

The Underlying Benefits of Affordable Housing Through Fixed Income Impact Investments

A LOOK AT THE CORRELATION OF AFFORDABLE HOUSING
WITH MENTAL, PHYSICAL, AND ACADEMIC WELL-BEING



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“Affordable housing is not only a roof over somebody’s head. It allows kids to do better in school, for families to stay healthier, for workers to have shorter commutes.”

Garth Rieman, Director of Housing Advocacy and Strategic Initiatives,
National Council for State Housing Agencies

Our goal for this report is twofold: (1) showcase the multiple positive benefits associated with affordable housing; and (2) highlight how these multiple positive benefits are being financed through fixed income impact investments.

The benefit of affordable housing is obvious. However, the correlated relationship between affordable housing and mental, physical, and academic well-being is generally less well-known. Research has shown that the stability of an affordable mortgage or rent can have profound effects on childhood development, school performance, and health outcomes for families and individuals.¹ In addition to providing families a roof over their heads, the development of affordable housing also yields positive outcomes at the community level by increasing spending and employment in the surrounding economy, thereby acting as an important source of revenue for local governments.²

The preservation and growth of affordable housing is critical and investors can play a role in its sustainability. This past May, the Global Impact Investing Network’s (GIIN) annual survey reported that the greatest share of all impact investments under management – about 22 percent – was in housing.³

At Community Capital Management (CCM), we manage market-rate fixed income impact investments, which are positively impacting affordable housing and its accompanying social and economic benefits. Because of the many positive-based outcomes stemming from affordable housing, we recently added a multitude of new impact themes to showcase this phenomenon. Instead of tagging an investment with only “affordable housing”, we now classify each investment with one or more impact themes. Many of these newer themes are directly linked to the additional benefits relating to affordable housing which we have included in more detail in this report.

The case studies below showcase fixed income impact investments benefiting affordable housing, along with multiple ancillary benefits (all part of CCM’s 17 impact themes). Recent data highlights how these additional benefits are making a positive transformation for affordable housing residents and their communities.

¹ <http://www2.nhc.org/media/files/Housing-and-Economic-Development-Report-2011.pdf>

² <http://www.bigskyeconomicdevelopment.org/wp-content/uploads/the-role-of-affordable-housing-in-creating-jobs-and-stimulating-local-economic-development.pdf>

³ https://thegiin.org/assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf

CCM'S DEFINITION

Creating and retaining affordable healthcare services and rehabilitation facilities for low- and moderate-income and medically underserved persons.⁴

WHY IT'S IMPORTANT

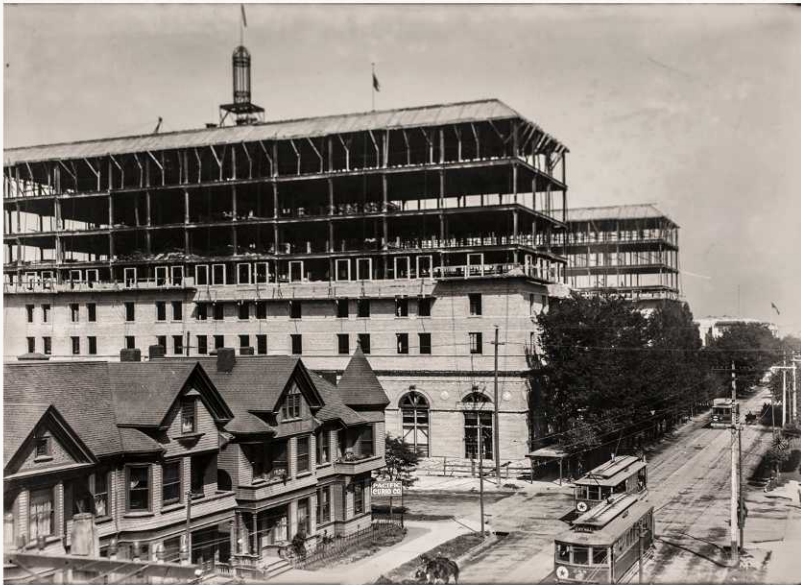
Access to affordable health/rehab care and preventative care is vital for the well-being of all citizens, especially those who have physical and mental impairments.

Hotel Oakland, pictured during its construction in 1910, now serves as a Section 8 apartment complex focused on health and wellness for the elderly.

Affordable Housing + Affordable Health / Rehab Care

An April 2015 study from the Center for Housing Policy, *"The Impacts of Affordable Housing on Health: A Research Summary"*, discusses how affordable housing alleviates crowding and provides household resources to pay for health care and healthy food. It also highlights how high quality, stable, and affordable housing limits exposure to environmental toxins that impact health, along with supporting mental health by limiting stressors related to financial burden or frequent moves. The study also states how affordable housing can serve as a platform for providing supportive services to improve the health of vulnerable populations, including the elderly, disabled, and homeless. Safe, decent, and affordable housing in neighborhoods of opportunity can also offer health benefits to low-income households.⁵ Lastly, eating healthy, exercising regularly, avoiding tobacco, and receiving medical services such as cancer screenings, preventative visits, and vaccinations are just a few examples of ways people can stay healthy.⁶ Sadly, studies repeatedly reveal that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases.⁷

Case Study | Hotel Oakland, Oakland, CA Hotel Oakland Village is a 315-unit apartment complex focused on health and wellness for the elderly, where 100% of the units receive Section 8 assistance. It is in a census tract where 96% of the population residing are minority households. Originally constructed between



⁴ "Medically Underserved" are areas or populations designated by U.S. Department of Health and Human Services, Health Resources and Services Administration as having too few primary care providers, high infant mortality, high poverty and/or high elderly population.

⁵ http://www2.nhc.org/HSGandHealthLitRev_2015_final.pdf

⁶ <https://www.cdc.gov/healthcommunication/toolstemplates/entertainment/tips/preventive-health.html>

⁷ <http://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>

1910 and 1912, the block-square hotel became a prominent social center over the next decade. Before becoming a housing project for the elderly in 1978, it was vacant for 15 years after serving as a Veterans' Administration hospital.

Currently, the exterior of the building and all two-story spaces on the main floor are on the National Register of Historic Places. Hotel Oakland Village strives to offer its residents programs and services that reduce the negative health impacts of senior isolation and has been nationally recognized as a viable new approach to healthy senior living.

The property currently has 15 health groups with over 80% participation from the Village's nearly 400 residents. These groups include fall prevention, healthy eating and nutrition, healthy mind, neighbors helping neighbors, health discussion, personal safety, mahjong (a game involving memory, skill, strategy, and calculation); computer skills, participation equals good health, karaoke, dance, garden, choir, and exercise.

A meeting of Hotel Oakland's Healthy Eating group, where members attend healthy cooking classes, listen to guest speakers discuss balanced eating, and more.



In addition to these groups, Hotel Oakland also coordinates a health and wellness connection, providing free healthcare services and case management to residents. Residents receive a complete social and health assessment, resulting in a long-term wellness plan upon joining. The wellness plan connects residents to senior center Family Bridges, on-site health professionals, family members, caregivers, volunteers, personal physicians, and Hotel Oakland Village management and staff. Through this health and wellness connection, residents also receive free post-hospital support services.

Comprehensive on-site health services are available to residents through the Hong Fook Community-Based Adult Services Centers (CBAS Centers) is located

in the historic ballroom and dining rooms. CBAS Centers help frail and disabled elderly to regain their ability to live independently and ease the need for family and nursing home care by providing health services and therapeutic activities in a safe and supportive environment. The centers are a cost-effective alternative to nursing homes and allow residents to age in place.

On-site health professionals available to Hotel Oakland Village residents via the connection with the Hong Fook CBAS Centers include a nurse practitioner, speech, occupational, and physical therapists; dietitians, social workers, and activity coordinators. Along with the Village health groups, services available to residents include nurse consultations, an on-site clinic, health education through seminars, lectures, rehabilitation, and social work with a focus on emotional well-being.

Located just five blocks from Hotel Oakland, another valuable resource for residents is Asian Health Services, providing primary care and dental services. This community health center features 66 primary care exam rooms, with 11 chairs in the dental clinic, assisting 26,000 patients over 104,000 visits annually.

CCM'S DEFINITION

Establishing and maintaining effective strategies to achieve healthy equity in low- and moderate-income neighborhoods such as multi-use trails, bike paths, and neighborhood parks as well as access to nutritious foods within a community.

WHY IT'S IMPORTANT

When health equity is achieved, "everyone can attain full health potential, and no one is disadvantaged from achieving this potential because of social position or any other socially defined circumstance."¹⁰

Affordable Housing + Healthy Communities

A report from the Center for the Study of Social Policy highlights how living in a distressed neighborhood further intensifies the effects of family poverty on an individual's educational achievement, economic prospects, health, and other measures of well-being. Stable housing is both a foundation for well-being as well as a platform for connecting people to services and resources that include quality health care centers and schools, community centers, grocery stores, and libraries.⁸ When housing is stable and affordable, families can spend more time and resources on medical care, nutritious food, transportation to and from work, and quality day care services.⁹

Case Study | Astor Court Apartments, Baltimore, MD Astor Court Apartments is an affordable multifamily housing project located in the Old Goucher neighborhood of Baltimore. The Old Goucher neighborhood was historically known as a social and educational center, strengthened by the renowned Lovely Lane Church and the former campus of Goucher College. Today, Old Goucher's historic buildings

⁸ <http://nationalacademies.org/hmd/~media/Files/Report%20Files/2017/Promote-Health-Equity/coh-report-highlights.pdf>

⁹ <https://www.cssp.org/publications/neighborhood-investment/financing-community-change/affordable-Housing-as-a-Platform-for-Improving-Family-Well-Being-June-2011.docx.pdf>

¹⁰ <http://nationalacademies.org/hmd/~media/Files/Report%20Files/2017/Promote-Health-Equity/coh-report-highlights.pdf>

are being transformed into homes for residents attracted to the area's central location and proximity to education, arts, and entertainment. The walkable neighborhood is located near John Hopkins University, Maryland Institute College of Arts, Board of Education Headquarters, Station North Arts District, Baltimore Museum of Art, Charles Theatre, and many restaurants, retail, and open green spaces.

The Astor Court Apartment project transformed an abandoned four-story masonry and timber building that stood vacant for over a decade into purpose-built housing for teachers. The renovation design was developed to conform with the Secretary of the Interior's Standard for Rehabilitation. While helping to revitalize the neighborhood, the property also serves the strategic purpose of attracting and retaining teachers for the city's school district. Since opening in 2005, Astor Court has provided housing for more than one hundred teachers new to Baltimore City Public Schools. Financing for the project included 11 different sources, including state and federal historic tax credits and loans to help keep the rent below the market rate and appropriate for teacher salaries. The subsidies allow Astor Court to remain affordable to recent college graduates and attract new teachers to the Baltimore City School System.

One of the amenities at Astor Court includes indoor bicycle storage, encouraging residents to take advantage of the area's excellent bike paths.



Astor Court contains 26 one-bedroom and 10 two-bedroom apartment units, along with many common areas for meetings, recreation, and socializing. Residents have access to a 24-hour fitness center, indoor bicycle storage, a community library, and on-site laundry. The property is in a highly walkable neighborhood with a Walk Score of 93, indicating a "walker's paradise" where daily errands do not require a car. The property is also nearby many public transportation options and is considered "very bike-able" with flat terrain and excellent bike lanes.

CCM'S DEFINITION

Providing education and/or childcare services primarily in low- and moderate-income communities.

WHY IT'S IMPORTANT

Low-income children in early learning typically participate at far lower rates, enter less prepared, and are more likely to drop out. Addressing the educational needs of students in low- and moderate-income communities, low-performing schools, and homeless students can help ensure that all kids succeed.¹¹

Affordable Housing + Education/Childcare

In a Boston College study supported by the MacArthur Foundation, 2,400 low-income children and adolescents in concentrated areas of poverty in Boston, Chicago, and San Antonio were analyzed to find the causal effects of housing on health development. The study reveals how poor-quality housing is directly tied to emotional and behavioral problems in children. Not only is low-quality housing associated with impediments to physiological development, but it also tends to lead to poor school performance. This study also shows that low-income children and adolescents had lower scores in reading and math standardized tests than students residing in better quality homes. When it comes to a child's mental, physical, and academic development, this study (along with various other child development studies) shows that the importance of adequate housing goes beyond just having a roof over their heads. Guaranteeing affordable housing to low-income families is a major step in ensuring that all children are reaching their full potential.

Case Study | La Risa Apartments, San Antonio, Texas La Risa Apartments is an affordable rental property for families in San Antonio, Texas that consists of 149 one-bedroom and 88 two-bedroom units with 13 units reserved for residents with disabilities. The property is conveniently located near many businesses and services including medical facilities, transportation, and shopping. The complex has a fitness center, pool, and playground and residents have access to an onsite community learning center and an education room where activities

The exterior of La Risa Apartments, an affordable rental property offering adult and youth learning opportunities.



¹¹ https://www.macfound.org/media/files/HHM_-_Poor_Quality_Housing_Is_Tied_to_Childrens_Emotional_and_Behavioral_Problems.pdf

are held throughout the year. It additionally offers on-site services with varied programming throughout the year, including health fairs,

La Risa Apartments is part of the Prospera Housing Community Services organization whose mission is to provide safe, high-quality, affordable housing with support services to those in need. The organization has been empowering families for nearly 25 years in South Texas proving itself to be an excellent community partner positively impacting employers, schools, residents, and commerce in its municipalities. Prospera Housing Community Services is committed to enhancing opportunities for personal and professional success for residents through a wide range of tailored supportive services in home management, social and community engagement, food security and nutrition, and adult and youth education development.

Adult programs and services offered at La Risa Apartments include GED Preparation, ESL classes, citizenship classes, life skills classes, parenting programs, financial literacy/budgeting, computer literacy, home ownership/credit counseling, job fairs and job skills training, online employment searches/application assistance, and skills/recreational hobby groups. Youth programs available to residents include after-school programs, scholastic tutoring, computer literacy, arts and crafts competitions, skills and recreational hobby groups, annual youth summer camp, educational field trips, and organized community youth sports groups. Programs focused on the health and wellness of residents include food bank programs and distribution, nutrition and cooking workshop, fitness classes, and community health fairs with wellness presentations.

CCM'S DEFINITION

Supporting communities with a minority population (over 50%) and/or organizations/programs helping to ensure equal access to jobs, economic development, and affordable housing for minorities thus improving their quality of life.

WHY IT'S IMPORTANT

Low-income working families are often more likely to be headed by a minority parent. Financially supporting communities with a high minority population can help diminish the effects of poverty faced disproportionately by those minorities.

Affordable Housing + Minority Neighborhoods

In May 2017, *The New York Times* published a compelling story shining a light on what seems to be a hidden issue in our nation: homeownership as an engine of American inequality. The article discussed how America's housing system "gives affluent homeowners large benefits; middle-class homeowners, smaller benefits; and most renters, who are disproportionately poor, nothing." It also noted that while most white families own a home, a majority of black and Latino families do not – a racial wealth gap which the author argues is primarily caused by the differences in homeownership rates.¹² In 2011, the median white household had a net worth of \$111,146, compared with \$7,113 for the median black household and \$8,348 for the median Hispanic household. If black and Hispanic families owned homes at rates similar to white, the racial wealth gap would be reduced by almost a third.

¹² <https://www.nytimes.com/2017/05/09/magazine/how-homeownership-became-the-engine-of-american-inequality.html>

Case Study | Oregon Housing and Community Services, Statewide The Oregon Housing and Community Services' (OHCS) Local Innovation and Fast Track (LIFT) Affordable Housing Program looks to create many new affordable housing units to serve low-income Oregonians and historically underserved communities. These communities include rural communities with less than 25,000 people and communities of color.

Other goals of the LIFT program include serving households earning at or below 60% area median income, receiving services through Oregon's Department of Human Services (DHS) child welfare or self-sufficiency programs, and to identify replicable innovative building strategies that result in lower cost of affordable housing development. The following is a list of sample project criteria that meet or exceed the program's minimum requirements, with location in communities with high needs based on a county formula incorporating the following factors: non-white and Hispanic poverty rates, family poverty rates, and extremely low-income households with severe housing problems.

CCM'S DEFINITION

Transforming blighted neighborhoods into areas of opportunity by assisting in the revitalization of neighborhood facilities.

WHY IT'S IMPORTANT

Revitalizing low- and moderate-income communities can play an important role in the reduction of crime. Replacing vacant properties with affordable housing is an example of how neighborhoods can be positively revitalized (aka "the Broken Windows Theory").¹³

Affordable Housing + Neighborhood Revitalization

A 2015 study from Stanford Graduate School of Business professors Rebecca Diamond and Tim McQuade shows that affordable housing development could be an effective policy to help revitalize and integrate low-income areas. The two studied affordable housing projects' impact in the surrounding neighborhoods over a 10-year span and found that new projects in poorer neighborhoods increased surrounding home values and reduced crime.¹⁴

Neighborhood transformation is increasingly triggered by large-scale investment projects. This can take the form of a city-driven revitalization effort which has a transformative impact for the community. These efforts can also be public-private partnerships, or, somewhat more rarely, purely private developments.¹⁵

Case Study | Bayview Waterfront Project, San Francisco, CA Proceeds will be used to finance the development of affordable housing in the Candlestick Point neighborhood of The Bayview Waterfront project in San Francisco. Candlestick Point is expected to comprise five multifamily rental housing developments (total of 536 units) that will be dedicated to low-income families and low-income seniors. The project is part of an integrated development project with Hunters Point Shipyard that will provide public benefits including open space, transportation

¹³ <https://www.theatlantic.com/magazine/archive/1982/03/broken-windows/304465/>

¹⁴ <https://www.gsb.stanford.edu/insights/affordable-housing-good-neighborhood>

¹⁵ http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w14-12_brown.pdf

improvements, job-generating commercial space, and a rehabilitated public waterfront. Specific community benefits will include educational scholarships, health facilities, and community centers. The Candlestick project aims to be a model of sustainable urban design that stimulates the local clean technology economy, while addressing global environmental challenges such as climate change, rising energy costs, and increasing water scarcity. The sustainability strategy describes measures that will minimize the impact of the development on local infrastructure, resources, and the environment.¹⁶

A rendering of the envisioned Bayview Waterfront Project. The development is transforming a former military base into a thriving community of residents in a long-neglected corner of San Francisco.



CCM'S DEFINITION

Offering affordable living for seniors and/or disabled individuals including physical, social, and psychological services.

WHY IT'S IMPORTANT

Affordable housing with supportive services catered to seniors and/or disabled individuals can help reduce stress, defeat psychological issues such as depression and anxiety, and increase physical health.

Affordable Housing + Seniors/Disabled

Housing is critical to quality of life, especially for older adults. A 2014 report released by the Harvard Joint Center for Housing Studies and AARP Foundation discusses how America's older population is experiencing unprecedented growth, but the country is not prepared to meet the housing needs of this aging group. According to the report, the number of adults in the U.S. aged 50 and over is expected to grow to 133 million by 2030, an increase of more than 70 percent since 2000. Unfortunately, housing that is affordable, physically accessible, well-located, and coordinated with supports and services is in too short of a supply. High housing costs currently force a third of adults 50 and over—including 37 percent of those 80 and over—to pay more than 30 percent of their income for homes that may or may not fit their needs, forcing them to cut back on food, health care, and, for those 50-64, retirement savings.

¹⁶ <http://www2.nhc.org/media/files/Housing-and-Economic-Development-Report-2011.pdf>

Much of the nation's housing also lacks basic accessibility features (such as no-step entries, extra-wide doorways, and lever-style door and faucet handles), preventing older persons with disabilities from living safely and comfortably in their homes.¹⁷

Case Study | Victory Centre of Vernon Hills, Vernon Hills, IL Victory Centre of Vernon Hills is an affordable assisted living facility certified under Illinois' Supportive Living Program. The supported living facility contains 120 studio units, of which 80% are low-income housing tax credit units, with 20% market-rate for private pay residents. Twelve of the 120 units are reserved for individuals with incomes at or below 30% of area median income, 36 units are reserved for individuals with incomes at or below 50% of area median income, and 48 units are reserved for individuals with incomes at or below 60% of area median income. To be admitted to the supportive living facility, individuals must be 65 or older and score 29 or higher on the Illinois Determination of Need screening tool, which amounts to needing assistance with two or more activities of daily living.

Amenities available to residents include common rooms for socialization, library with computers, community room for wellness programs, and medical rooms.

One of Victory Centre's common rooms, used for socializing, wellness programs, and more.



Additional complimentary services provided to residents include:

- **Three nutritionally-balanced meals daily** with healthy snacks available around the clock
- **Routine health and wellness programs** including weight monitoring, blood pressure checks, consultations, and coordination of medical services

¹⁷ http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_housing_america's_older_adults_2014_press_release.pdf

- **Medication management** by a licensed pharmacist
- **Assistance with daily living activities** such as bathing and dressing
- **Routine follow-up coordination with physicians** and ancillary medical service providers such as therapy, home health, and hospice
- **Disease prevention** counseling and education on self-care
- **Housekeeping, laundry, and maintenance services**

All residents have access to the property's award-winning VIVA! Lifestyle program. VIVA! offers residents opportunities to enrich their lives through social, educational and spiritual pursuits, providing residents the opportunity to share their skills, talents and passions with others through resident-led activities.

The VIVA! Program includes:

- **Yoga**, including traditional, modified, and laughter yoga styles
- **Preventive and treatment programs for optimal memory function** through a partnership with Memory Training Centers of America
- **Health seminars** on a variety of health and wellness topics
- **Integrated, patient-centered care** including physicians, pharmacists, home health nurses, physical and rehabilitation therapists, social workers, psychiatric nurses, and hospice specialists

Conclusion

Affordable housing offers significant opportunities for investors to make a positive impact with their investment dollars with many other vital community benefits such as health care, healthy communities, education/childcare, minority neighborhoods, and neighborhood revitalization, to name just a few.

Fixed income impact investments that support affordable housing can offer valuable benefits:

- **Quantifiable Impact:** The positive impacts can be measured and reported to investors so they can see the tangible benefits their dollars have created.
- **Targeted Investments:** The ability to target one or more geographies or impact themes aligning investors' money with their mission.

As pioneers in impact investing, CCM continues to innovate for the benefit of our clients and the themes they support. Through the expansion of investable themes, CCM illustrates the multiple positive benefits associated with affordable housing. In addition, enhanced reporting capabilities showcase real-world examples of the positive impacts financed via fixed income impact investments.



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