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HOUSING SUPPLY SOLUTIONS FOR CITY LEADERS: FINANCE

Public-Private Partnerships with Health Systems

The acute housing supply shortage of almost 4 million units in the United States demands urgent action. Barriers to increasing housing supply exist across multiple sectors, including finance, construction, land use and regulations, infrastructure and workforce. In this series of fact sheets, NLC offers context, solutions and case studies for city leaders seeking to address these barriers and create more housing more efficiently and at lower costs. This Housing Supply Accelerator Fact Sheet series explores solutions in three critical areas: construction and development; land use and regulations; and finance.

Key Takeaways

- Health systems, including hospitals, clinics, and healthcare providers, are natural partners as cities seek to increase the supply of local housing.
- Based on their mission to promote community health and well-being, health systems often support housing production through community benefit programs and direct investments.
- Public-private partnerships* with health systems assure a stable, diverse and attainable housing supply can lead to better health outcomes in your community.

* A Public-Private Partnership (PPP) is a collaborative arrangement between government entities and private organizations to deliver services or infrastructure projects that benefit the public. In the housing sector, these partnerships can include joint funding, resource sharing, and collaborative development of housing projects.

Background

Tackling the housing supply crisis facing American communities today requires shared responsibility and a coordinated effort from both the public and private sectors.

Health systems, which include hospitals, clinics, and healthcare providers, can be critical partners in these efforts. These systems are often considered "anchor institutions" in cities because of their central role in local economies, the health services they provide to residents, and their engagement in the community's social and cultural fabric. By collaborating with health systems, cities can align goals for housing and community health, achieving dual benefits for communities by improving both living conditions and health outcomes.

The Benefits for Cities and Their Residents

An Aligned Approach

Fostering public-private partnerships with health systems can help to expand housing supply and create long-term housing stability by aligning the interests of cities and health systems. While cities want their residents to have access to adequate housing at different price points, health systems benefit from the effects of stable housing, including better patient health and reduced healthcare costs.

Improved Health Outcomes

Many patients suffer from conditions caused or worsened by poor housing conditions, leading to repeated emergency room visits and higher medical expenses. Addressing both housing supply challenges and housing instability can improve the management of chronic conditions, resulting in effective treatment and better health outcomes.

More Investment and Better Risk Management

Health systems can accelerate housing investment and help manage the financial risks by contributing assets such as land, capital, and data. Their access to patient and community health data allows them to identify high-need populations and neighborhoods, enabling more targeted housing interventions. These insights strengthen the case for investment by demonstrating the clear health and economic returns of stable housing.

A Great Way for Healthcare Systems to Give Back

Nonprofit hospitals, due to their tax-exempt status, are required to serve their communities through community benefit initiatives, which can include housing investments. For-profit hospitals can also adopt community benefit initiatives without the legal guidelines nonprofits have to uphold. By investing in housing, health systems can strengthen their role as anchor institutions, enhancing public trust while simultaneously addressing a broader issue impacting community health.

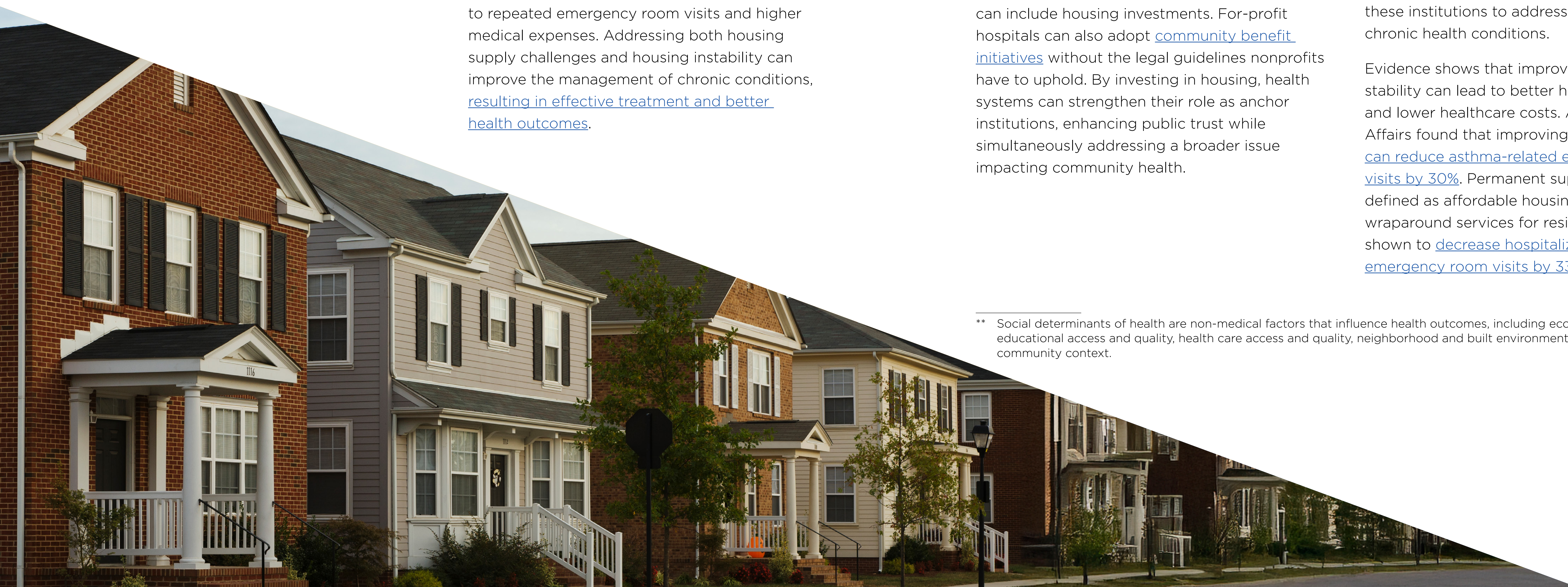
Did You Know?

Housing is a key social determinant of health,** directly impacting the well-being of local residents by contributing to neighborhood conditions, quality of life, and financial stability. Research indicates that factors related to housing account for 30-55% of health outcomes.

Poor housing conditions contribute to various health issues, including respiratory diseases caused by mold and poor ventilation, lead exposure leading to cognitive impairments, and mental health challenges stemming from poor housing quality, overcrowding and housing insecurity. Without safe and stable housing in a community, hospitals end up treating symptoms of the housing crisis. Getting involved in tackling the community's housing problems allows these institutions to address the root causes of chronic health conditions.

Evidence shows that improving housing stability can lead to better health outcomes and lower healthcare costs. A study in Health Affairs found that improving housing quality can reduce asthma-related emergency room visits by 30%. Permanent supportive housing—defined as affordable housing paired with wraparound services for residents—has been shown to decrease hospitalizations by 23% and emergency room visits by 33%.

** Social determinants of health are non-medical factors that influence health outcomes, including economic stability, educational access and quality, health care access and quality, neighborhood and built environments, and social and community context.



Case Studies

BOSTON, MASSACHUSETTS
(Population: 653,833)

The Boston Acquisition Fund (BAF) is a public-private revolving loan fund designed to support mission-driven developers in purchasing occupied multi-family housing in Boston. The BAF builds on the city's Acquisition Opportunity program, which has helped preserve over 1,000 affordable homes in Boston by providing loans to help investors buy multifamily rental properties. The fund is administered by the Massachusetts Housing Investment Corporation (MHIC) and is supported by a City of Boston commitment of $5 million. An additional $8 million has been committed by partners such as Mass General Brigham, Boston Children's Hospital, Dana-Farber Cancer Institute, Boston Medical Center, and other organizations.

Health institutions joined the fund as part of a broader recognition that housing is foundational to community health. "Stable, affordable housing is essential for good health, as poor housing conditions are closely linked to chronic issues such as cardiovascular disease, asthma, and long-term stress," said Dr. Elsie Taveras, Chief Community Health & Health Equity Officer at Mass General Brigham.

The purpose of the fund is to prevent the displacement of residents and help stabilize communities affected by rising rents and the potential removal of affordable housing. When developers identify buildings for sale, BAF provides low-interest loans for the acquisition costs. The revolving loan structure allows the repaid funds to be reinvested into future development projects, which will preserve more housing in Boston.

COLUMBUS, OHIO
(Population: 913,175)

Healthy Homes is the affordable housing arm of Nationwide Children's Hospital's Healthy Neighborhoods Healthy Families initiative. The housing initiative was created to further Nationwide Children's commitment to overall community health with provides programs and services in five areas that impact overall well-being: affordable housing, economic development, health and wellness; education and community engagement. Through the Healthy Homes Fund, Nationwide Children's is committed to the creation of safe and affordable housing in northeastern Columbus.

The fund includes a $25 million loan and $25 million in grant funding to support the acquisition, construction, and permanent financing of rental housing units for families. The City of Columbus has contributed to this fund via voter-approved bonds to support the acquisition, construction and permanent financing of rental housing units.

Other funding partners include Nationwide, Park National Bank, Affordable Housing Trust for Columbus and Franklin County, Huntington Bank, Key Bank, U.S. Bank, Fifth Third Bank, the Columbus Foundation and the Ohio Capital Finance Corporation. Nationwide Children's has already completed the first 30 Healthy Homes units in Linden, which are averaging rent at $875 a month for a three-bedroom unit for qualifying residents.

Next Steps for Your City

Cities can pursue a range of actions to engage health systems as strategic partners in housing development.

Consider the following next steps for your city:

IDENTIFY PARTNERS. Consider which local health systems are most active in the community and how they can potentially partner with your local housing initiatives.

ALIGN GOALS. Develop housing strategies that address health system priorities, such as health equity and community wellness.

LEVERAGE RESOURCES. Identify available land, funding mechanisms, and policy incentives to support housing initiatives you can launch in partnership with health systems.

MEASURE IMPACT. Use data-driven approaches to track health improvements, cost reductions, and housing stability outcomes of your partnerships.

By fostering strong public-private partnerships, cities and health systems can drive meaningful housing supply solutions that enhance community health and economic stability.

NOTE: For cities focused on improving housing conditions that impact resident health, NLC's Healthy Housing Local Action Challenge offers targeted tools and resources to reduce health hazards in homes and create lasting improvements in housing quality and community health.