Hospital Investments in Housing

Thursday, November 15th, 2018

Thank you for joining us! We will begin shortly.
A Few Housekeeping Notes

- All attendees are pre-muted, so please use the chat box in the bottom right hand corner of your screen to submit any questions you have during the presentation.

- Webinar is being recorded and will be available as a resource on our website.
Welcome Remarks

Erika Poethig  
Chief Innovation Officer and Vice President, Research to Action Lab, Urban Institute

Michael Johnson  
Vice President and Community Development Program Officer, J.P. Morgan Chase Foundation
Kate Reynolds
Policy Program Manager, Research to Action Lab, Urban Institute

Robin Hacke
Executive Director and Cofounder, Center for Community Investment at the Lincoln Institute of Land Policy

Julie Trocchio
Senior Director, Community Benefit and Continuing Care, Catholic Health Association of the United States
Session Goals

1. Project Overview
2. Early Findings
3. Discussion with Featured Speakers
4. Next Steps
Project Overview
What is the purpose of this study?

“
The purpose of this study is to find out what hospitals are doing or not doing around the housing needs of their patients and what tools or resources can help hospitals make investments in housing.

"
What are investments?

By investments in housing, we mean allocating financial and/or non-financial resources to housing-related activities with an expectation of a financial or non-financial return (e.g., social benefits).
The projects aims to achieve these goals through **three sets of activities:**

1. **Survey Research**
2. **Shared-Knowledge Convening**
3. **Toolkit**
Research Approach

1 Survey Research

- Survey Instrument Development
- Sample Population
- Mode and Timeline
- Limitations
Survey Reach
Early Findings
Most hospitals in our sample indicated that housing issues have been identified as a need for their community or patients but 1/3 of hospitals have not yet dedicated resources to housing-related activities.
Hospitals that have not dedicated funding toward housing cited several reasons.

- We wouldn’t know where to start
- Other issues take priority at this time
- We would need technical assistance
- We would need to find the right partner(s)
- Housing is not a good fit for us
Hospitals’ Involvement with Housing-Related Activities
Most hospitals that dedicated resources toward housing-related activities:

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<td>• Donate or swap land to allow for affordable housing development</td>
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Hospitals had **mixed involvement** with the following activities:

- Provide **medical care** to people experiencing homelessness in shelters or via mobile medical vans.
- Offer **home environmental assessment and repair programs** (e.g. lead abatement, asthma management).
- Provide **food assistance** (e.g. farmers markets, food pantry) at an affordable housing development.
- Invest in the **development of affordable housing** for hospital employees.
- Provide low interest rate loans or **investments** (with an expected return to rehabilitate or build affordable housing).
Hospitals’ Investment Strategies
Most hospitals that have dedicated capital toward affordable housing development are investing less than $250,000.
Top 5 investment strategies used by hospitals that have invested in affordable housing development:

- Utilize real estate holdings to support creation of affordable housing (e.g. encourage conversion of existing real estate or land for affordable housing)
- Allocate funds to financial intermediaries, including CDFIs and other investment managers, offering affordable housing development projects
- Make direct equity investments in affordable housing development projects
- Designate a portion of investable reserves for affordable housing development
- Provide secured or unsecured direct loans to affordable housing developers

Top 3 investment strategies hospitals would like to learn more about:

- Invest in a community land trust (CLT) to support affordable housing development
- Create an affordable housing development fund with surplus returns from your hospital’s investment portfolio
- Make direct equity investments in affordable housing development projects
Hospitals’ Motivations and Challenges to Funding Housing-Related Activities
Hospitals that dedicate funding towards housing-related activities were more likely to be motivated by factors such as improving neighborhoods and patient outcomes rather than incentives, cost savings, or business needs.
Top **influencing factors** for hospitals that dedicated funding toward housing:

- Improve health and well being in the neighborhood
- Reduce non-urgent emergency department visits or avoidable hospitalizations
- Meet new market expectations or adjust to market changes (e.g., shift to value-based care)

Factors that had some influence, but **not strong**:

- Generate cost savings to our hospital
- Support internal business need like expanding our facilities or our catchment area
- Meet housing needs of hospital employees
Most hospitals see housing as a platform for addressing social determinants of health and about half think that the health care sector should be involved in housing, but many perceive housing investments as resource-intensive and risky efforts.
Hospital perceptions about housing investments

- Housing-related projects require significant time before improved health outcomes can be achieved.
- Housing-related projects require an investment of time, energy, and resources into developing new strategies that do not necessarily guarantee success.
- Alignment of investors and cost savings can be greatly affected by risk-sharing among investors.
- It is difficult for my hospital to understand the financial payback of housing development investments.
- Policy uncertainty makes it difficult to plan for housing investments.
- The health and housing sectors operate on fundamentally different timelines because housing development typically involves long-term loans.
Hospital perceptions about housing investments, continued

- My hospital doesn't have the expertise to effectively collaborate with the housing field
- There is no clear guidance on what types of housing-related activities count as community benefits
- My hospital already spends enough on charity care and unreimbursed Medicaid costs to meet community benefit obligations
- There is not sufficient evidence of the impact of hospital-funded housing initiatives on health outcomes and health care costs
- Housing problems are only a concern when they directly affect my hospital’s bottom line
Around 50-60% of respondents were aware of changes in IRS guidance or Opportunity Zones in the Tax Cuts & Job Act (2017) and roughly half said these policy changes could influence them, highlighting an opportunity to improve awareness of policy changes.
Church-Affiliated Hospitals vs. Secular Hospitals
Compared to secular hospitals, church-affiliated hospitals were...

...more likely to:

- Operate in communities where housing has been identified as a need
- Know about the IRS guidance and be motivated by it to invest in housing

...less likely to:

- Consider business needs or market pressures as driving housing investment decisions
- Understand the financial payback of housing development investments
What would it take to increase hospitals’ investments in housing?
Hospitals think that **data and evidence** would be most likely to increase their investments in housing.

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<td>Data or evidence that housing-related initiatives reduce costs and/or improve health outcomes</td>
<td>69%</td>
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<td>Support (monetary or staff) from community partners and/or private or governmental sources</td>
<td>65%</td>
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<td>Information on the business case of housing-related activities</td>
<td>51%</td>
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<td>Value-based models or initiatives</td>
<td>44%</td>
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Discussion with Featured Speakers
Hospitals think that **data and evidence** would be most likely to increase their investments in housing.

- Data or evidence that housing-related initiatives reduce costs and/or improve health outcomes: 69%
- Support (monetary or staff) from community partners and/or private or governmental sources: 65%
- Information on the business case of housing-related activities: 51%
- Value-based models or initiatives: 44%
Place holder:

Content or logo from the Center for Community Investment at the Lincoln Institute of Land Policy
Place holder:

Content or logo from the Catholic Association of the United States
Questions

- In your view, what would it take to increase your hospitals’ investments in housing?
- What evidence and research could increase the number of hospitals that invest in housing?
- What policy guidance is needed to get hospitals interested in housing investments?
- What are good strategies for managing financial risk in housing-related investments?
Questions from Attendees

- To submit a question, please use the chat box in the bottom right corner of your screen.

![Chat box](image.png)
Next Steps

2. Shared-Knowledge Convening
   Washington, D.C.

3. Toolkit
   Launch: Spring 2019
   Resources Provided:
   - Model Transactions
   - Samples of Evidence used in IRS Reporting
   - Decision Tools
   - Case Studies
   and more!
Thank you!

Support for this research is provided by a grant from JPMorgan Chase. For more information on the Urban Institute’s funding principles, go to http://www.urban.org/fundingprinciples.