

# Investing in Community Health

A Toolkit for Hospitals



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November 2020



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## Foreword

This long-planned community investment toolkit came to fruition during the first six months of 2020, as the coronavirus pandemic spread across the United States and the world. Hospitals were consumed with preparing and caring for COVID-19 patients. Doctors, nurses, and other hospital staff were stretched thin managing not only high numbers of patients but a disease that nobody had ever seen before this year. At the same time, the cancellation of months of elective procedures and regular appointments created a financial crisis for the entire healthcare sector.

**Why, then, are we still talking about community investment?**

Because COVID-19—along with the protests against police brutality and the national conversation about racism spurred by the murder of George Floyd—has starkly revealed the racial inequities that community investment seeks to address. All of us who work in healthcare know from our experience over the last few months what the data shows: across the nation, the novel coronavirus has taken firmest root in low-income Black, Latinx, Asian/Pacific Islander, Native American, and immigrant communities, many of which have suffered from decades of disinvestment. The lack of safe, affordable housing in these communities puts their residents at greater risk from a virus that is best avoided by sheltering in place. Those residents are often frontline workers in the service, healthcare, and food production industries and thus most likely to be exposed to the virus. The demonstrated health consequences of the stresses of racism and poverty have also left them more vulnerable to COVID-19.

Catholic and other not-for-profit health care organizations have been at the forefront of efforts to improve health outcomes in these communities by addressing the social and economic factors that are at the root of health inequities. These factors, known as the social determinants of health, include housing, jobs, education, food security, and health care, in short, the things that determine whether people can thrive.

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Community investment is a critical strategy for effecting deep, long-term improvement in the social determinants, and increasing numbers of health care organizations are adding it to their toolbox. Right now, the healthcare sector is rightly preoccupied with responding to COVID-19. Yet, the time will come when our communities will need to recover from the pandemic and its social, economic, and health consequences. **Community investment will be critical to building back better.** Efforts that begin now will position communities to benefit from recovery funding when it becomes available. This toolkit will help us prepare for that moment.



## Executive Summary

Guided by a deep concern for vulnerable populations and a commitment to social justice, Catholic and other not-for-profit health care organizations across the country are working to identify and act upon the most pressing health needs in the communities they serve. Along with the rest of the healthcare sector, they have come to realize that it is critical to address the root causes of those needs, which are known as the **social determinants of health**. These are the social, economic, and physical conditions in which people live, work, and age that impact population health outcomes and risks, including neighborhood and built environment, economic stability, health and health care, education, and social and community context. This toolkit will focus on how hospitals can develop a community investment strategy to improve health and health disparities in the communities they serve.

We define **community investment** as investments intended to improve social, economic, and environmental conditions in disadvantaged communities while producing some economic return for investors. Community investment (sometimes called impact investment) can be used to create the social and physical environments that support community health over the long term, including things like small businesses, affordable homes, and grocery stores. Health care organizations have an array of assets—land, financial resources, relationships, expertise, etc.— that can be harnessed to support community investment.

In far too many places, especially low-income Black, Latinx, Asian/Pacific Islander, and Native communities, poor social, economic, and environmental conditions are the consequence of decades of racist policies, like the reservation system and redlining, which have resulted in a lack of investment, among other consequences. Significant capital is needed to transform these communities and helping investment flow into them requires efforts that markets and financial investors alone will not achieve. Community anchor institutions such as hospitals can play a critical role by leveraging their assets to support community investment.

**Investable opportunities**, like a small business incubator or a fund that finances the acquisition and rehab of affordable homes, provide both long-term solutions and a return that gives you more money to use on behalf of your community.



We have identified six steps that will help health institutions develop an **investment strategy for community health**:

|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b><br><b>LAY THE GROUNDWORK</b>                            | Assess institutional understanding of social determinants and educate your hospital community about them, convene a cross-department team to support the work, and engage your board and senior leaders.                                                                                                                                                                                                                                                       |
| <b>2</b><br><b>CHOOSE YOUR FOCUS</b>                             | Identify the most pressing health needs of your communities, their root causes, and the people they most affect. Use that information to determine your investment priority.                                                                                                                                                                                                                                                                                   |
| <b>3</b><br><b>FIND PARTNERS</b>                                 | Reach out to community members and the community investment stakeholders to find out what they are doing to address community health needs and how you might get involved.                                                                                                                                                                                                                                                                                     |
| <b>4</b><br><b>IDENTIFY INVESTABLE OPPORTUNITIES</b>             | With your cross-department team, determine your institutional investment priorities, including what resources are available to allocate for investment. Working with community members and your community investment partners, figure out which deals and projects in your communities could make best use of your investment.                                                                                                                                 |
| <b>5</b><br><b>CREATE A STRATEGY</b>                             | Set a general goal with specific targets for impact, develop criteria for prioritizing investment opportunities and making decisions about which to pursue, identify partners, select your initial investments, and take action.                                                                                                                                                                                                                               |
| <b>6</b><br><b>ENHANCE THE LOCAL COMMUNITY INVESTMENT SYSTEM</b> | Assess the policies and regulations, available funding, skills and capacities of local actors, and institutional relationships that undergird community investment in your communities (we call this the enabling environment). Look for opportunities to improve the system through advocacy and policy change to support greater investment, engaging stakeholders who have been overlooked or excluded, and/or finding new roles for your hospital to play. |



This toolkit is designed to help health care organizations look at their resources in a different light, expand their efforts to support their communities, and maximize their impact on community health by harnessing the power of their investment capital. It will help them distinguish between financial contributions and investment strategies, understand the value of investment strategies for addressing the social determinants of health, and mobilize investment capital to improve community health.





## Introduction

Hospitals have provided care to the sick for centuries. For Catholic and not-for-profit health care organizations, delivering high quality, compassionate health care is more than a job; it's their mission.

Guided by a deep concern for vulnerable populations and a commitment to social justice, Catholic and not-for-profit health care organizations across the country are working to identify and address the most pressing health needs in the communities they serve.

One way these organizations accomplish this goal is through community benefit and community health improvement programs and activities (see Box 1).<sup>1</sup> For example,

- Community health education programs
- Mobile clinics for health screenings or improved access to services
- Support for at-risk persons with chronic disease management
- Participation in community coalitions/partnerships to address community health needs

Another way is by making financial contributions to community organizations so they can provide community benefit services, such as contributions to:

- An American Red Cross chapter to teach caregivers about home nursing
- Federally Qualified Health Centers to provide free care to immigrant populations
- The local Agency on Aging to provide transportation to health care appointments for low-income seniors
- A local school to support nutrition education and exercise programs

#### Box 1

## Understanding Community Benefit

Not-for-profit hospitals provide community benefits to carry out their mission of community service and to demonstrate that they are fulfilling their tax-exempt charitable purpose. Hospitals are required to report to the Internal Revenue Service (IRS) the following community benefit categories:

- Financial assistance/charity care
- Medicaid and other government-sponsored means-tested health care
- Community benefit services, including:
  - Community health improvement programs
  - Health professional education
  - Subsidized health services
  - Clinical and community health research
  - Cash and in-kind contributions
  - Community building activities

To better understand what counts, read [What Counts as Community Benefit](#).

<sup>1</sup> For more on community benefit strategies, see [A Guide for Planning and Reporting Community Benefit](#) (CHA, 2017).

However, driven by a growing understanding of the social determinants of health (see Box 2), many health care organizations are using community benefit strategies, including community health improvement activities and financial contributions, to address the root causes of health needs. For example:

- Making environmental improvements such as removing harmful material in buildings
- Holding farmers markets on facility grounds in local communities that lack access to fresh produce
- Joining community efforts to prevent violence
- Making financial contributions to partners who deliver programs and activities that address the social determinants

## Box 2

# Social Determinants

The social determinants of health are the social, economic, and physical conditions in which people live, work, and age that impact health outcomes and risks. According to [Healthy People 2030](#), these conditions fall into five categories:



**Neighborhood  
and Built  
Environment**



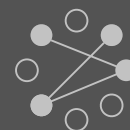
**Economic  
Stability**



**Health and  
Health Care**



**Education**



**Social and  
Community  
Context**

Creating environments with conditions that support optimal health is a critical strategy for improving health outcomes and reducing health care spending.

It is important to note that **social determinants** are factors that influence the health of a population. Efforts to address **social risks** (also known as social needs), such as transportation to appointments, food vouchers, and housing assistance, are important and effective in managing the health of individuals. However, addressing social determinants goes beyond individual needs to improve the underlying conditions that affect the health of an overall population or community.

## Community Investment

We define community investment as investments intended to improve social, economic, and environmental conditions in disadvantaged communities while producing some economic return for investors. Community investment finances things like small businesses, affordable housing, grocery stores, and other efforts to address social determinants that promote better health outcomes.

A growing number of health care organizations are also using their business operations to improve community health by supporting their local economies. These approaches are known as anchor strategies<sup>2</sup> and include efforts like:

- Hiring locally and building a career ladder for local residents
- Buying and contracting with local businesses
- Local investing

This toolkit will zero in on the last of these approaches, also known as community investment (see Box 3). Community investment (sometimes called impact investment) can be used to create the social and physical environments that support community health over the long term. Health care organizations have an array of assets—land, financial resources, relationships, expertise, etc.—that can be harnessed to support community investment.

Community investment is critical to addressing the social determinants of health.<sup>3</sup> In far too many places, especially Black, Latinx, Asian/Pacific Islander, and Native low-income communities, poor social, economic, and environmental conditions are the consequence of decades of racist policies, like the reservation system and redlining, which have resulted in a lack of investment, among other consequences. Significant capital is needed to transform these communities, and helping investment flow into them in ways that advance community priorities requires efforts that markets and financial investors alone will not achieve. Community organizations such as hospitals and universities, foundations, and government can also play a critical role by leveraging their assets to support community investment.

<sup>2</sup> For more information on anchor strategies, especially hiring and purchasing, see [Anchor Mission Playbook](#) (Democracy Collaborative, 2018).

<sup>3</sup> For the impact of community investment on health outcomes, see [A Community Development Program and Reduction in High-Cost Health Care Use](#) (Pediatrics, July 2020).

To illuminate the impact that investment can have on the social determinants and community health outcomes, this toolkit will:

- **define** community investment,
- **explain** how you can integrate community investment into your community health improvement strategies, and
- **explore** how a health organization can create a community investment strategy.

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There are many ways to impact community health. Once you understand investment capital and how to use it, you can help your organization harness its full suite of assets to increase the scale of your impact and further advance your mission.





# How Health Care Organizations Can Address the Social Determinants of Health

A comprehensive approach to addressing the social determinants of health can integrate financial contributions, procurement, recruitment, and investment to make a greater impact (see Box 4).

## Spending vs. Investing in Community Health: What's the Difference?

In this context, **spending** is making a financial contribution to a community organization for goods and services without an expectation that the money will be repaid.

**Investment** refers to payment for goods and services that will have value over time with the expectation of some form of return. Repayment can come from cashflows produced directly by the investment (e.g., rental properties, toll roads) or from a promise to pay from other sources (e.g., tax revenues).

**Investment as a finance term:** We often use the term “invest” when we are putting money into something, especially something valuable. We may “invest in the future of our children” by paying for public schools, or a hospital may “invest” in its staff by paying for professional development. But financially speaking, to be considered an investment the funded activity needs to produce a monetary return. For example, the government may invest in student loans to help low-income students afford the cost of post-secondary education. Students are expected to repay those loans, with interest, from their future income, which presumably will be higher because of their degrees.

Investment is thus only an option when a potential user of capital can demonstrate how the provider of capital will get their money back over time. If no source of repayment exists, then the item represents spending, which requires a financial contribution, rather than an investment. The table below provides examples to clarify this distinction.



## SOCIAL DETERMINANTS



### INCOME / JOBS



### HOUSING

## FINANCIAL CONTRIBUTION OPPORTUNITY

- Pay for community coordinators to connect residents to job opportunities and other supports

- Subsidize rent payments for individuals and families in areas with high housing costs. This can be done directly (perhaps for employees) or through financial contributions to a community group.

## INVESTMENT OPPORTUNITY

- Finance a small business incubator or shared commercial kitchen where start-ups pay rent
- Create a loan fund to provide low-cost expansion capital to neighborhood small businesses

- Provide a below-market loan to a developer to build new units of affordable housing.
- Lend money to a fund that finances acquisition and rehab/preservation of affordable homes

## POTENTIAL RETURN/IMPACT OF INVESTMENT

- Return of capital + modest financial return
- Wealth-building opportunities for people with lower incomes

- Return of capital + modest financial return
- Potential for some capital appreciation or tax benefit, depending upon investment structure
- Improvement in housing stability, quality, and affordability for your target population



To better understand the differences in what these efforts accomplish, let's consider how a health care organization, Faith Hospital, might address different aspects of hunger and food insecurity in its community. To begin, Faith might make community benefit financial contributions to:

- a foodbank to improve the availability of healthy food or a school to provide a weekend food backpack program for children receiving free lunch.
- a food collaborative for specific activities that increase access to healthy food.

However, while these programs meet important immediate needs of community residents, they do not **change conditions in the community** that influence health outcomes in a sustained manner. Faith Hospital can maximize the long-term impact of its financial contributions by focusing them on the root causes of hunger and food insecurity. For example, they could make additional financial contributions to:

- an anti-hunger advocacy organization to work on changing local policies to promote food access, such as requiring schools to adopt the federal Community Eligibility Provision (CEP), which allows high poverty schools to serve breakfast and lunch at no cost to all students without collecting household applications.
- support a workforce development program that will help address the income inequities at the root of hunger and food insecurity.

Faith can also use anchor strategies that **leverage its operations**, such as purchasing and hiring, to improve the local economy, which in turn can help with food insecurity. For instance, they might:

- establish goals for hiring local workers and contractors.
- prioritize buying locally through their procurement strategies.

Faith Hospital can maximize the impact of these strategies by ensuring that they:

- target populations that have been largely excluded, such as women- and minority-owned businesses.
- partner with community-based organizations to create diverse hiring pipelines and opportunities for upward mobility that support residents from the surrounding community.

Recruitment and procurement can make a significant social, economic, and environmental impact in a health care organization's community.

If Faith wants to have an even bigger impact on social determinants, they can **leverage their assets to make investments**. In order to thrive, all communities need access to good jobs and schools, affordable homes, safe places to gather and play, healthy food options, and opportunities to shape the decisions that affect them. Many communities, especially those that have suffered from structural racism and policies that have left them economically and socially isolated, lack the capacity to produce the level and type of investment needed to improve these conditions.

Let's consider how Faith might use investment to address different aspects of hunger and food insecurity. Table 1 outlines some of the financial instruments they might use and how other health organizations have used them.



**TABLE 1: UNDERSTANDING FINANCIAL INSTRUMENTS, RISK, AND RETURN**

| <b>LOANS</b> (i.e. debt)                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>RISK / RETURN:</b> Loans may be structured as senior debt (higher priority for repayment, less financial risk) or subordinated debt (lower priority for repayment, more financial risk, more potential for impact).</p> <p>Loans may also pay a market interest rate (higher return) or a lower, subsidized rate (lower return, more potential for impact).</p> | <p><b>EXAMPLE:</b> The Boston Medical Center, a large safety-net hospital, has committed a \$600,000 zero-percent loan to support the development of a 60-unit affordable housing development in Roxbury, a historically under-resourced and disinvested Boston neighborhood. The loan will be paid back over 20 years.</p> |
| <b>EQUITY</b> (e.g., real estate investment trust or venture capital)                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                             |
| <p><b>RISK / RETURN:</b> Investor takes an ownership stake so both gains and losses are shared with the investor. Risk is typically higher than debt, and returns are uncertain (can be high or low).</p>                                                                                                                                                             | <p><b>EXAMPLE:</b> The health plan UPMC for You made an equity investment of \$20 million of its reserves in Omicelo, a minority-owned real estate fund that invests in gentrifying neighborhoods to allow current residents to remain in their increasingly valuable homes.</p>                                            |
| <b>GUARANTEES</b>                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                             |
| <p><b>RISK / RETURN:</b> Investor promises to pay if other sources of repayment fail to materialize. Risk varies with deal structure. Guarantor may be paid a small fee or forego return.</p>                                                                                                                                                                         | <p><b>EXAMPLE:</b> Leveraging its balance sheet, Nationwide Children’s Hospital provided a \$1.5 million guarantee to create a loan loss reserve for the South Side Renaissance Fund to help assure investors with less tolerance for risk that their investments would be paid back.<sup>4</sup></p>                       |
| <b>CASH DEPOSITS IN CREDIT UNIONS OR MISSION-DRIVEN BANKS</b>                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                             |
| <p><b>RISK / RETURN:</b> Through the Certificate Deposit Account Registry System (CDARS), cash deposits can be federally insured and essentially risk free. Deposits may pay market or below-market rates, depending upon desired impact in the community.<sup>5</sup></p>                                                                                            | <p><b>EXAMPLE:</b> More than \$500,000 of CommonSpirit’s (formerly Dignity Health) community investment allocation is invested in community credit unions. These deposits help these organizations support local homeownership and small business development goals.<sup>6</sup></p>                                        |

<sup>4</sup> For more on Nationwide Children’s investments, see [Healthy Neighborhoods Healthy Families](#).

<sup>5</sup> See [Certificate of Deposit Account Registry Service](#).

<sup>6</sup> See [Dignity Health Case Study \(Democracy Collaborative\)](#).

The first way Faith Hospital can support investments that address hunger and food insecurity is by **using financial contributions to lay the groundwork for investment**. For instance, Faith Hospital could make financial contributions to:

- support a market demand analysis to make the case for locating a new grocery store in a food desert.
- pay for start-up funds for a food cooperative to bring fresh produce to a low-income area.

Faith Hospital might also **invest directly** by:

- providing a below-market rate loan to finance the construction of a grocery store and in doing so generate a return (from interest and repayment of principal) that can then be recycled to support future projects.
- leasing surplus buildings to a business incubator at a subsidized rent to allow food entrepreneurs to test new concepts and create jobs for community residents.
- providing a guarantee so a small local caterer to whom they have awarded a contract can obtain a line of working capital from a bank on better terms.

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Significant capital is needed to improve the social, economic, and environmental conditions in the most stressed communities. Keep in mind that investable opportunities provide both long-term solutions and a return, which gives you more money to use on behalf of your community. The next section explains how you, like Faith Hospital, can develop a strategy for investment that maximizes the impact your funds can have.





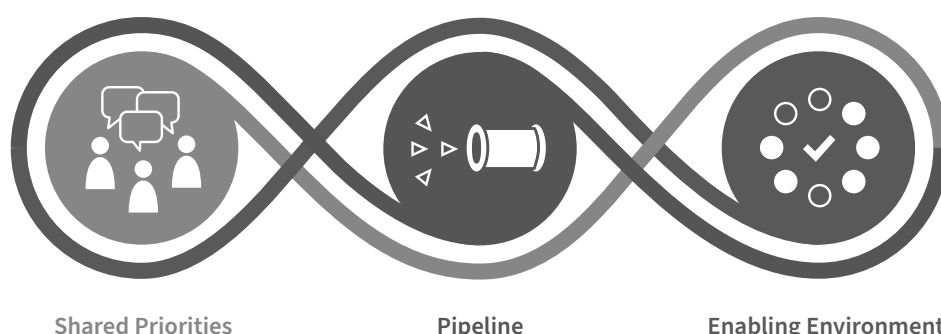
## Developing an Investment Strategy for Community Health

Adding a strategic community investment approach to complement your community health improvement activities and financial contributions can improve health equity and outcomes in your community.

The Center for Community Investment (CCI) has developed a capital absorption framework (see Box 5) that can help hospitals and health care organizations create community investment strategies that maximize impact for the communities, their local community investment systems, and the organizations themselves.

The **capital absorption framework** is based on three functions:

- **Developing Shared Priorities**—Creating a common understanding (within the organization and with stakeholders) about the root causes of poor health outcomes and the best strategies to address them is critical to galvanizing investments at scale and with impact.<sup>7</sup>
- **Identifying a Pipeline**—Identifying investable deals<sup>8</sup> and projects to address shared priorities can focus attention on the right transactions for achieving community health goals.<sup>9</sup>
- **Strengthening the Enabling Environment**—Improving the context in which deals and projects get done can help advance shared priorities and pipelines and make future investment efforts easier.<sup>10</sup>



#### Box 5

## Capital Absorption Framework

Transforming all communities into places of opportunity requires changing the policies and practices that affect how money flows into disadvantaged communities. CCI’s **capital absorption framework** is a tool to help communities access the investments that will enable their residents to live, work and learn in healthy homes and neighborhoods. In order to attract the broadest range of resources and be ready for unexpected opportunities, communities must have in place a shared understanding of their goals (**shared priorities**), a set of deals and projects that will help achieve those goals (**pipeline**), and the policies, practices, and relationships that can make those deals and projects happen in ways that advance community interests and protect community assets (**enabling environment**).

<sup>7</sup> See [Defining Shared Priorities](#) (CCI, 2019).

<sup>8</sup> A *deal* is an investment transaction or project that blends many different sources of capital and aims to generate financial and social return.

<sup>9</sup> See [Analyzing, Building, and Executing a Pipeline](#) (CCI, 2019).

<sup>10</sup> See [Strengthening the Enabling Environment](#) (CCI, 2019).

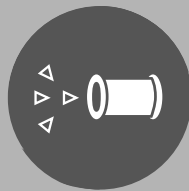
**This section outlines questions and steps that can help your organization apply the capital absorption framework to create your investment strategy:**

**Develop Shared  
Priorities**



- 1.** What is our organization's current understanding of the social determinants of health in our community?
- 2.** What are the most pressing community health needs?
- 3.** Who are the stakeholders aligned with efforts to improve social determinants of health?

**Identify a  
Pipeline**



- 4.** What are the investment opportunities for our organization?
- 5.** What actions can we take to accelerate and deepen investment?

**Strengthen Enabling  
Environment**



- 6.** What policies, funding flows, skills, and capacities does the community need to be successful?



# What is our organization's current understanding of the social determinants of health?

1

## Assess organizational understanding of social determinants.

Place matters when it comes to the social determinants of health. People who live, work, and play in places with excellent schools, abundant parks, clean air and water, and other conditions necessary for health live longer and healthier lives than their counterparts in nearby communities who lack these conditions. Consequently, organizations concerned with health equity and outcomes need to understand—and act to improve—the conditions in the places they serve.

Organizations like the American Hospital Association, the Institute for Healthcare Improvement, the Public Health Institute, and others are encouraging health care organizations to go beyond population health management—which they define as measures to improve the health of a defined population, such as patients or employees—to consider how they can advance community health and well-being as a whole (some define this as place-based populations).<sup>11</sup> By addressing the social determinants of health in this broader, place-based way, health care organizations can help bring about sustained changes in the underlying drivers of poor health.

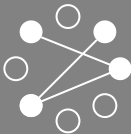
It is essential to figure out who in your organization understands the social determinants and how their knowledge can help inform a multi-disciplinary committee or senior leadership seeking to build the case for community investment. The Catholic Health Association's resources on the social determinants may be helpful for educating your hospital community.<sup>12</sup>

Convening internal stakeholders representing multiple departments (e.g., mission, finance, treasury, community health, diversity and inclusion, real estate, government relations) to explore what other hospitals and health systems are doing to address the social determinants and to generate ideas and recommendations to share with senior leaders can help accomplish this goal.

<sup>11</sup> See [Pathways to Population Health: An Invitation to Health Care Change Agents](#) (American Hospital Association, 2018).

<sup>12</sup> The Catholic Health Association's [Social Determinants of Health website](#) provides a wealth of resources.

**TABLE 2:**  
**EXAMPLES OF SOCIAL, ECONOMIC, AND ENVIRONMENTAL DETERMINANTS OF HEALTH**

|                                                                                                                                    |                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Neighborhood and Built Environment</b></p> | <ul style="list-style-type: none"> <li>• Public safety and neighborhood crime levels</li> <li>• Clean water</li> <li>• Air quality</li> <li>• Proximity to parks and greenspace</li> <li>• Climate change effects; quality and safety of sidewalks, bike lanes, and roads</li> </ul> |
|  <p><b>Economic Stability</b></p>                 | <ul style="list-style-type: none"> <li>• Unemployment</li> <li>• Job training and workforce development opportunities</li> <li>• Availability of jobs that pay a living wage</li> <li>• Inter-generational wealth</li> <li>• Housing affordability</li> </ul>                        |
|  <p><b>Health and Health Care</b></p>           | <ul style="list-style-type: none"> <li>• Access to health care services</li> <li>• Quality of health care</li> </ul>                                                                                                                                                                 |
|  <p><b>Education</b></p>                        | <ul style="list-style-type: none"> <li>• Childcare</li> <li>• Quality of schooling and educational opportunities</li> </ul>                                                                                                                                                          |
|  <p><b>Social and Community Context</b></p>     | <ul style="list-style-type: none"> <li>• Relationships and social supports</li> <li>• Culture</li> <li>• Racism</li> </ul>                                                                                                                                                           |



This is also an important opportunity to engage your board and senior executives, who can be critical accelerators and champions for this work. These leaders have the authority and regard to build organizational buy-in, ensure that organizational and operational resources are directed toward community investment goals, make decisions, and leverage relationships and influence to build partnerships and advance community investment. They know the organization’s needs and goals and are aware of the multiple internal and external pressures that individual departments and staff members may not know. Finally, their leadership positions and authority within the organization may make them more willing and able to take risks to achieve greater goals.

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Effective strategies for getting the attention of these leaders include sharing success stories from other health care organizations,<sup>13</sup> integrating community investment into a larger mission imperative (e.g., anchor mission), and inviting local leaders or elected officials to help make the case.<sup>14</sup>

<sup>13</sup> See, for instance, CCI’s paper, *Improving Community Health by Strengthening Community Investment* (Robert Wood Johnson Foundation, 2017), and *Embracing an Anchor Mission: Promedica’s all-in strategy* (Democracy Collaborative, 2018).

<sup>14</sup> The Catholic Health Association’s *Healing the Multitudes Catholic Health Care’s Commitment to Community Health: A Resource for Boards* is a valuable resource for educating your board about the social determinants.

# What are the most pressing community health needs?

## 2

### Target the places and needs you want to address.

Once your organization understands the importance of the social determinants, you need to examine how they show up in your community. Start with your Community Health Needs Assessment (CHNA). What does it tell you about your community's health needs, their root causes, and where health inequities are showing up most strongly?

To ensure that your CHNA adequately captures community conditions and their root causes, it should ask not only about the incidence of specific diseases, but also about other resident priorities—housing, stress, crime, etc.—that have demonstrable health impacts and could be addressed through investment.

Other resources—often used in formulating the CHNA—may include:

- **Healthy People 2030**—Created by the Office of Disease Promotion and Prevention, Healthy People 2030 tracks leading national health indicators such as life expectancy and death rates by disease.
- **Health-Related Social Needs Screenings**—Some hospitals screen patients for health-related social needs by asking questions about access to food, quality of housing, etc. Data from these screenings can help identify neighborhoods where social and environmental conditions are adversely impacting the health of residents.
- **Assessments by other community partners**—Local and/or state health departments and community-based organizations may also collect data on socio-economic factors, health needs, and community assets that will provide you with a deeper picture of pressing health issues and stakeholders working to address the root causes of those issues.
- **Documents and reports that chronicle historical and ongoing racial inequities in your community**—Generations of discriminatory policies and practices have shaped many of the conditions in communities that are at the root of poor health outcomes. To eliminate health inequities, it is important to understand these past policies, plans, and financing tools and who they leave most at risk of poor health outcomes. Resources to help you with this include Policy Link's National Equity Atlas and the Government Alliance on Race & Equity's Racial Equity Toolkit.<sup>15</sup>

<sup>15</sup> See also Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (Liveright, 2017)

Besides using documents and data, it will be essential to engage perspectives from the community itself. Reach out to local residents and organizations in neighborhoods adjacent to the hospital, other neighborhoods where patients live, areas with significant health disparities, and your city, town, or region (see Table 3 on page 31 for organizations that may be of use to you). You should also consider areas that have been prioritized for investment, such as opportunity zones<sup>16</sup> and transit corridors.<sup>17</sup>

As you conduct your review, consider:

- What needs are repeatedly surfacing?
- When you look at the data by race, income, or neighborhood, where do these needs show up most prominently?
- What are the root causes of these issues? Which social, environmental, and economic determinants are positively and/or negatively contributing to health needs and outcomes?



As a result of completing Step 2, you should have enough information to begin to determine a priority sector for investment (e.g., education, housing, jobs) and a target geography. You may have one priority or a few. For example, Boston Medical Center is investing \$6.5 million to support initiatives aimed specifically at addressing homelessness and housing insecurity in Boston. In Toledo, the ProMedica Ebeid Neighborhood Promise is focusing on four priority determinants of health: healthcare access, housing, education, and jobs.

<sup>16</sup> See [Opportunity Zones](#) (US Economic Development Administration).

<sup>17</sup> See [Transit Corridors and TOD](#) (Center for Transit-Oriented Development, 2011).

## Who are the stakeholders aligned with efforts to improve social determinants of health?

3

Map the local stakeholders who share the priority you have identified.

Your community likely has individuals and organizations already working to drive investment to disadvantaged neighborhoods and regions, who can help you identify investment opportunities.<sup>18</sup> For example, developers of affordable housing may be producing or preserving homes for people with low incomes. Organizations that support small businesses may be helping enterprises owned by people of color expand to create jobs and boost incomes. Community development financial organizations (CDFIs) may be providing credit in markets underserved by banks. Community development corporations (CDCs) and other neighborhood-based organizations may be organizing resident voices to express their preferences about investments in their areas. Community foundations may be providing grants to strengthen the capacity of these organizations. Table 3 describes these stakeholders.

**TABLE 3:**  
**COMMUNITY INVESTMENT STAKEHOLDERS CAN HELP SHAPE INVESTMENT DECISIONS**

| COMMUNITY INVESTMENT STAKEHOLDER                                                                    | POTENTIAL CONTRIBUTION                                                                                                                                      | IMPACT ON INVESTMENT DECISIONS                                                                                                      |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| INTENDED BENEFICIARIES (E.G., RESIDENTS, PATIENTS, LOWER-INCOME WORKERS, AND THEIR REPRESENTATIVES) | Individuals who are most directly affected by community benefit activities should have input into decisions because they best know their own needs.         | Their participation ensures that investments are responsive to the community's needs, aspirations, and priorities.                  |
| COMMUNITY DEVELOPMENT CORPORATIONS (CDCS)                                                           | CDCs are based in low-income neighborhoods and help to create and implement community development projects ranging from affordable housing to job training. | CDCs can share what they see as community priorities and identify where additional resources might help produce the biggest impact. |

<sup>18</sup> For strategies to identify and connect with potential community partners, see *A Playbook for Fostering Hospital-Community Partnerships to Build a Culture of Health* (American Hospital Association, 2017).

TABLE 3 (continued)

| COMMUNITY INVESTMENT STAKEHOLDER | POTENTIAL CONTRIBUTION                                                                                                                                                                                                                                                                                                                    | IMPACT ON INVESTMENT DECISIONS                                                                                                                                                                                                           |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AFFORDABLE HOUSING DEVELOPERS    | <p>Non-profit developers, as well as some mission-oriented for-profit developers, specialize in creating homes that are affordable to people with low and moderate incomes. Some specialize in single family homes, others in multi-family rental properties.</p>                                                                         | <p>Developers may have immediate opportunities to invest in projects at various stages of planning, predevelopment, construction, or lease-up. They also may have a perspective on unmet community needs, trends, and opportunities.</p> |
| LOCAL FAITH COMMUNITIES          | <p>Many churches, synagogues, temples, and mosques are committed to addressing poverty and inequity in their communities. They have knowledge of their communities and a range of assets, which they may already be deploying to support their communities.</p>                                                                           | <p>Faith communities that are already working on these issues can help identify community needs. They may also be interested in partnering directly in investments, for instance by donating land holdings for housing.</p>              |
| LOCAL BANKS                      | <p>The community development departments of local banks may be lending or purchasing tax credits to support community investment deals. The federal Community Reinvestment Act requires commercial banks to help meet the needs of borrowers in all segments of their communities, especially low- and moderate-income neighborhoods.</p> | <p>Local banks can leverage their knowledge of existing deals and key players in the community to surface potential investment opportunities.</p>                                                                                        |

TABLE 3 (continued)

| COMMUNITY INVESTMENT STAKEHOLDER                                                             | POTENTIAL CONTRIBUTION                                                                                                                                                                                                                                                                                                                                                                                                           | IMPACT ON INVESTMENT DECISIONS                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LOCAL GOVERNMENT OFFICIALS, CITY AGENCIES, AND QUASI-PUBLIC AUTHORITIES                      | Municipal leaders can outline a clear vision for investment, engage a wide range of stakeholders, collect data to make the case for and evaluate investment, streamline government processes to accelerate investment, and help channel private sector investment to important public purposes. City agencies and authorities also control access to funding streams from federal and state sources, municipal bonds, and taxes. | Elected officials often set forth a vision for the change they hope to see and direct municipal departments to establish programs and initiatives to address priority issues. They can highlight opportunities for hospitals and health systems to co-invest and maximize the reach of their resources. |
| FOUNDATIONS                                                                                  | Foundations, including health conversion foundations, can serve as direct investors, grantmakers, advocates, and conveners to help drive capital to important community health needs.                                                                                                                                                                                                                                            | As funders and conveners, foundations often have insight into what local non-profits are doing to address pressing community needs, including gaps where additional investment is needed.                                                                                                               |
| COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIS) AND DEVELOPMENT FINANCE AGENCIES (DFAS) | CDFIs are specialized intermediaries that can blend financing from multiple sources together with hospital resources to structure deals that meet the risk/return needs of government, financial investors, foundations, and other stakeholders. In some communities, DFAs (like port authorities or economic development agencies) may have some activities oriented to achieving equity and redressing disparities.            | CDFIs and some DFAs can help you learn about current investment approaches in the community and provide ideas to accelerate progress.                                                                                                                                                                   |



**Some questions to get you started:**

- What organizations (e.g., community development corporations, nonprofit housing developers, economic development organizations) are creating investments that address your priority?
- Are there any existing efforts underway that your health care organization could join?
- Who could you collaborate with?

## **What are the investment opportunities for our organization?**

**4**

### **Identify investable opportunities for action.**

Identifying investable opportunities requires an understanding of:

1. Your organization's priorities for investment
2. The amount and type of resources your organization has available to invest
3. The investment opportunities in your community

#### **→ What are our organization's priorities for investment?**

Many departments can help shape a health care organization's investment priorities.

An inclusive process builds organizational buy-in and ensures that your community investment plan aligns with both community needs and organizational resources, which in turn increases the likelihood of meaningful impact. Table 4 identifies potential internal partners.



**TABLE 4: MANY DEPARTMENTS CAN INFLUENCE INVESTMENT DECISIONS**

| DEPARTMENT                                              | POTENTIAL CONTRIBUTION                                                                                                                                                                                                                                          | IMPACT ON INVESTMENT DECISIONS                                                                                                                                                                            |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MISSION                                                 | Understanding of the organization's history and traditions                                                                                                                                                                                                      | They can explain to executive and board leaders how investment activities help fulfill the organization's mission and tradition of meeting the needs of their communities.                                |
| COMMUNITY HEALTH AND/OR COMMUNITY BENEFIT               | Knowledge and data about community needs; relationships with community-based organizations                                                                                                                                                                      | Their deep understanding of community needs and assets can help the organization understand pressing health needs, identify opportunities to intervene, and prioritize investments.                       |
| POPULATION HEALTH (MAY ALSO INCLUDE MANAGED CARE PLANS) | Strong business incentive to address these issues; often leading value-based clinical care and research initiatives                                                                                                                                             | Their data can help make the case for allocating resources and undertaking new initiatives to address the social determinants.                                                                            |
| FINANCE/ INVESTMENT                                     | Access to financial assets, such as investment portfolios, cash reserves, pensions, and endowments, as part of an impact investment strategy that seeks both financial and social returns; understanding of how to assess potential financial risks and returns | Their knowledge of the organization's financial situation and assets can inform decisions about the amount and type of capital available and help shape investments in improving the social determinants. |
| FACILITIES/REAL ESTATE                                  | Land and buildings owned by the health care organization, knowledge of the real estate market                                                                                                                                                                   | They can identify underutilized property that might be used to meet community needs such as affordable housing.                                                                                           |
| FOUNDATION                                              | Donor relations; connections to other foundations; program-related investments from the endowment; grants                                                                                                                                                       | They can help you attract donors who might co-invest alongside your organization.                                                                                                                         |
| STRATEGIC PLANNING AND INNOVATION                       | Understanding of the organization's plans for growth, competitive positioning, and future lines of business                                                                                                                                                     | They can identify geographic markets, population segments, or approaches that are of particular interest to the organization and spot trends that may influence investment decisions.                     |

TABLE 4 (continued)

| DEPARTMENT           | POTENTIAL CONTRIBUTION                                                                                                                                                                           | IMPACT ON INVESTMENT DECISIONS                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GOVERNMENT RELATIONS | Political capital and relationships; understanding of the priorities of local elected officials                                                                                                  | They can advocate for policies that foster investments in community health, such as incentives for the preservation and development of affordable housing or mitigation of flooding. Also, investing in projects prioritized by elected officials and the community can help build strong relationships and goodwill and leverage public sector resources and expertise to increase the scale of activities. |
| EMERGENCY DEPARTMENT | Firsthand experience of the higher incidence of chronic disease and increased utilization of health care services among patients who live in poor social, economic, and environmental conditions | They can identify “hot spots” where investment could remediate unhealthy community conditions. They can also monitor the effect of investment in reducing the need for emergency services.                                                                                                                                                                                                                   |
| HEALTH PLANS         | Plan reserves, investment assets, and data; incentive to avoid unnecessary health spending and improve health outcomes                                                                           | They can invest their plan assets and reserves as permitted by regulators and leverage their data to make the case for greater community investment and to inform the evaluation of efforts.                                                                                                                                                                                                                 |
| HUMAN RESOURCES      | Data, ability to engage employees to provide input                                                                                                                                               | Driven by an economic incentive to improve employee health and satisfaction and reduce employee turnover, they can provide information about the geographic distribution and incomes of employees, which in turn can help decision makers direct investments to neighborhoods where employees are located and coordinate outreach.                                                                           |

**Engaging these departments can help you better understand your organization’s motivations, as well as the assets it can mobilize and the decision processes you will need to navigate.**

### → What factors are driving your organization to invest?

Beyond improving health, hospitals and health systems are motivated to invest by a desire to improve community relationships, reputation, and competitiveness while deploying assets in ways that protect principal and generate at least some return on investment. Some health care organizations engage in population health management, focusing narrowly on reducing costs and improving health outcomes for their patients or plan members, while others see the community as a whole as their concern.<sup>19</sup> Understanding your organization's motivations for investing will help you determine how to approach the many choices that investing in the community presents.

### → How much and what type of resources are available to invest?

Health care organizations can tap a variety of assets to facilitate investment in social determinants. What types of assets might be available in your organization?

- **Financial:** There are two types of financial resources: 1) those that can unlock investment capital by laying the groundwork for investment but do not need to generate a financial return (e.g., community benefit dollars, hospital foundation contributions, or current gifts) and 2) those that need to be invested in ways that protect principal and generate at least some return (e.g., pensions and insurance reserves).
- **Land:** Donating or leasing excess land at below-market rates can reduce costs, thereby making investment projects feasible.
- **Balance sheet:** Using the strength of the organization's balance sheet to provide guarantees (see Table 1) can help affordable housing developers, funds, or individual projects access and/or reduce their cost of capital.

It is possible to develop a compelling strategy using any one or a combination of the resources above. Many organizations start with one type of asset and then put others on the table as they sense community needs and develop relationships. Thinking about resources in a multi-year context can be very helpful: reaching ambitious community investment goals is not an effort that can be accomplished with a single project or investment.

It is also important not to overlook two additional categories of resources that can be exceedingly valuable in formulating and executing a community investment strategy that maximizes impact:

- **Expertise:** As noted in the table above, different departments within the hospital have development, communications, marketing, fund-raising, and deal structuring expertise that can be tapped to support investment activities. Putting this expertise to work alongside community partners magnifies the value that health care organizations can bring to the table when they invest.

<sup>19</sup> For more information on motivations driving investment, see [\*Upstream All the Way: Why Pioneering Health Organizations are Investing Upstream to Improve Community Health\*](#).

- **Influence and relationships:** Hospitals can use their influence and relationships to express support for needed investment projects and in doing so draw the support of public officials and help attract investment from others. They can also support the adoption of policies that promote investments in community health. For example, by advocating for affordable housing trust funds, tenant protections, and support for public transit, hospitals and health systems can lend their voices on issues that powerfully affect health outcomes and their community members.

To formulate and execute a community investment strategy, you must also understand the organization's decision-making process. Which departments control what assets? Who decides how to deploy them? Where in the organization are investment decisions made? What is their tolerance for risk and requirement for return? Who has the authority—and desire—to coordinate cross-department partnerships and make final decisions?

### → **Where are the investment opportunities in our community?**

Community investment stakeholders can help you figure out what deals and projects are already in the community's pipeline (see Box 6). By working with the community investment stakeholders described in Table 3, you can get a better sense of the possibilities for investment. You can use that information to determine where your organization's capital is most needed and what opportunities best fit your tolerance for risk and desire for return.

As you work to assemble the pipeline, it is helpful to gather five key data points on deals and projects:

- 1. Type:** What is the opportunity? What social determinant will it address?  
Who will benefit?
- 2. Scope:** How big is the project? For instance, if it is housing, how many units?  
If it is commercial space, how many square feet will be developed?
- 3. Location:** Where is the opportunity located?
- 4. Stage:** Community investment deals can take a relatively long time and deals in progress will be at different stages (i.e. concept, in development, under construction). Is the project still just an idea, or is it two weeks away from completion? Which investments are moving? How might you become involved in those deals and projects? Which investments are stuck? How might you use your assets to get those projects unstuck?
- 5. Participants:** Who is involved in this opportunity? What is their role and experience?



As a result of completing Step 4, you should have the information you need to begin to determine where you will invest.

## Pipeline

A pipeline is a set of deals and projects that can help address the most pressing social determinant that the community has identified as its shared priority. The process of identifying a pipeline enables a health care organization to see what deals and activities that they may want to support are already underway, as well as to see where there are gaps they may wish to fill by helping to create additional investment opportunities. Working on a pipeline of deals or projects—as opposed to working on one at a time—can help health care organizations maximize their impact on community health and understand the policies and patterns that could be changed to achieve better results at greater scale. For more information, please see CCI’s brief, *Analyzing, Building, and Executing a Pipeline*.

### What actions can we take to accelerate and deepen investment?

5

#### Identify how your organization will respond.

Now that you’ve identified your community’s need(s), established your organization’s priority, and examined the local investment pipeline, it’s time to determine how you will act.

##### → Articulate goals for investment

Successful investment starts with clarity about where resources are going and what their impact will be. To start, define your general goal for addressing your priority, which should include the beneficiaries of the investment(s) and its intended outcome(s).

**Example Goal Statement:** *By 2025, working closely with community members, we will begin to invest in production and preservation of affordable housing in the two neighborhoods closest to our hospital.*

##### → Set targets for impact

Resources follow coherence. Setting specific targets (e.g., number of businesses financed, number of homes built) for the change you hope to see will help you clarify choices and assess progress toward your result. Identify a target that represents a meaningful portion of the overall need and consider what would it really take to make a difference. What would it look like if you were wildly successful?

**Example Target:** *Invest in preservation or production of 500 homes affordable to tenants with incomes at 60% of Adjusted Median Income or below, and support strategies that protect residents from displacement.*

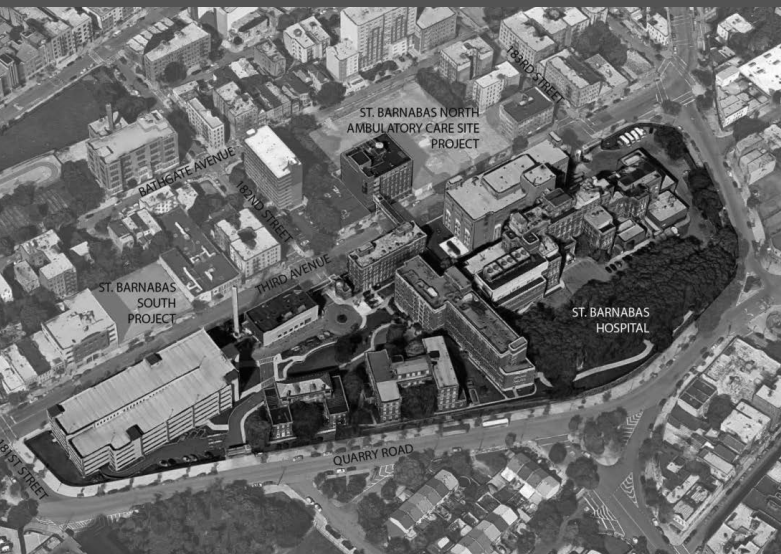
**A NOTE ON OUTCOMES:** Investing upstream in the determinants of community health is a relatively new intervention for hospitals and health systems. There is a vast body of research on the effects of social determinants on health, and there is no question that investment has an effect on a community’s social determinants. However, aside from a very few organizations,<sup>20</sup> community investment by hospitals has not yet reached the scale or longevity where it is possible to measure direct effects on individual or population health. For purposes of organizational accountability, it may be helpful to consider defining success in terms of your targets (above) and organizational motivations (see Step 4).

### → Develop criteria for decision-making

Make sure you include relevant departments and personnel as you identify the criteria your organization will use to prioritize investment opportunities and make decisions on which investments to pursue. Consider two types of criteria:

|                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>THRESHOLD<br/>CRITERIA</b></p> <p>“Must have’s” without which you will not invest.</p>                                                           | <ul style="list-style-type: none"> <li>● Targeted social determinant</li> <li>● Target geography</li> <li>● Target population</li> <li>● Experience and reputation of the project developer</li> <li>● Level of risk related to return of capital</li> <li>● Expected return</li> <li>● Time required to execute and deploy investment</li> </ul>                                                                                                                                                                                     |
| <p><b>PRIORITIZATION<br/>CRITERIA</b></p> <p>Additional considerations that make the investment opportunity more significant for your organization</p> | <ul style="list-style-type: none"> <li>● Contribution to addressing root causes of social determinants</li> <li>● Scale of impact</li> <li>● Significance to one or more key stakeholders (e.g., community group, mayor)</li> <li>● Relevance to community’s priorities (this can signal your organization’s commitment to the community’s concerns)</li> <li>● Unique need for your participation (e.g., if not for the hospital’s investment then this deal or project would not advance)</li> <li>● Degree of readiness</li> </ul> |

<sup>20</sup> For the impact of community investment on health outcomes, see *A Community Development Program and Reduction in High-Cost Health Care Use* (Pediatrics, July 2020).



## CASE STUDY

# Promising Practice: Multiple approaches are needed to address community needs.

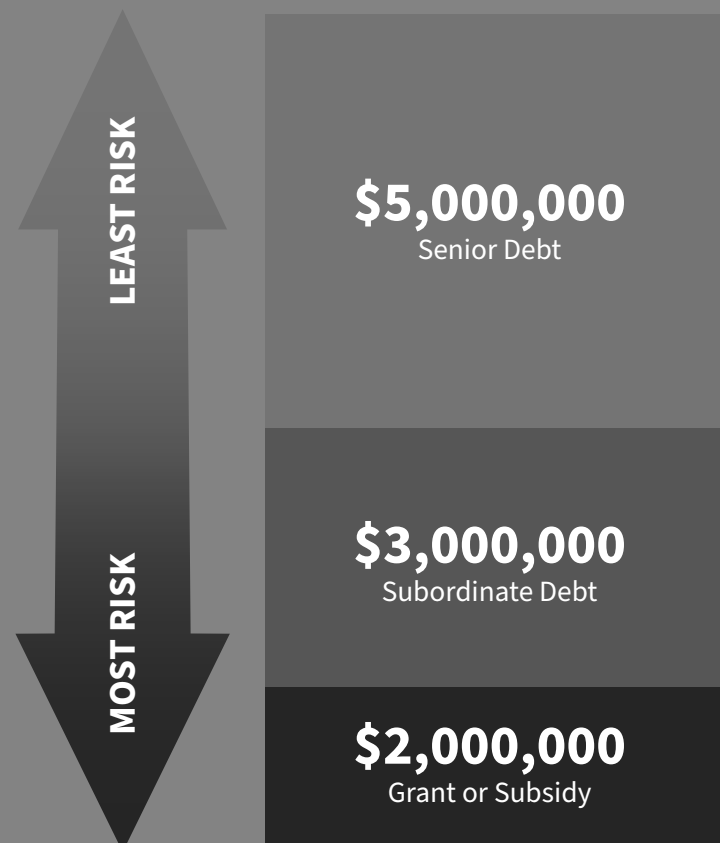
St. Barnabas Hospital (SBH) is dedicated to improving individual and community health in the Bronx. For many years, they have partnered with residents and local community organizations to find solutions to the many challenges poor communities of color face, focusing on addressing health, nutrition, and education inequities. More recently, they have expanded that support with funding received through New York State's Delivery System Reform Incentive Payment program. As the lead organization, they created Bronx Partners for Healthy Communities, a Performing Provider System, and have funded 232 community and healthcare organizations to deploy resources to counter increased housing costs and living costs that would negatively impact the community SBH has served for so many years.

In 2014 SBH decided to complement their existing financial contributions with a community investment approach to address affordable housing needs in their community. They partnered with a mission-driven developer to build 314 units of affordable housing on two parcels of land they owned. Ninety units were reserved for previously homeless individuals and families, and 50% of the units were reserved for current residents of the Bronx. The development is also connected to a Wellness Center that will offer preventative clinical programs as well as expanded urgent care, holistic services, a gym, teaching kitchens, rooftop vegetable gardens, a greenhouse, and a flexible community meeting space.



## Capital Stacks

One way to leverage your assets in partnership with others is to participate in a capital stack. In community investment, different types of investors often come together in a capital stack, which is made up of layers (like a layer cake), each of which has a unique set of financial terms, based on the investors' tolerance for risk and parameters for desired return. Financial investors such as banks are at the top. They take the least risk, get repaid first, and expect the highest rate of return. In the middle of the stack might be investors, such as foundations, that are repaid after the banks and accept lower return to achieve social benefits. Financial contributions might come at the bottom, where they can serve as loss reserves to absorb risk or reduce the overall cost of capital to borrowers. Hospitals may participate at any layer of the capital stack, depending upon the source of funds from the organization, with endowment or investment assets placed at the top of the stack and more flexible funds lower down, where they can help to attract investment from others.



### → **Collaborate with partners**

To be most effective, hospitals and health systems should aim to work collaboratively with other community investment stakeholders, e.g., community groups, foundations, CDFIs, developers, banks, and other investors. These partners not only can identify opportunities, but also can bring valuable perspectives, additional capital, and the relationships to help complex projects advance (see Table 3).

Participation by a health care organization in a deal or project can signal to other stakeholders that the deal is important. You may want to consider how your resources and investment decisions can unlock investment by others (e.g., other health systems, other anchor institutions, foundations, large local employers, banks, and/or high net worth individuals and families) (see Box 7). By participating in funds or other structures that pool multiple investors together, you can help to create the infrastructure to move forward a set of deals that change conditions more broadly over time.

### → **Use your criteria to screen opportunities and make decisions**

To make a final decision on where to invest, you will need to align the investment opportunities you identified in Step 4 with the goals and criteria you have established thus far in Step 5. Selecting investments that meet the criteria requires a blend of expertise and experience. A financial perspective is necessary for underwriting a deal, i.e. ensuring that the expectations for return are reasonable and that the risks are understood, tolerable, and mitigated to the extent possible. These financial parameters are assessed during a structured process of “due diligence” that tests key assumptions. The skills to conduct the due diligence review may be available in-house, but many consultants in the community investment field can also assist in this process. Local banks and CDFIs are often good sources of referrals; many CDFIs themselves have been through a ratings process that considers both their financial strength and their history of achieving impact.<sup>21</sup>

Ensuring that investments will meet impact goals requires a mix of community engagement, political understanding, and relationship-building. Bringing the skills of multiple departments to bear can help, as described in Table 4, as can soliciting the perspectives of partners.

Consider whether you want to engage with a specific project or a specific partner. It may not be strategic to scatter your resources too widely, but you also want to make sure that your investment has the impact you seek, which will likely require more than a single project.



As a result of completing Step 5, you should be clear on the investment actions you will take and the partners who can help you take them.

<sup>21</sup> A ratings service called [Aeris](#) makes this information available.

## An Enabling Environment Example

Through conversations with external stakeholders, a local hospital learns that a Right of First Refusal policy could help preserve affordable rental housing by granting tenant associations and/or local government agencies an exclusive period within which to make an offer on government-subsidized properties whose affordability is expiring or naturally occurring affordable housing that is being sold. If the hospital uses its influence and relationships to support implementation of this policy, it can help make it a priority for local elected officials and in doing so generate more housing preservation projects in the community's pipeline.

### **What policies, funding flows, skills, and capacities does the community need to be successful?**

6

Assess the enabling environment that impacts the progress of deals and projects in your community.

The local context in which community investment takes place can help or hinder progress towards addressing your identified social determinant. We refer to this context as the enabling environment, and it includes things like policies and regulations, available funding, skills and capacities of local actors, and relationships (for more information, see CCI's brief, *Strengthening the Enabling Environment*). Advancing pipelines often requires changing the enabling environment to ensure that it fosters, rather than inhibits, investment.

Getting a full picture of the enabling environment calls for answering questions like:

- How is data on the social determinants collected and shared?
- Who are the key stakeholders creating and investing in deals and projects that improve the social determinants of health?
- How is community voice driving decision-making?
- What mandates, policies, and practices shape the flow of investment capital to our community?
- Where are resources such as Low-Income Housing Tax Credits and Community Development Block Grants going, and how are they affecting health outcomes?

Understanding the deals and projects in the pipeline can be a window into how the local community investment system is functioning. Local community investment stakeholders (see Table 3) can help analyze the pipeline to surface important enabling environment priorities and the actions you can take to create a more supportive context.

Questions to ask in this analysis include:

- How much progress is being made compared to the scale of the problem?
- How long do things take and where do things get stuck?
- Who is—and is not—involved?
- What sources of funding are being tapped—and which are not?
- What relationships exist—or would help if they did?
- Where do we have gaps in capacity, skills, or resources?

The answers to the questions above will reveal important information about opportunities for:

- Advocacy and policy change to support greater investment.
- Engaging stakeholders who have been overlooked or excluded.
- New roles your hospital can play.

### → **When should we act?**

Far too often, leaders wait to act until they feel they have assembled the perfect data, uncovered the perfect opportunity, or formulated the ideal strategy. But the issues facing our communities are too urgent to wait.

Work with your internal and external stakeholders to consider what you have learned about needs, priorities, and opportunities, and resolve to take action. To learn how the process works, you can begin with smaller deals or work with a partner that has a proven track record. Investing in community health is a journey, and every step will open additional possibilities, partnerships, and insights that contribute to impact. Build into your practice regular opportunities to reflect on what you are learning and adjust your strategy accordingly.



As a result of completing Step 6, you will have surfaced opportunities to pair your investments with actions that create more efficient, effective, robust community investment systems that can address the root causes of poor health at scale.<sup>22</sup>

<sup>22</sup> For more on advocacy strategies for addressing the enabling environment, see *The Health and Housing Starter Kit* (ChangeLab Solutions, 2018).

## CASE STUDY

# Promising Practice: Leverage Investment

Hospital actions can be magnified when deployed in ways that unlock investment by others. In the City of San Bernardino, Dignity Health (now CommonSpirit) used their influence to convene stakeholders—including municipal leaders, philanthropy, banks, CDFIs, developers, and community-based organizations—to think about how to deepen and accelerate investments in the social determinants, with an emphasis on housing. They also invested \$1.2 million in a local affordable housing development, Arrowhead Grove. The California Strategic Growth Council (SGC) was one of the stakeholders invited to the convening. Impressed by the local collaboration and commitment, the SGC awarded San Bernardino \$20 million for Arrowhead Grove.





## Conclusion

A health care organization's commitment to community health improvement can be a portal to deploying different types of assets to advance their mission and strategy and open up new opportunities for addressing the root causes of poor health. A significant amount of spending and investment can ensure that a disinvested community has the capital it needs to thrive. Together with community partners, hospitals have an important role to play in mobilizing that capital. Therefore, health care leaders should consider investment strategies alongside traditional community health improvement programs and financial contributions. The result will be healthier environments and healthier populations.

## Acknowledgements

From inspiration to execution, Julie Trocchio and Indu Spugnardi of the Catholic Health Association were the ideal partners for this project; it would not be what it is without their contributions at every stage. The CHA Community Benefit Committee gave invaluable feedback on drafts. The work of the participants in CCI's Accelerating Investments for Healthy Communities initiative was integral to the development of the ideas expressed here (and any errors are ours). At the Center for Community Investment, Gabriel Charles Tyler shepherded this piece through design and production with his usual care and skill, while Jason Henham, Meyana Watley, and Olivia Neubert managed logistics with their usual aplomb. The precision and creativity of Studio Rainwater's designs bring words to life in new dimensions, and we are so grateful to be able to partner with them. The generous support of the Robert Wood Johnson Foundation and The Kresge Foundation made this project possible.

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