain these models but highlight key takeaways from each for California policymakers.

4. Social Housing Case Studies

To understand the potential benefits and drawbacks of instituting a social housing program as Assemblymember Lee proposes, it is helpful first to evaluate similar programs in operation. As I previously stated, social housing has a limited track record domestically. While the State of Hawaii, Montgomery County, Maryland, and the City of Seattle have all launched social housing programs over the last few years, those programs are still in their infancy and have not produced tangible results to date (IMS, n.d.). As such, social housing advocates usually look to international models to justify their contention that social housing can work in California.

Practitioners can find international evidence of social housing's effectiveness in Singapore, Vienna, Copenhagen, and British Columbia. Looking to other countries for examples of successful housing policies is somewhat problematic because of the political, economic, and social differences between these foreign nations and California. As such, this approach is open to valid criticism that these international examples simply do not apply to California. However, I contend that studying these international models and evaluating them in the context of California's housing policy framework can still provide useful insights when considering implementing a social housing program in the state. In the below subsections, I provide brief summaries of the most commonly cited variations of social housing, along with my thoughts on how they may or may not apply to California.

The Singapore Model

Singapore's social housing model is perhaps the most widely cited example of a successful social housing program, and Assemblymember Lee frequently discusses it as the inspiration for his legislation (Lee, 2021). In the 1960s, Singapore's national government created the Housing and Development Board (HDB) to address the nation's severe housing shortage (Karlinsky et al., 2020). The HDB is the primary developer, planner, and manager of public housing projects in the country, using significant public funding from the central government to support the construction of multi-family housing developments that are available at both market and income-restricted rates. A unique aspect of this model is the HDB's focus on homeownership over renting, which the HDB actively encourages by offering residents low-interest loans and by selling units on a 99-year leasehold model wherein the government retains ownership of the land thus keeping initial purchase prices lower than they would be if the buyer was purchasing both the housing unit and the land (Lee, 2023). This has resulted in very high homeownership rates, with over 80 percent of Singaporeans living in HDB flats and 92 percent of those residents owning their homes (Kan & Driscoll, 2025).

While the Singapore model is undoubtedly successful and can certainly provide some lessons for California, Singapore's economic, social, and political environments are significantly different, which casts doubt on this model's direct applicability. For one, although Singapore's economy is generally free-market capitalist, the government operates with centralized control over housing policy and has essentially been a one-party democracy with little opposition to those policies (Hamilton, 2020). California, conversely, operates within a decentralized federal system where multiple levels of government have important authority over housing policy (Grumbach & Michener, 2022). As discussed, California also has a deep tradition of local authority over housing and land use planning that can disrupt state housing efforts. Additionally, as a remnant of its colonial past, the Singaporean government already owned around three-quarters of the nation-city's land, which, combined with the country's low labor standards and streamlined regulatory processes, have made building social housing relatively inexpensive compared to its likely costs in California (Ng & Pong, 2025). Given these realities, I suggest the primary takeaway for California policymakers from the Singapore model is the creative and effective focus on homeownership, which is desirable because it provides additional opportunities for economic mobility.

The Vienna Model

Another oft-cited example of social housing from abroad is Vienna's approach to funding mixed-income rental housing developments. Again, this model is government-led, with the city administration dedicating roughly five hundred million euros annually to constructing housing and rehabilitating existing government-owned developments (City of Vienna, n.d.). However, the Viennese approach does not incorporate the Singaporean focus on homeownership and instead aims to provide a broad array of rental housing developments that offer units at prices affordable to both middle and low-income individuals or families (Kerensky, 2020). Indeed, nearly eighty percent of all housing in Vienna is rental as opposed to owner-occupied, with fifty percent of all housing units consisting of government-owned social housing. In these developments, the requirement is that at least two-thirds of the units rent for below-market rates, with the other third rented out at capped market rates (Ng & Van Bemmel, 2021). While this mixed-rate structure provides an opportunity for the use of excess revenues to build new or rehabilitate existing housing, the government has also instituted rent control on market-rate units, with rents being capped at twenty to twenty-five percent of the occupants' monthly income (Kerensy, 2020). This diminishes the potential revenue stream and necessitates greater government subsidies for the social housing program.

The Vienna Model faces similar challenges to the Singapore Model for implementation in California. While the focus on rental units aligns with California's current affordable housing structure, it requires an ongoing significant subsidy to operate and is not the truly "sustainable" system that social housing advocates often promote. Additionally, like in Singapore, the city government was and remains a significant landowner, which brings construction costs down because of the removal of the land purchase as a cost factor. Moreover, Vienna is a long-standing urban center where residents have grown accustomed to urban living and environs, which may not apply in all areas of California. However, I suggest that the concept of tying rents for "market rate" units to income for low-income and higher-income renters alike provides a promising concept that California should consider. While one of the central appeals to the social housing concept is the ability to use the market rate rental revenues to subsidize both existing affordable units and the construction of new developments, rent capping for higher-income households could help overcome the "desirability problem". Specifically, social housing may be undesirable to higher-income individuals who may not wish to live with lower-income residents. Capping rents at a percentage of the higher earners' income could spur them to consider taking a lower-rent unit in a social housing development over a higher-rent unit in a market-rate development.

The Copenhagen Model

Facing significant economic stagnation in the 1980s, the City of Copenhagen partnered with the national government to create a series of publicly-owned, privately operated development corporations in the city, culminating with the City & Port Development Corporation (CPDC) (Katz & Noring, 2017). The CPDC has found success by using public lands to generate revenue through a variety of tactics. This includes rezoning industrial or protected lands to commercial and residential use, thus increasing the land's value, which the CPDC then borrows against to fund additional infrastructure and other amenities. The CPDC also uses these rezoned lands to directly build housing and other commercial developments or sells the land to housing developers under strict terms that 25 percent of the housing is set aside within market-rate developments for lower-income residents.

This creative public-private system of leveraging public assets to fund long-term investments, combined with adaptive rezoning, provides a promising model for Assemblymember Lee's proposed social housing corporation. By not focusing solely on housing, but a mix of development opportunities, the CPDC has maximized revenues that they used to reinvest into public infrastructure, reporting $15 billion in revenue generation for the redevelopment of its North Harbor alone (Katz & Noring, 2017). However, there are concerns related to applicability because California (and the United States as a whole) has limited institutional experience in operating such quasi-public corporations. Moreover, Copenhagen is a large and desirable metropolitan area that happens to hold a large amount of centrally located but underutilized public lands, a fruitful situation for the CPDC's efforts, but unlikely that California can duplicate. As such, my recommended takeaway from the Copenhagen Model for California is to focus on the business structure of their public-private corporation, particularly as it relates to bundling land assets, rezoning to increase land value, and pursuing mixed commercial housing developments to maximize revenue generation opportunities. The state has previously struggled to make good financial use of its landholdings, which, if changed, could provide new opportunities for housing and economic development.

The British Columbia Model

Closer to home, and most recently launched, is British Columbia's Build BC program. The intent of this government-sponsored program is to address a housing shortage like California's in the Canadian province, where the government estimates that it needs over six hundred thousand new homes above current building trends by 2030 to meet demands (Lee & Hemingway, 2024). BC Housing, a public corporation, modeled Build BC off other social housing programs but proposes a greater level of public-private partnership to leverage public lands, government financing opportunities, and private developers in a style more akin to the Copenhagen Model than Singapore or Vienna. The utilization of existing but underutilized public lands, like parking lots or empty spaces/landscaping around government buildings for housing, is central to this model (Smith, 2024). Importantly, the British Columbian government is not actively building or operating the housing developed under this program. Rather, the government serves as a land bank and financier to bring in private developers to build the housing and offer it to the rental market at restricted rates (Chai, 2024).

The British Columbian provincial government committed $950 million in direct funding to get this project off the ground, along with an additional $2 billion in low-cost financing for private developers who choose to work with the government (Pawson, 2024). BC Builds is targeting these housing developments at a mix of both low-income and higher-income households, with a minimum of twenty percent of units in each project rented at twenty percent below the area market rates, and all market-rate units income tested to ensure no household spends more than thirty percent of their income on rent. The provincial government paired this program with a municipal approval streamlining effort, which forces municipalities to change zoning rules allowing the development of larger projects and removes certain discretionary reviews and approvals (Hemingway, 2024). The BC Builds program is still in its nascent stages, but there are currently several projects under construction thanks to the new program (Chai, 2024).

British Columbia likely represents the closest international comparison to California in terms of its culture, economy, and political landscape. Thus, it is not surprising that this model features the least amount of government intervention among these international examples. In many ways, British Columbia has proposed a scaled-up version of California's current affordable housing policy framework. The key distinctions are that a public corporation operates this program and relies heavily on identifying underutilized parcels of government-owned land to strategically partner with private developers to develop mixed-income housing (rather than solely affordable). BC Housing has wisely paired this program with a single, dedicated low-cost financing stream and cut restrictive local regulations to streamline development, which I suggest California should adopt as part of a social housing scheme as well.

As I have noted, while these international models provide lessons that can be applied to California's efforts to implement social housing, they are still unique to the c. Therefore, I suggest that any thorough analysis of Assemblymember Lee's proposal, and social housing in general, would benefit from incorporating the views of practitioners in the affordable housing field. As such, in the next section, I will summarize the results of three interviews I conducted with a member of the California State Senate, a city housing manager, and a non-profit affordable housing developer. In the following section, I will summarize my key takeaways from these interviews and how AB 11 may be adjusted to best fit the needs of those seeking to increase the availability of affordable housing in California.

While these international examples are certainly informative for California, I have also highlighted the potential problems with applicability. Therefore, before making my recommendations for social housing in California, I conducted interviews with practitioners in the field of affordable housing. I describe these interviews in the next section and provide key takeaways that I will rely upon to build the concluding section of this report.

5. Views of a Statewide Policymaker, a Local Government Housing Manager, and an Affordable Multi-Family Housing Developer

Having already provided the background context for affordable housing in California, analyzed Assemblymember Lee's proposals for social housing, and described international social housing models, this section will describe the results from my interviews with housing practitioners in California to lend their views to my final analysis. These interviews ranged from thirty to sixty minutes in length and were conducted over the course of two weeks. I developed similar, but unique, question sets for each interviewee based on their role in California's affordable housing landscape (see Appendix 1 for questions). First, I interviewed a member of the California State Senate from Northern California who sits on the Senate Housing Committee. The Senator is a former local elected official and member of the Democratic Party. Next, I interviewed a Housing Manager for a mid-sized city in the Sacramento region. The housing manager has worked in housing policy, with a focus on affordable housing, for over twenty years and oversees his city's affordable housing trust fund. Finally, I interviewed a Project Manager for a national non-profit affordable housing developer with an extensive footprint in California.

The Project Manager also has two decades of private sector experience developing affordable housing in California.

I have grouped the common themes that emerged from these three interviews into subsections below. In each subsection, I will characterize the three interviewees' viewpoints on the subject, both when they agreed with each other and when they disagreed. I will then use these interview results, along with lessons learned from international case studies, to form the final recommendations for this policy analysis of social housing.

The Challenges of the Current System

All interviewees acknowledged the steep and often prohibitive barriers to producing affordable housing under California's current policy framework. The Housing Manager noted that the development of affordable housing is frequently more expensive than market-rate projects (Personal communication, April 11, 2025). He stated that, "building affordable housing is a lot more expensive than building market rate," attributing this to the layers of requirements imposed by state policy, including prevailing wage obligations, environmental reviews, and the competitive nature of state and federal funding applications. He offered a stark example: in his city, affordable units often exceed $500,000 per unit in cost, compared to market-rate units, which can be built at a fraction of that amount. He suggested that given these costs, the state's current funding streams are inadequate to make significant progress towards its affordable housing goals.

The State Senator also pointed to the often-overwhelming costs of developing affordable housing as a key inhibitor to meeting the state's affordable housing goals (Personal communication, April 10, 2025). He cited the inherent inefficiencies created by state policymakers layering well-intentioned policy goals onto affordable housing production. "We load a lot of expectations into the affordable housing space," he said. "It's going to have public money, so it should reflect all of our values." The result, he argued, is that every project is asked to solve multiple social problems simultaneously – from transit accessibility and open space to workforce development – which inflates costs and complicates project execution. He also noted that the State Legislature has contributed to the high cost of housing through other policies that increase the cost of doing business noting that, “we need to look at how we are contributing as the state government to the [high] building costs. Because we are a major factor.”

The Project Manager spoke more broadly about the high costs of doing business in California (Personal communication, April 18, 2025). She noted that her development company operates in other states where the costs of land acquisition, labor, and materials are lower. She also spoke about the extensive administrative costs in California associated with writing grant applications and working through local government review processes that create additional burdens on affordable housing developers. She did disagree somewhat with the State Senator about the additional costs associated with adding amenities to affordable housing developments like transit access, features like gardens and open space, and other social services, calling them, “a drop in the bucket”. Like the Housing Manager, she also decried the inadequate amount of state funding dedicated to affordable housing, saying that it is not enough to overcome the high costs of implementation.

The interviewees also shared another critique of California’s current approach regarding the complexity of the various funding streams needed to make affordable housing developments feasible. The Housing Manager detailed the fragmented and highly technical process of aligning multiple funding sources, such as tax credits, the Multifamily Housing Program (MHP), and Affordable Housing and Sustainable Communities (AHSC) grants, noting that, "the stars have to align perfectly so that you get the project off the ground" (Personal communication, April 11, 2025). The State senator echoed this concern, describing the current system as requiring applicants to be "air traffic controllers" to coordinate competing timelines and rules (Personal communication, April 10, 2025). The Project Manager noted on this subject that the requirements associated with all of these funding streams are often different in terms of target income levels and other characteristics of the populations served by the affordable housing development (Personal communication, April 18, 2025). This forces developers to be "puzzle masters" in tailoring their projects to satisfy multiple funding sources, driving up costs of affordable housing projects. All agreed that this structure is unintentionally exclusionary and inefficient, especially for smaller developers or municipalities with limited capacity.

California Housing Authority: Skepticism Toward a New Bureaucracy

Assemblymember Lee's proposal to create a new quasi-public state housing agency as a vehicle for social housing generated skepticism from all interviewees, though for slightly different reasons. The Housing Manager was unequivocal in his doubts, opining that, "creating just another government entity agency…a statewide housing authority…state agencies are not known for being very efficient" (Personal communication, April 11, 2025). Citing his experience working with the California Department of Housing and Community Development (HCD), he expressed little confidence that a new agency would be more efficient, noting that, "unless they are…exempt from doing a lot of the things that your typical government entity would be required to do, I don't see how that advances more affordable housing production."

The State Senator, while more open to experimentation, cautioned against bureaucratic redundancy saying, "we've got to be careful not to create a different bureaucracy for each form of housing in the market" (Personal communication, April 10, 2025). He acknowledged that the intent behind the social housing agency proposal to create a streamlined, one-stop shop model for this particular type of development is valid but questioned its administrability. Drawing on his legislative and local government experience, he explained that neither a new public housing corporation nor HCD can escape the reality that funding streams come from diverse sources with different rules, noting, "even with a one-stop shop, you're still talking about a lot of flavors of money... it's very difficult for two one-stop shops to pull [together] all of these 2,000 programs in a sort of coherent way."

The Project Manager aligned more with the Housing Manager on the question of a new state agency. She expressed her opinion that the state should be consolidating the various affordable housing funding programs under HCD, rather than creating a new state agency (Personal communication, April 17, 2025). She was also skeptical of this new state corporation's ability to implement new social housing projects as or more efficiently than private developers, likening it to the idea of a private individual building a new home: “you don’t say ‘I can build it myself’ when you don’t have the expertise…you hire a contractor who knows that they’re doing.”

Mixed-Income Housing and Cross-Subsidization

All interviewees thought that Social Housing could have the potential to spur more affordable housing development by incorporating the concept of mixed-income housing. These practitioners saw merits in moving beyond the current dichotomy of market-rate versus 100% affordable projects, which they believe has led to fewer affordable units being built overall. The Housing Manager noted that current funding structures actively penalize mixed-income developments: "programs have moved away from that model to try to just focus on affordable housing... you get more points, you get more funding if you are targeting a deeper income level"

(Personal communication, April 11, 2025). In doing so, it makes those projects more expensive to build and harder to “pencil out”. Incorporating market-rate units into affordable housing development, in his view, makes them more attractive for private investment and, thus, lessens the amount of public subsidy needed to implement them. To support this claim, he pointed to one mixed affordable/market-rate project in his jurisdiction called Savannah Apartments, built in 2004, that could serve as a model for future statewide efforts. In that development, approximately half of the 230 units are available at affordable rates, while the other half are market-rate. He lamented that such projects have since been disincentivized by HCD’s policies and suggested that HCD could reorient some of its funding criteria to support mixed-income projects to unlock new development opportunities and promote more inclusive communities, rather than creating a new statewide housing corporation.

The State Senator similarly expressed enthusiasm for the cross-subsidization model – where market-rate units help fund below-market units – as a viable and potentially transformative approach (Personal communication, April 10, 2025). He referred to the current situation as a "Catch-22": too many market-rate units disqualify a project from affordable housing funds, while too many affordable units make a project financially infeasible. He praised the social housing model for trying to "bust up that idea that they have to be completely separate things, that we have to live apart," also suggesting that, “there is a high-end state policy where the best way to support affordable housing is to demonize market-rate housing if it's evil, if it's just for rich people or whatever. And maybe it is, but that's actually the problem. Market-rate housing should be the principal pathway to housing for most people most of the time. The vast majority of people most of the time.”

The Project Manager was perhaps the most skeptical of Social Housing's mixed-income component (Personal communication, April 18, 2025). While she acknowledged that incorporating market-rate units with income-restricted units into a project may make it more financially viable, she questioned its practicality. Specifically, she cited an example of a project she worked on in the rural city of Winters that proposed to integrate affordable and market-rate single-family rental homes. Local NIMBYs showed out in force in opposition to the proposal at the city council hearing where the body considered the development. They claimed that even though a significant portion of the units would be leased at market rate, the low-income component of the project would change the character of the existing neighborhood. In this case, the city council ultimately approved the project after decreasing the low-income component. While the development ultimately proved to be successful, the Project Manager thought it provided an example of how social housing may run into the same political problems with implementation that face fully affordable housing developments.

Governance Tensions and Local Control

One of the most contentious issues was the question of land use authority and the balance between state and local control. The Housing Manager warned that provisions in the social housing proposal that allow the state to override local discretionary review over housing projects could trigger significant backlash (Personal communication, April 11, 2025). "It would definitely be... a downside overall to cities, to localities, because we lose that control," he said. He emphasized that cities are required to produce housing elements and general plans in collaboration with the state, and that unilaterally removing local discretion would undercut this cooperative framework.

The State Senator acknowledged the limitations of the state's recent focus on both limiting the tools available to local governments to stop affordable housing, as well as making more sites available for affordable housing (Personal communication, April 10, 2025). On recent changes to state law focused on limiting local discretionary review of housing projects, he said:

> “Those are important things, but what is very clear now is that we've ridden that horse very far, and it's gotten us only so far, because we haven't put as much energy into the financing stream as we have into that stuff. So, there's no shade on that stuff…the intention was right, the direction was right, the urgency was right. But now we've got to follow up on the financing side with just more money. And second is more instruments and tools. And [Social Housing] could be one of them that allow for different approaches that can bust through this high-cost and challenging finance market barrier.”

On the state making more sites available for affordable housing, he similarly stated, "it's very clear now that that's not the main determinant to the actual production of housing," he said, suggesting that access to financing and streamlined implementation matter more than theoretical buildability.

The Project Manager was perhaps most optimistic about additional tools to override local decision-making authority over affordable housing projects. She pointed to her company’s recent experience building an affordable housing project in the city of Roseville, generally considered to be resistant to affordable housing (Personal communication, April 18, 2025). In that instance, she said recent state laws helped them implement a project that would likely have been rejected in the past, and she was pleased to be able to develop a positive working relationship with the city, rather than a hostile one. She encouraged state policymakers to continue to look for ways to “push [affordable housing] into new communities and new markets.”

Affordable Home Ownership Opportunities

One area of commonality between all interviewees was their general pessimism regarding the prospects for affordable homeownership via social housing, particularly if the homebuyer is locking into long-term leases with the state or an affordable housing developer. The State Senator acknowledged that while ownership models could offer long-term benefits like wealth-building and stability, they also come with serious design and implementation challenges (Personal communication, April 10, 2025). "I'm hopeful, [but] to advance the intergenerational wealth…there's a real tension between maintaining affordability and building equity and intergenerational wealth... unless you're going to assume [buyers] will stay in that home forever, a lot of our policy that we have to do with that [conflicts]." Similarly, the Project Manager cited a project in the city of Fairfield that built single-family homes for purchase at an income-restricted price via a California Housing Finance Agency (CalHFA) program (Personal communication, April 18, 2025). She concluded that, although these homes were purchased by low-income people and provided vital housing, the need to repay the initial financing meant that the families were "still effectively paying rent" and that the structure of the financing did not allow them to sell the homes to attain generational wealth. Both the Project Manager and the Housing Manager indicated that state funding dedicated to affordable home ownership should focus on direct downpayment assistance for lower-income individuals and families, because once they are in the home for a certain number of years, they have the option to sell and create intergenerational wealth.

Interview Concluding Thoughts

Taken together, these interviews present a cautiously optimistic but grounded perspective on the social housing proposal. There is strong consensus that the current system is underfunded, overburdened, inefficient, and structurally biased toward certain project types that make affordable housing too expensive to produce at the required scale. All interviewees agreed that reforms are needed to support mixed-income development, simplify funding streams, and recalibrate the state’s preference for affordable housing that meets certain design ideals at the expense of those projects’ economic feasibility.

However, all interviewees also urged caution about creating a new agency to manage social housing, favoring instead a restructuring of existing systems. As the State Senator concluded, "The more that we can use our existing systems, agencies, whatever, to get out there and innovate and learn, the better." In my following concluding section, I will distill the lessons learned from these interviews, combined with international best practices and the background information I developed on California’s affordable housing policy framework, to make recommendations on how California could tailor a Social Housing program to maximize its effectiveness in meeting the state’s affordable housing goals.

6. Conclusion and Recommendations

Clearly, California’s efforts to address its persistent affordable housing crisis have fallen far short of its goals. I suggest that to break this cycle of underachievement, California should take a number of actions, including incorporating social housing into its existing affordable rental housing policy framework, to overcome the barriers inhibiting affordable housing production at scale. Based on a comprehensive review of California’s existing housing framework, an analysis of Assemblymember Alex Lee’s social housing proposals, international case studies, and stakeholder interviews, I conclude that a well-designed social housing program has the potential to boost affordable housing production. However, I conclude that social housing best serves as a complementary tool within the state's broader affordable housing efforts and must be designed with a careful a careful eye toward feasibility, equity, and administrability.

Social housing holds promise as a new "third way" in what has become a diametric policy realm, where policymakers view housing as either market-rate or affordable. On the one hand, the state relies almost entirely on the private sector to fund market-rate housing (though the state has implemented many polices aimed at making it easier for the private sector to build that housing). On the other hand, the state relies heavily on public funding to subsidize affordable housing and restricts that housing to very specific uses and target demographics. Social housing offers a middle ground, wherein the state can better leverage private capital to maximize the limited funds available to subsidize income-restricted affordable housing. However, the state's ability to implement such a program relies on reforms to the current affordable housing funding mechanisms, as well as thoughtful governance design, fiscal sustainability, and realignment of the state's fragmented affordable housing funding mechanisms. Below are my recommendations for state policymakers as they consider if and how to best implement social housing in California.

1. Integrate Social Housing into Existing Structures

The experts that I interviewed expressed uniform skepticism about creating an entirely new state public housing corporation, citing concerns about bureaucratic inefficiency and institutional redundancy. Instead of constructing a standalone California Housing Authority, I suggest that the state consider embedding a social housing program within the Department of Housing and Community Development. Specifically, I contend that Assemblymember Lee amend his legislation to mandate that HCD adjust its funding programs to create specific carve-outs within existing grant and tax credit programs to dedicate toward mixed market-rate and affordable housing projects. While this approach alone will not create new additional funding for affordable housing in California, HCD can accelerate affordable housing unit deployment by placing a priority on funding social housing projects that developers can more easily finance and build more quickly than fully affordable developments.

To take advantage of this potential for quickly constructing affordable housing units, I also recommend that HCD create a new unit in the department dedicated exclusively to overseeing and implementing social housing projects. This model would allow for institutional learning, policy coherence, and reduced administrative overhead, while leveraging existing relationships with local governments and developers.

To be sure, I conducted international case studies of social housing programs, almost all of which included quasi-government corporations like the one Assemblymember Lee is proposing in AB 11. While this model may allow the government to act in a more business-like fashion, I concluded based on my interview sessions that a new layer of bureaucracy in the affordable housing space would create more problems than it solves. That said, I suggest that Assemblymember Lee, or any proponents of social housing in California, consider granting HCD new powers to act as a land bank, to buy, sell, and/or lease properties for the development of social housing projects. He may also consider granting the state the ability to freely transfer existing properties to developers to help them reduce their costs to build new projects. I also suggest that HCD's scope be expanded to consider housing as a component of larger commercial developments, like the Copenhagen model. In this way, the state can take a more active role in not only mandating and funding affordable housing projects but ensuring that local governments and private developers have the available land to actually implement social housing developments.

2. Pilot Small, Targeted Social Housing Projects on Public Land in Urban Environments

Second, I recommend that California begin with a set of well-designed pilot projects on state-owned or underutilized public land, prioritizing parcels that are transit-accessible and located in high-opportunity areas. These pilots should demonstrate a range of development types – including mixed-income multi- and single-family rental and home ownership developments – and employ cross-subsidization where market-rate rents fund below-market units. This approach, inspired by international precedents in Vienna and British Columbia, would provide empirical evidence for expansion while managing political and fiscal risk to the state.

I contend that many of the questions surrounding NIMBYism and the willingness of renters to pay market rate to live in mixed-income housing developments cannot be answered until the state pilots such a program. Indeed, these types of projects may only be feasible in dense urban cores where the renters in the market enjoy the perks of urban living and thus do not mind some of the inconveniences of both renting and living among a diverse population. As such, I suggest policymakers would be wise to restrict the initial social housing program to multifamily rental projects located in the central cities of large metropolitan areas. Then, if those projects succeed and prove that they are able to achieve revenue neutrality, the state can evaluate opportunities to replicate, with necessary adjustments, that model in more suburban or even rural areas where single-family homes may be the norm.

3. Include Social Housing in an Affordable Housing Bond Measure and Evaluate Other Options to Fund Social Housing

All interviewees endorsed mixed-income housing as a more sustainable and socially integrated model than 100% affordable developments. Yet, current state funding mechanisms disincentivize such models by rewarding projects that target deeper levels of affordability. California should reform the scoring criteria for tax credits and grant programs (such as the

Multifamily Housing Program and AHSC) to reward rather than penalize inclusion of moderate- and market-rate units in otherwise affordable projects. While affordable housing advocates may push back against this notion, I believe the state can tailor a certain amount of funding to encourage social housing projects, while still retaining a majority of state funding for fully affordable developments. Doing so would incentivize public-private partnerships and unlock financing opportunities that are currently underutilized.

The State Senator indicated that the Legislature is likely to move an affordable housing bond measure to the November 2026 ballot for voter consideration. He also suggested that Assemblymember Lee's standalone social housing bond is unlikely to advance on its own. As such, I suggest that the Legislature include a social housing component in its affordable housing bond proposal. This bond has the potential to provide the seed funding for a pilot social housing program that, if successful, could build off its progress to advance to a more robust statewide program.

Proposition 5, which would have lowered the voter threshold to approve local affordable housing bond measures from two-thirds to fifty-five percent, failed in the November 2024 election (Weber, 2024). While this outcome may not portend well for a 2026 affordable housing bond measure, it is important to note that both Proposition 2, which issued $10 billion in bond proceeds for school facilities, and Proposition 4, which issued $10 billion in bonds for environmental resource and climate resiliency projects passed with over 58% of the vote in 2024, indicating a strong electoral environment for bond funding (Weber, 2024).

However, I also suggest that in addition to seeking bond funds for affordable housing, which opponents may accurately criticize as asking all Californians, including low-income ones, to subsidize debt service to build affordable housing, Assemblymember Lee could also look to new revenue sources for affordable housing. Though the Governor and Legislature have been loath to discuss new taxes in recent years, the time may be right to take another look at carefully crafted tax measures that could generate new funding for affordable housing. The City of Los Angeles implemented a real estate transfer tax to fund affordable housing in 2023, which imposed a 4% tax on transactions priced between $5 million and $10 million, and a 5.5% tax on transactions over $10 million (Fleming, 2025). This approach has the benefit of asking property owners who gained financially from past housing policies to share those profits to fund affordable housing, rather than spreading those costs across the entire population. However, recent research by Manville & Smith (2025) suggests that any attempt to implement a statewide property transfer tax should be carefully tailored to specific transactions so that it does not cool the overall housing development market.

4. Reform Affordable Housing Financing Mechanisms

A successful social housing initiative must not rely solely on fragmented, competitive funding streams. I recommend that the state also create a revolving loan fund – potentially seeded by the aforementioned bond proceeds – to provide low- or zero-interest loans to private developers to implement social housing projects. To enhance fiscal sustainability, the fund should be structured to receive repayments from rents and resale proceeds, creating a renewable funding source similar to Vienna's long-term reinvestment model. CalHFA could offer technical assistance and financing expertise to support HCD in implementing such a program.

5. Streamline State and Local Coordination

My fifth recommendation is that the state approach local governments as partners, not adversaries, to avoid the jurisdictional gridlock that has often stymied affordable housing development. Social housing legislation should encourage collaboration by offering incentives, perhaps through HCD’s existing prohousing jurisdiction program, for cities that proactively identify sites and streamline permitting. At the same time, Assemblymember Lee’s proposal for state preemption of local discretionary approvals should remain an available tool when local obstructionism unduly hinders production. A balanced framework would preserve local input while ensuring that critical housing goals are met.

6. Expand Affordable Homeownership Strategically and Cautiously

While social housing’s homeownership component remains largely untested, affordable homeownership programs could provide a means of supporting generational economic mobility. However, all interviewees acknowledged the tension between maintaining affordability and allowing low-income households the ability to accumulate equity. If Assemblymember Lee wants to pursue more affordable homeownership, I suggest that a statewide down payment assistance program for low-income residents is the best way to make buying a home more affordable. Pursuing increased homeownership through limited equity models does not provide the same generational financial benefit to the homeowner as a traditional mortgage. Moreover, ownership that is split between the occupant and the state presents other problems relating to the occupant’s potential future inability to make rental payments or conduct maintenance of the home.

7. Prioritize Data Collection and Independent Evaluation

I recommend that the state mandate rigorous data collection and third-party evaluation of social housing pilots to guide long-term policy development. This should include cost comparisons with traditional affordable housing, longitudinal tracking of tenant outcomes, and assessments of fiscal sustainability. Transparent reporting will be essential for public accountability and legislative support. If the results and data do not support social housing, then the state should absorb the program back into its existing affordable housing programs. While I believe social housing offers a promising new path to creating more affordable housing units, it is not a sure thing, and the state should retain the flexibility needed to end the program if it is not producing results.

8. Learn from—but Tailor Beyond—International Models

International examples offer inspiration, not blueprints. Vienna's robust subsidies, Singapore's centralized governance, and Copenhagen's land value capture strategies reflect fundamentally different institutional environments. California's social housing model must be adapted to its unique governance landscape, fiscal constraints, and political culture. I suggest that the international experience's most relevant lessons lie in program design: mixed-income integration, long-term financing, and public land utilization.

Conclusion

In conclusion, I do not suggest that social housing is a panacea that will deliver a silver bullet to solve California's affordable housing crisis. However, I do believe it has the potential to be a powerful addition to California's housing toolkit. With thoughtful design grounded in institutional realities and informed by practitioner insights, a California-specific social housing program can help rebalance the housing market in favor of equity, stability, and opportunity. I believe the time is ripe to move beyond ideology and into careful and limited experimentation to see what social housing can offer California.

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APPENDIX 1: INTERVIEW QUESTIONS

State Senator

1. How does Asm. Lee's proposed social housing model address gaps in California's current affordable housing strategies, such as the reliance on private developers or project-based vouchers?
2. What legislative barriers exist to creating a statewide public housing authority, given the governor's 2023 veto of similar legislation?
3. Do you think the cross-subsidy model (higher-income residents funding lower-income units) ensures long-term financial viability without state subsidies? Why/Why not?
4. Are you concerned that the California Housing Authority could displace existing affordable housing developers or nonprofits?
5. How does this bill align with or challenge other housing policy proposals, such as streamlining CEQA or upzoning near transit?
6. Does the proposed mixed-income requirement promise to address the historical patterns of economic segregation in public housing?
7. Proponents of Social Housing often cite international models like Singapore or Vienna, do you think those are applicable to California's unique political, economic, and social setting? Why/Why not?
8. Asm. Lee has designed this proposal to include homeownership opportunities, a break from the current rent-only model. Do you see opportunities for affordable home ownership through this program? How might the 99-year ownership leases balance wealth-building opportunities for residents with preserving affordability?

Housing Manager

1. What are the biggest challenges to housing development in the City, and what policy would increase the affordable housing stock?
2. How would your city integrate social housing developments with existing affordable housing programs, such as inclusionary zoning or affordable housing trust funds?
3. What challenges do you anticipate securing land (e.g., underutilized parcels, transit-adjacent sites) for social housing projects?
4. How might the California Housing Authority's centralized model conflict with local land use and zoning control?
5. 4. How would your department collaborate with the state authority to enforce resident protections (e.g., anti-displacement, just-cause evictions)?
6. Do you have concerns about community input in site selection and design for social housing, particularly in historically marginalized neighborhoods?

7. Do you think there are potential benefits to the proposed social housing revolving loan fund's zero-interest loans and how they may leverage local funding streams like tax credits or developer fees?

Program Manager

1. Generally, what are your thoughts about California's existing affordable housing policy framework and how it could be improved to stimulate more affordable housing development?
2. How might the social housing model's income-mixing requirements impact project design (e.g., unit sizes, amenities) compared to your current affordable model?
3. What challenges do you foresee in partnering with a public entity like the proposed California Housing Authority to develop housing, compared to traditional public-private partnerships?
4. Would the proposed ownership model's 99-year leases conflict with existing financing mechanisms like LIHTC or bond programs?
5. How would this model affect the pipeline of conventionally subsidized affordable housing projects?
6. What safeguards are needed to ensure the California Housing Authority does not undercut private developers in competitive housing markets?
7. Do you think that the "revenue-neutral" goal of social housing is practical? Why/why not?
8. How might the "revenue-neutral" mandate limit the scale or scope of social housing projects?

All Interviewees

- Would you publicly recommend that the Governor support Asm. Lee's public housing bill?
- If no, is there anything that could be altered in the proposal to gain your support?
- Beyond gaining your support, what amendments or compromises would make this legislation more politically viable?