PITTSBURGH’S AFFORDABLE HOUSING CRISIS: IS PRIVATIZATION THE SOLUTION?

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PITTSBURGH & THE GLOBAL HOUSING CRISIS

“Laissez-faire racism”?

Image: Bedford Dwellings Aerial View, Hill District, Pittsburgh, PA
Source: Allegheny Conference on Community Development Photographs, 1892-1981, MSP 285, Library and Archives Division, Senator John Heinz History Center
DRIVERS OF PITTSBURGH AND GLOBAL HOUSING CRISIS

- Globalization & deindustrialization
- Market fundamentalism & rise of conservative movement ideology & political power
- Rise of global investor class & commodification of housing
- Reduced municipal autonomy & austerity politics
Ideas matter:

• Development as **organized deprivation**, justified via racist narrative of urban mismanagement
  • Cities have become “free market utopias” with effect of “Laissez-faire racism”

• **Myth-driven/ evidence-free policymaking:**
  
  "legislators are more persuaded by the mythos of urban 'overreach' than they are by careful research."

• Urban development policies: "barely concealed acts of extortion“ with racially disparate impacts.
“CREATIVE DESTRUCTION?”
HIDDEN COSTS OF PITTSBURGH’S
“RENAISSANCE”

Photo by Mel Packer
HIDDEN COSTS OF PRIVATIZING AFFORDABLE HOUSING

Image: Bedford Dwellings, Hill District, Pittsburgh, PA
Source: Allegheny Conference on Community Development Photographs, 1892-1981, MSP 285, Library and Archives Division, Senator John Heinz History Center
I. LOST PUBLIC ASSETS

• Land
• Buildings
• Affordable Housing
Reduces National Affordable Housing Supply

<table>
<thead>
<tr>
<th>Affordable Units Demolished</th>
<th>Affordable Units Constructed</th>
</tr>
</thead>
<tbody>
<tr>
<td>49,828</td>
<td>21,000</td>
</tr>
</tbody>
</table>

I. LOST PUBLIC ASSETS - PITTSBURGH

Privatization in Pittsburgh (1999-2021)
Reduces Pittsburgh's Affordable Housing Supply

- Affordable Units Demolished: 3,984
- Affordable Units Constructed: 1,509

Figures based on six privatized housing developments in Pittsburgh.

II. PRIVATE EXTRACTION OF TAXPAYER DOLLARS

• Cost Overruns
  • Case 1991; Bucsko, and McNulty 2001.

• Disaggregating Contracts to Avoid Public Bidding
  • People’s Health Movement 2017; Bucsko, and McNulty 2001.

• Lax Accounting
  • Lord 2011.

• “Double Dipping”
  • Government Accountability Office 2014.

• The “Affordability Illusion” of Public-Private Partnerships
  • Cepparulo, Eusepi, and Giuriato. 2019.
## II. PRIVATE EXTRACTION OF TAXPAYER DOLLARS

<table>
<thead>
<tr>
<th>Privatized Development</th>
<th>Affordable Housing Units Demolished</th>
<th>Total Replacement Units Constructed</th>
<th>Affordable Housing Units Constructed</th>
<th>Affordable Units Net Loss</th>
<th>Construction Start Date</th>
<th>Cost Estimate</th>
<th>Cost Final</th>
<th>Cost Per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larimer-East Liberty (Formerly Auburn-Hamilton-Larimer)</td>
<td>324</td>
<td>350</td>
<td>322</td>
<td>234</td>
<td>90</td>
<td>2015</td>
<td>$100 m</td>
<td>$427,000</td>
</tr>
<tr>
<td>Skyline Terrace (Formerly Addison Terrace)</td>
<td>734</td>
<td>450</td>
<td>400</td>
<td>311</td>
<td>423</td>
<td>2012</td>
<td>$160 m</td>
<td>$400,000</td>
</tr>
<tr>
<td>Garfield Commons (Formerly Garfield Heights)</td>
<td>600</td>
<td>250</td>
<td>225</td>
<td>143</td>
<td>457</td>
<td>2010</td>
<td>$60 m</td>
<td>$440,000</td>
</tr>
<tr>
<td>Bedford Hills (Formerly Bedford Additions)</td>
<td>470</td>
<td>600</td>
<td>278</td>
<td>253</td>
<td>217</td>
<td>2005</td>
<td>$106 m</td>
<td>$395,000</td>
</tr>
<tr>
<td>Oak Hill Apartments (Formerly Allequippa Terrace)</td>
<td>1749</td>
<td>1200</td>
<td>718</td>
<td>475</td>
<td>1274</td>
<td>2001</td>
<td>$120 m</td>
<td>$160,000</td>
</tr>
<tr>
<td>Manchester HOPE VI</td>
<td>107</td>
<td>-</td>
<td>120</td>
<td>86</td>
<td>21</td>
<td>1999</td>
<td>-</td>
<td>$220,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3984</strong></td>
<td><strong>2850</strong></td>
<td><strong>2063</strong></td>
<td><strong>1502</strong></td>
<td><strong>2482</strong></td>
<td><strong>$616 m</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
III. DIMINISHED DEMOCRACY

- Transparency
- Community Participation
- (Re)defining Community
- Accountability

Source: Marcell Walker  [www.marcelwalker.com](http://www.marcelwalker.com)
Occupy Pittsburgh Now (March 1, 2021) At: [https://opnnews.org/events](https://opnnews.org/events)
“The future is public!”
Transnational Institute:
www.tni.org

Image: Bedford Dwellings, Hill District, Pittsburgh, PA
Source: Allegheny Conference on Community Development Photographs, 1892-1981, MSP 285, Library and Archives Division, Senator John Heinz History Center
ALTERNATIVES TO PRIVATIZATION: TESTED AND EMERGING SOLUTIONS

Empower local governments & rein in corporate power

- Increased public funding & social housing
- Fair taxation policies
- Improve regulatory policies to prevent corruption and limit financial speculation
- Establish affordable housing preservation plans to ensure permanent affordability
- Support non-market alternatives, including community land trusts and cooperative housing
Strengthen communities & local democracy

- Delink local housing from global market
- Re-municipalize public services
- Strengthen renter protections
- Prohibit source of income discrimination
- Improve transparency and democratic participation in policy decisions
- Better business regulation to counter corruption and improve transparency
THANK YOU!

- To download the report *Pittsburgh’s Affordable Housing Crisis: Is Privatization the Solution?* visit: https://www.ucsur.pitt.edu/center_reports.php
SELECTED WORKS CITED

• Bucsko, Mike and Timothy McNulty. 2001. “Housing Authority’s Spending Dubious.” Pittsburgh Post-Gazette February 18: A1, A4


