

# Profit is Not the Problem: Social Housing is Not the Answer to America's Housing Crisis

Read Time: 5 minutes

There has been a lot of discussion recently about “social housing”—government or nonprofit owned and managed housing stock readily available to those of modest means. The model makes sense, in theory: if the private market cannot produce enough affordable housing, and the entire nation benefits greatly from having all of our citizens safely housed, then building affordable housing units is a worthy societal investment.

Lately, a new generation of politicians—including New York mayoral candidate Mamdani and Representative Ocasio-Cortez, among others—have identified social housing as “the answer” to our current housing affordability crisis. In their effort to make social housing sound like a fresh idea, they fail to mention some important facts:

1. We have had social housing in the United States since the 1930's in the public housing program.
2. Over time, the public housing program struggled mightily to be sustainable for the long term because the original program design, and the social housing

model generally, is incompatible with political, financial and institutional realities in the United States.

3. Because it was resource-starved and highly regulated, public housing became viewed as a detriment to communities and their residents. It has only been resurrected through the adoption of more market-based practices and public-private financing partnerships.

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## NEW Regulations & Rent Report

Local rules intended to protect renters may be increasing the very costs they aim to control. Regulation and Rents—authored by Daniel Shoag, Ph.D. and Issi Romem, Ph.D. and sponsored by NMHC and the National Apartment Association (NAA)—examines how four categories of regulation affect rents across U.S. metro areas. Using CoStar market data (2000–2024) and U.S. Census American Community Survey data (2005–2023), the study finds that several popular policies are associated with higher rents, with the largest effects on lower-income renters and residents of 2–4 unit properties.

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## Industry Topic Updates

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# HOUSING AFFORDABILITY UPDATES

- **IRS Issues Notice Addressing Wind and Solar Construction Requirements:** The Internal Revenue Service on August 15 issued Notice 2025-42 addressing beginning of construction requirements for wind and solar projects for purposes of qualification for the Clean Electricity Production Credit (IRC Section 45Y) and the Clean Electricity Production Credit (IRC Section 48E).
- **NMHC Market Trends—Market Softness Persists in the South and West:** High levels of new apartment supply continued to put upward pressure on vacancy and lower pressure on rents in the South and West, while rent growth remained higher in the more supply-constrained Northeast and Midwest. Apartment cap rates fell in the second quarter amidst increasing valuations. Sales volume picked up but was still down year over year.
- **August Rent Control Updates:** NMHC's Advocacy Action Program (AAP), in coordination with the Housing Solutions Coalition (HSC), is tracking legislative action relating to rent stabilization or rent control, and renter protection policies.



# RETTTC TECH POLICY UPDATES

- **RETTTC Weighs in Ahead of Massachusetts Fee Regulation Implementation:** On August 5, the Real Estate Technology and Transformation Center (RETTTC) met with staff from the Massachusetts Attorney General's Office in preparation for the Commonwealth's new "junk fee" regulations, set to take effect on September 2, 2025.
- **White House Issues AI Action Plan:** On July 23, the White House released "Winning the AI Race: America's AI Action Plan," which outlines 90 policy actions to promote American Artificial Intelligence (AI) innovation and leadership. Notably, the plan also withholds AI-related federal funding to states with burdensome AI regulations.
- **Senate Privacy Subcommittee Weighs Federal Data Privacy Standard Amid AI Debate:** On August 7, the Senate Judiciary's Privacy, Technology and the Law subcommittee examined how to protect Americans' online data and the role of AI in reshaping privacy. Lawmakers debated whether a federal privacy law should override the growing patchwork of state rules. The hearing follows the release of the Trump Administration's AI Action Plan, which seeks to boost AI innovation while discouraging states from adopting restrictive AI rules.
- **RETTTC Leads Housing Groups in Pushing Back at California Bill That Could Hurt Broadband Access for Renters:** RETTTC led a coalition of housing stakeholders in raising serious concern with the California Legislature about Assembly Bill 1414 (AB 1414), a piece of legislation that could undermine the economics of bulk billing/internet service at rental housing communities. The letter outlined concerns that AB 1414 could unintentionally raise internet costs and limit service for apartment residents.

## Good News for Housing Providers

There has been a wave of promising news for housing providers and their residents in the past month. Several federal actions have been announced that could ease barriers, increase funding and accelerate affordable rental housing development.

- **NMHC Statement on FHFA Announcement that the LIHTC Cap Will be Raised:** The Federal Housing Finance Agency (FHFA) is authorizing each

GSE to annually purchase up to \$2 billion in Tax Credit Equity, an increase from their current \$1 billion limit, for a combined increase of \$2 billion. This significant move will improve housing affordability and expand housing opportunities for those most in need.

- **NMHC, NAA and RETTC Statement in Support of the ROAD to Housing Act:** This legislation offers significant steps toward addressing the nation's housing crisis by aligning federal investment with local pro housing policies, like zoning reform and incentives to build near transit.
- **NMHC and NAA Statement on the Introduction of the Identifying Regulatory Barriers to Housing Supply Act:** This critical legislation will encourage localities to address outdated and burdensome zoning, permitting and building regulations.

## Upcoming Events and Webinars

*Members: We want to let you know that our membership login system will be temporarily offline from **August 22 to September 1** as we make important updates to improve your member experience. During this time, you will not be able to access member-only content or register for events that require a member login. **We recommend registering now for our two major fall events.** If you do not register before the August 22 system shutdown, you will not be able to do so until September 3.*

### Open Events

**2025 NMHC Student Housing Conference** | Oct. 20-22

### NMHC Members-Only Events

**Emerging Leaders Networking Series (LA)** | Sept. 10

**2025 NMHC Fall Board of Directors Meeting** | Sept. 15-17

*Be sure to opt-in for Advocacy Day when you fill out your registration form.*



Real Estate  
Technology &  
Transformation  
Center

- **PolicyStack: Tech With Purpose—Pricing Software Supports Housing Affordability** Data is king and everyone knows it . . . including criminals.

Cyber-crime, already a multi-billion-dollar industry, is growing faster than ever before, while cyber criminals themselves grow more sophisticated by the day. That puts a lot of pressure on rental-housing operators to safely handle confidential consumer data. It has become a non-negotiable part of running a good business, even as the regulatory landscape for data privacy and security has become increasingly complex. Too complex.

## More to Explore

**Rent Control Isn't the Answer to State's Housing Crisis**

**What We Know about Rent Control and its Impacts on Rental Housing**

"Massachusetts may have a rent control measure on its 2026 ballot, which would restrict rent increases throughout the state. Advocates claim rent control would alleviate the state's housing crisis. They couldn't be more wrong. Rent control is a proven failure that actually exacerbates housing shortages."

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"Policymakers consider rent control as a tool to slow rent hikes and prevent the displacement of low-income households in high-cost areas. However, rent control policies

often lead to unintended consequences, affecting the availability and quality of rental housing."

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