

Making the Case for Hospitals to Invest in Housing

Improving the health of individuals—and their neighborhoods and communities as a whole—is one of the most complex and pressing challenges today in the United States. As anchor organizations, or place-based economic engines in our communities, hospitals and health systems have the opportunity to meet this challenge by making meaningful upstream investments to improve community health.

Many hospitals already are providing more than stand-alone acute care services and transforming to provide care across the continuum to promote health and well-being in their communities. Given the inextricable link between affordable, quality housing and good health, housing is one area that hospitals and health systems are starting to focus on more and more.

The American Hospital Association (AHA), in collaboration with NORC at the University of Chicago, is serving as the evaluation partner for a new initiative, Accelerating Investments for Healthy Communities (AIHC). This issue brief, the first in a series, discusses how hospitals are addressing social determinants through investments in affordable housing. It also outlines an innovative framework, the capital absorption framework, which the Center for Community Investment (CCI) developed and is now using to help health care organizations assess their local community investment system.

Accelerating Investments for Healthy Communities

The Center for Community Investment (CCI) is leading Accelerating Investments for Healthy Communities (AIHC), an initiative designed to increase health system investments in upstream determinants of health, with an emphasis on affordable housing. Launched in January 2018 and funded by the Robert Wood Johnson Foundation,



the initiative is providing intensive training to a cohort of hospitals and health systems on how to refine investment strategies around affordable housing in order to leverage existing resources with community partners—and make the greatest impact on the health of the community.

During phase one (January 2018—December 2018), eight nonprofit health organizations that already were investing outside their walls were chosen to participate in an intensive series of learning labs and receive individualized consultation and support to formulate and refine strategies for affordable housing investment. Six hospitals and health systems moved on to phase two (January 2019—December 2020) and will work with CCI and local partners to expand the availability of affordable housing in their communities. (See Table 2 on page 7 for a list of the participating hospitals and health systems.)

The American Hospital Association (AHA), in collaboration with NORC at the University of Chicago, is serving as the evaluation partner to learn about investments by hospitals and health systems in their communities to improve the health of the population. The work is guided by the overarching question, "What will it take for leading health organizations to devote more and different assets to investments in affordable housing and other upstream factors that improve community health?" The AHA and NORC will conduct a mixed-methods evaluation and synthesize findings in a series of issue briefs throughout the project as well as a final report.







AIHC, led by CCI, is helping hospitals refine their community investment strategies around affordable housing. By collaborating with community partners and leveraging assets such as financial resources, land and expertise, health care organizations can make the greatest impact on the health of their communities.

During the initial phase of the project, the AHA and NORC identified two emerging themes for getting buy-in and making the case for investing in affordable housing:

- Mission-driven commitment to address health equity and social determinants
- Strategic alignment with care and payment models

The AHA and NORC, with funding from the Robert Wood Johnson Foundation, will continue to follow participating hospitals and health systems during the next two years, learning more and sharing observations about what drives hospitals to invest in affordable housing and what makes such initiatives successful.

Focusing on innovation as hospitals and health systems invest in affordable housing creates an opportunity to catalyze community revitalization efforts. The ongoing work of the AIHC initiative can inform and encourage other hospitals and health systems to invest in affordable housing and advance the health and well-being of their communities.

Addressing Social Determinants by Investing in Affordable Housing

Improving the health of communities is one of the most complex and important challenges in the United States today. Given the myriad social, environmental and economic factors that contribute to health, making meaningful and sustainable improvements in the health and well-being of individuals and creating healthy communities cannot be accomplished by one organization or sector alone.

Hospitals and health systems—as anchor organizations, or placed-based economic engines in their communities—have the opportunity to make meaningful upstream investments to improve community health. (See Addressing Social Determinants of Health sidebar on page 3.) While hospitals and health systems have a long history of contributing crucial services in communities, innovative approaches are needed to address systemic barriers to creating truly thriving communities. Applying tactics from across sectors, such as community development and investing, may activate systemic change that health care-driven strategies have not yet been able to accomplish.

Housing is one upstream determinant of health that hospitals and health systems are focused on more and more. Access to safe, affordable and stable housing is key for good health.

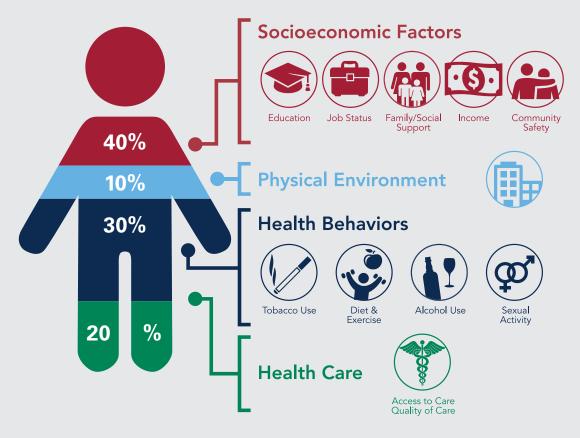
"Housing instability" is an umbrella term for the continuum between homelessness and stable, secure housing. (See Figure 1, Range of Housing Types, on page 4.) It can take many forms, such as substandard physical conditions—e.g., leaky roof, poor heating and cooling, exposure to allergens or pests—severe rent burden, or homelessness. Studies have associated housing instability with poor health and increased health care utilization. (See Table 1, Housing Instability and Health, on page 4.)







Addressing Social Determinants of Health



Source: University of Wisconsin Population Health Institute, County Health Rankings and Roadmaps, 2019. www.countyhealthrankings.org

Research shows approximately 80 percent of health outcomes are attributed to factors outside of medical care, including socioeconomic factors, the physical environment and health behaviors. Social determinants of health include factors such as access to healthy food, access to transportation, housing status, social isolation and community safety.

Efforts to address these nonmedical needs are crucial to individual health and well-being and community health. As the health care field transforms from providing more than stand-alone acute care services to

promoting health and well-being, hospitals and health systems are adapting their models of care to partner with communities and address the conditions in which people are born, grow, live, work and age.

Adopting population health strategies, often supported by alternative payment models, creates new opportunities for hospitals and health systems to proactively align social determinants of health initiatives, address health disparities and advance their mission. In 2009, health inequities cost the health care system \$82 billion, and

costs are projected to reach \$126 billion by 2020.²

Understanding that a person's ability to reach their highest potential for health is tied to more than access to and the quality of health care they receive is important. However, addressing the social needs of individual patients does not address the structural and systemic root causes of poor health. Advancing health in America will require a systemic transformation in our health care system and communities, where health organizations are active participants in helping their communities thrive.







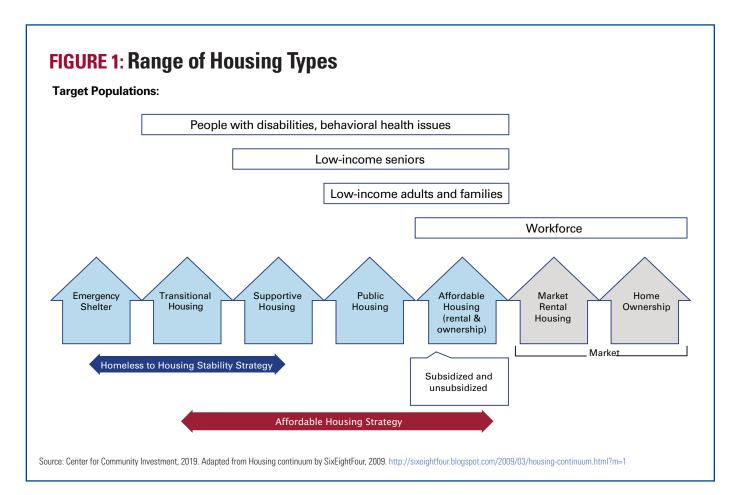


TABLE 1 Housing Instability and Health Forms of housing instability include: Are associated with: Homelessness Health risks for children: High housing costs General poor health relative to income Asthma Overcrowding Low weight Poor housing quality Development delays Increased lifetime risk of depression Multiple moves Health risks for adults: Reduced access to care Postponing needed health care Postponing needed medications Mental distress Difficulty sleeping Incidents of depression Source: Enterprise Community Partners, Inc., 2019. Adapted from Impact of affordable housing on communities: A review of the evidence base, 2014.







https://homeforallsmc.org/wp-content/uploads/2017/05/Impact-of-Affordable-Housing-on-Families-and-Communities.pdf

Challenges for affordable housing initiatives

Supporting affordable housing is an emerging strategy for many hospitals and health systems, though some already are doing it through housing preservation, development and advocacy efforts.³ Existing and emerging affordable housing initiatives are designed to address the growing mismatch between people's income levels and housing costs by preserving or building homes that are not being produced by traditional market dynamics. As such, many of these initiatives focus on disadvantaged communities where the need is great but the conventional market is not able to meet that need. However, funding streams that hospitals have historically used to address affordable housing, such as community or philanthropic grants, may be neither sustainable nor adequate for scaling the project or truly revitalizing the community.

Opportunities for upstream investment

This is where upstream investment comes into play. Investing—paying for goods and services that will have value over time, with the expectation of some form of return—as compared to spending is an emerging tactic for addressing social determinants of health. An overall system of community investment has developed to help overcome market failures and transform disadvantaged communities. Hospital-driven investment in affordable housing initiatives can contribute to this system. To be effective, upstream investment to improve community health requires action by health care organizations as well as the existence or creation of threshold conditions in communities.

The Center for Community Investment at the Lincoln Institute of Land Policy has developed the capital absorption framework⁴ to help improve a community's ability to attract needed resources. By working through three core functions – establishing shared priorities, creating a pipeline of investable projects, and strengthening the enabling environment of policies and practices that facilitate successful investment - communities can engage new stakeholders, attract new capital, and increase the speed and scale of investments. (See Figure 2, What Is the Capital Absorption Framework? on page 6.) This framework can help hospitals and health systems assess their local community investment system. In turn they can explore potential roles to play in bringing new ideas, assets, and partnerships to help strengthen the system and accelerate efforts to address the social determinants of health.









Accelerating Investments for Healthy Communities

CCI launched the AIHC initiative with support from the Robert Wood Johnson Foundation to help a group of hospitals and health systems already investing in affordable housing expand the scale and impact of their work, using the capital absorption framework. AIHC aims to help participating organizations:

- think strategically and systematically about how to deploy financial resources, land and expertise;
- advance affordable housing as a platform for creating more equitable, healthier communities; and
- adopt sustainable financing mechanisms.

The focus is on leading hospitals and health systems to better understand what it takes to get started on this work and any barriers to implementation. This knowledge will light the path for other hospitals and health systems to invest in affordable housing and advance the health and well-being of their communities.

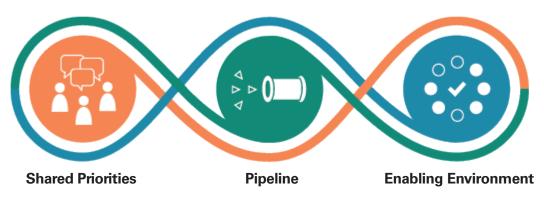
FIGURE 2: What Is the Capital Absorption Framework?⁴

Since 2011, the founders of CCI have been testing and refining a framework for better organizing and deploying community investment. The center designed the capital absorption framework to encourage a more systemic approach to this work and better direct investment capital to areas of need.

The capital absorption framework consists of three key components:

- **1.** Establishing **shared priorities** across stakeholders. Participants identify the community's highest priorities, define their targeted results and agree on a strategy to achieve them.
- **2.** Creating a **pipeline** of deals and projects. By examining deals in progress, analyzing whether they support the priorities and considering where there may be gaps, participants build a pipeline of deals and develop a strategy for moving them forward together to achieve greater impact and efficiency.
- **3.** Strengthening the **enabling environment**. Armed with a clear sense of shared priorities and a pipeline of deals and projects, participants determine whether the necessary policies, practices and capacities exist to facilitate those deals and then strategize ways to address missing components.

Capital Absorption Framework



Source: Center for Community Investment, 2018.







AIHC Phase One: Observations and Emerging Themes

Investing in affordable housing in the manner and scale described here is new work for many hospitals and health systems. During phase one of Accelerating Investments for Healthy Communities, participating hospitals and health systems were introduced to the capital absorption framework and began building cross-disciplinary core project teams.

As evaluation partners, the AHA and NORC followed the cohort of hospitals during this learning process and began preliminary analysis, through collection of baseline data and introductory interviews, to gain insight into what it takes for hospitals to do this work. Two major themes arose during this initial evaluation period, as demonstrated by hospitals and health systems in the cohort:

- Mission-driven commitment to address health equity and social determinants
- Strategic alignment with payment and care models

Methodology

During the fall of 2018, AHA and NORC completed introductory interviews with the eight hospitals participating in phase one. Interviewees received a list of discussion topics in advance that included (1) motivating factors for investing in affordable housing, (2) the AIHC team and its structure, (3) developing an investment strategy and (4) challenges and lessons learned to date. A high-level analysis of these interviews and supporting secondary data sources[†] provided the foundation for the emerging themes identified in this issue brief.

The project seeks to engage leading hospitals with the purpose of gleaning insights for the rest of the field. As such, certain characteristics are common across the cohort, including:

- 1. The participating hospitals and health systems all have some history in addressing social determinants of health—and in particular, housing—with several having extensive track records investing in affordable housing.
- 2. Participants were seeking to expand their strategies of supporting underinvested areas and vulnerable populations.
- 3. Project teams included individuals with diverse roles in the hospital or health system, such as vice president of mission, vice president of philanthropy, director of community health, strategy and chief operating officer, grants officer, and manager of community benefits.
- † Secondary data sources included the AIHC phase one applications, phase one learning lab homework assignments, and community health needs assessments.

TABLE 2 **AIHC Participants**

- Bon Secours Mercy Health**
- Boston Medical Center
- Dignity Health**
- Henry Ford Health System*
- Kaiser Permanente
- Nationwide Children's Hospital
- ProMedica*
- UPMC
- *Participation in phase one only
- **Recent and/or pending merger







Mission-driven commitment to address health equity and social determinants

All of the participating hospitals and health systems demonstrated an underlying commitment and drive to address the social determinants of health, with an emphasis on housing. They expressed widespread acceptance that, if their goal was to advance equity and improve health, it was their responsibility to support their communities. This mission-driven commitment was linked to certain characteristics of the different types of organizations, including:

Anchor organizations. As place-based organizations that are physically rooted in their local communities, these hospitals and health systems described a sense of responsibility and commitment to their neighborhood or community. This dedication manifests itself through the desire to be an active participant in community revitalization, partner with other community stakeholders and invest in the well-being of the community.

Nonprofit. Addressing social determinants of health connects to the core mission of nonprofit hospitals and health systems. They are required to conduct community health needs assessments (CHNAs) and implement strategies to address priority health needs in their communities. This process necessitates a level of engagement and community health focus for the health care organization. While not all of the participating hospitals prioritized housing in their CHNAs, their status as nonprofit hospitals provides a platform to address community health needs.

Safety-net. As safety-net hospitals or health systems caring for vulnerable populations,

What AIHC Participants Are Saying

"Is the role of a safety net hospital... charity or is it equity? Because if you have an opportunity to go beyond filling a gap for a person that quite frankly becomes a gap again once the filler is removed, if you can alter the life course of a person so that you eliminate that gap and sort of send that person toward independence versus perpetual dependence, why wouldn't we do that?"

"We want to think of ourselves as health care providers second, in service to our main work of developing healthy communities."

these participants described a commitment to look upstream at the root causes of health and illness to address health equity issues for their patients and in the community at large.

Faith-based. These hospitals and health systems described their commitment to address equity and affordable housing in the context of their spiritual conviction and that of their founders.

The augmented focus on social determinants of health across the health care field is a component of the evolving concept of what it means to be a hospital or health system. Hospitals are providing more than standalone acute care services and are transforming to provide care across the continuum and promote health and well-being in their communities.







All participating hospitals and health systems noted that their ability to do this work is an outgrowth of their long-standing organizational commitment to addressing social determinants of health. Some of the hospitals chose to join the AIHC initiative for the "acceleration effect" of being part of such a cohort: They were seeking new tools and strategies to elevate the impact of their work. All participants recognized they had room to grow in how their organizations address affordable housing.

Strategic alignment with care and payment models

While mission is a driving factor for hospitals and health systems investing in affordable housing, the old mantra, "no margin, no mission" also applies for many. New care delivery and payment models are creating the strategic alignment to augment support for affordable housing. Across participating hospitals, interviewees described the alignment of affordable housing with their organization's strategy, particularly when they had a health insurance plan or accountable care organization (ACO). Hospitals that are part of an ACO or have their own health plan are charged with addressing the drivers of poor outcomes and high costs, which link to social determinants of health.



The shift from providing care to also addressing social determinants can be challenging for hospitals and providers. By framing social determinants as part of the care redesign strategy, hospitals can start to conceptualize their core strategic mission to include social determinants. This strategic connection appears crucial for getting buy-in and making the case that investing in affordable housing is both sustainable and strategically important.

Next Steps

The AHA and NORC will spend the next two years learning what drives hospitals to invest in affordable housing and what makes initiatives successful. We will explore several areas, including how hospitals are building a culture that makes addressing social determinants of health an organizational priority. We will continue to explore the evolution of the work around the following areas:

- **Building the will.** Participants described various ways in which they are generating the "will" to advance affordable housing efforts within their hospital or health system. We will further explore how hospitals are building the will in their organizations and communities.
- Organizational structure and changes. Organizational characteristics, such as those identified in this
 brief around mission and payment and care models, will continue to be areas for exploration as we
 tease out how structure serves as a mechanism and facilitates the work and also can serve as a lever
 for community investment. In addition, some of the participating health systems are going through
 major organizational changes, such as mergers, which we anticipate will influence their work. We will
 track how these mergers impact the implementation of work on affordable housing at the hospital and
 system levels.







- Community alignment. Several hospitals cited project alignment with existing citywide or neighborhood revitalization and civic activity. We will explore how local will and momentum impact affordable housing initiatives.
- **Team structure and engagement.** The teams draw on the expertise of a variety of stakeholders from across the hospitals (e.g., community benefit manager, treasurer, health plan director, etc.) and community. We will continue to monitor which roles are most beneficial for advancing affordable housing work.
- **Identifying roles.** The roles that the hospital or health system play in affordable housing vary and include investor, developer, convener and manager. We will continue to explore the extent to which these labels capture the role played by hospitals and health systems, and how the participants determine what role to play in their community.

Focusing on innovation as hospitals and health systems invest in affordable housing creates an opportunity to demonstrate their value as anchor organizations in their communities and offers tremendous potential to catalyze community revitalization efforts. Over the next two years, AIHC project partners hope that learnings from the Accelerating Investments for Healthy Communities program can serve as a path forward for other hospitals looking to invest in addressing the social determinants of health.







Read More About AIHC

Project Press Release

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Capital Absorption Framework

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Endnotes

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- ² PwC Health Research Institute. (2015, June). *Medical cost trend: Behind the numbers 2016*. Retrieved from https://www.achp.org/wp-content/uploads/pwc-hri-medical-cost-trend-2016.pdf
- ³ A number of guides and organizations have tracked hospitals and health systems work in affordable housing including:
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 - Healthcare Anchor Network coordinated by the Democracy Collaborative https://www.healthcareanchor.network/
 - Build Healthy Places Network https://www.buildhealthyplaces.org/
 - Urban Institute's Emerging Strategies for Integrating Health and Housing https://www.urban.org/policy-centers/cross-center-initiatives/social-determinants-health/projects/emerging-strategies-integrating-health-and-housing
- ⁴ Hacke, R., Wood, D., & Urquilla, M. (Revised 2018, March). *Community investment: Focusing on the system, a working paper.* Retrieved from https://centerforcommunityinvestment.org/sites/default/files/2018-03/CIFocusingOnTheSystem.pdf





