

Playing Matchmaker

NCSHA's Healthy Housing, Healthy Communities Initiatives Builds Partnerships that Link Affordable Housing and Healthcare Sectors *By Nushin Huq*

An initiative by the National Council of State Housing Agencies (NCSHA) aims to expand the financing of affordable housing by creating partnerships between state financing agencies and healthcare systems.

The Healthy Housing, Healthy Communities Partnership Initiative (H3C) supports state housing financing agency (HFA) relationships with healthcare systems and communities to finance affordable housing. The grants for the initiative are funded through the Robert Wood Johnson Foundation working in collaboration with the Center for Community Investment.

"Given the inextricable link between affordable, quality housing and good health, housing is one area that hospitals and health systems are starting to focus on more and more," the American Health Association says in a press release.

State HFAs selected to participate in the program are using the grants to perform planning, due diligence and outreach necessary to secure significant commitments from hospitals and health organizations. Agencies will

complement those commitments with financing of their own. Grant recipients also have access to technical support, best practices and peer-to-peer learning.

"The idea behind the initiative is to build partnerships with health

institutions that create new investments from the healthcare sector to finance affordable housing," says NCSHA Senior Advisor Tracy Kaufman. "A lot of health institutions already provide services for affordable housing residents. This initiative is bringing upstream investment from healthcare partners to the development of affordable housing."



Tracy Kaufman



New Jersey Housing and Mortgage Finance Agency and St. Joseph's Health Launch First Project in Innovative Hospital Housing Partnership 2019.

H3C Initiative

NCSHA launched H3C in the spring of 2022. NCSHA issued a request for proposals for the H3C Initiative, and six states were ultimately selected to receive grant funding and participate – Colorado Housing and Finance Authority, Illinois Housing Development Authority, Nebraska Investment Finance Authority, Pennsylvania Housing Finance Agency, Rhode Island Housing and Washington State Housing Finance Commission.

"We're expanding the financing of affordable housing, and not just for one-off projects but to create programs at the state level," Kaufman says. "So, each state is creating a program that will ultimately develop a pipeline of projects with healthcare investment."

H3C was inspired by the New Jersey Housing and Mortgage Finance Agency's Hospital Partnership. As of Spring 2022, the program resulted in a \$140 million investment, which is expected to produce 316 units of affordable and supportive housing across the state.

The goal of H3C is not to copy New Jersey, but to create successful models that other HFAs will be able to use to create their own programs, Kaufman says. The

duration of the funded initiative is 18 months, which ends with the completion of this calendar year.

At that point, each of the six states in the cohort will have a plan in place, with some programs already launched. The plans will clearly articulate their program's goals, what the commitments are from both the HFAs and the healthcare partners, and what that partnership looks like going forward.

"When the funded initiative ends this year, that's where the real impact begins," Kaufman says. "Once the six HFAs have their plans in place and their commitments solidified, they will focus on the implementation of all the work that they've been doing. They've laid all the groundwork so it will be exciting to see how their progress continues."

While the program was inspired by the New Jersey program, each of the six HFAs has been working to create a program that's right for them while developing approaches that fit their needs and tap into the opportunities in their states and communities, Kaufman says.

"We have ended up with a range of programs, each one different than the other ones," Kaufman adds.

Investing in Affordable Housing

There are a variety of ways that the health sector can invest in affordable housing, not just bringing dollars to the table, Kaufman says. In addition to actual funds, there's property. Hospitals are often on campuses that might have land or property that can be used to develop affordable housing.

Other ways the health sector is investing in affordable housing is through participating in Community Development Financial Institutions (CDFI) or investing in Low Income Housing Tax Credits. Some of them are also using guarantees that leverage their health systems' balance sheets to enhance credit.

"There are lots of ways that they can do this, and we've encouraged a range of models," Kaufman says. "Upstream investment can look different in different places, depending on goals in any given location and the opportunities available from the healthcare partner."

The programs that are being implemented by the six state HFAs in this initiative have utilized a wide-ranging set of approaches. Some are working with hospitals that have vacant or underutilized property. Some are using their own partnerships with private developers – working with the HFA, the private developers and the healthcare

system, and tapping into both new and existing financing. Some are creating incentives or a set-aside within their LIHTC programs, specifically targeted at developments within healthcare partners.

Successful Approaches

All the state agencies have committed their own resources, but have also helped connect, guide and provide technical assistance and support to both developers and healthcare institutions since affordable housing development is new to some of the potential healthcare partners, Kaufman says.

Some of the agencies have created successful approaches in helping to connect the developers to interested healthcare institutions. One state held what it called a speed dating event, Kaufman says. The HFA connected the potential healthcare partners with the affordable housing developers who would not have otherwise found each other.

"Now they are beginning to see the fruits of those matchmaking efforts," Kaufman says, "as some deals are coming in the door."

Another state is taking a step back to look at the larger context and trying to create systemic change by working across state agencies, Kaufman adds.

"They're working with the other state agencies to align their resources," Kaufman says. "Often, they have closely aligned goals, but putting things together so that timelines and criteria work across programs would make it a little easier for the folks trying to do this work to tap into the full range of resources in the state. That's exciting. Those are hard conversations, but the potential impact is significant."

Collecting Data

At the end of the initiative, NCSHA will analyze the results and what was learned, creating case studies of what each HFA has done, and providing information that NCSHA can then use to inform best practices for HFAs and their potential healthcare partners nationwide.

On a state level, each of the HFAs will identify new dollars that they brought to affordable housing in the state, the units that they anticipate developing as they go forward and what population will be served by those units.

"There will be real, concrete outcomes from this as they go forward," Kaufman says. **TCA**