



# HEALTH HAPPENS IN NEIGHBORHOODS: HOW WE PAY FOR IT?

DAVID ERICKSON, FEDERAL RESERVE BANK OF SAN FRANCISCO

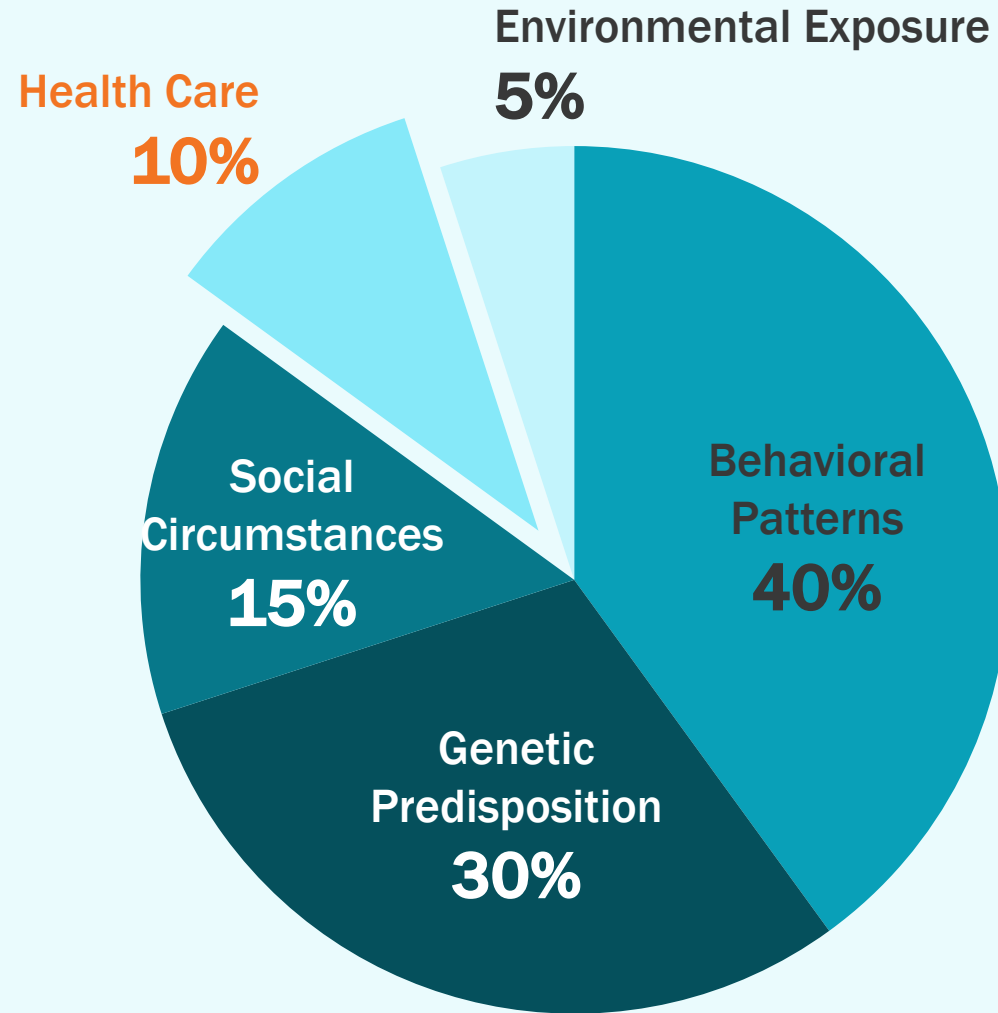
[David.Erickson@sf.frb.org](mailto:David.Erickson@sf.frb.org)

**Health**

**≠**

**Health Care**

# CONTRIBUTIONS TO PREMATURE DEATH

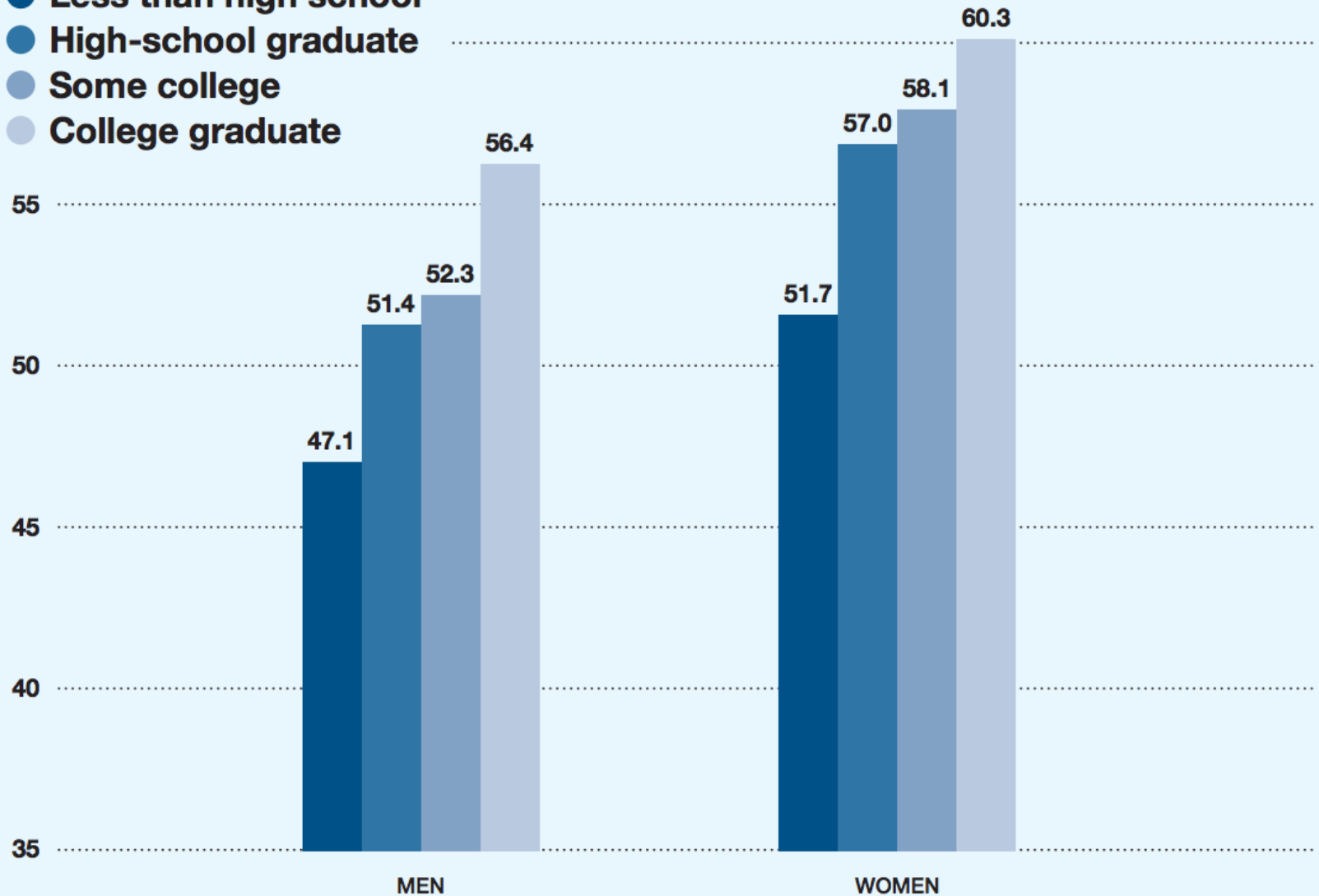


# HEALTH = EDUCATION

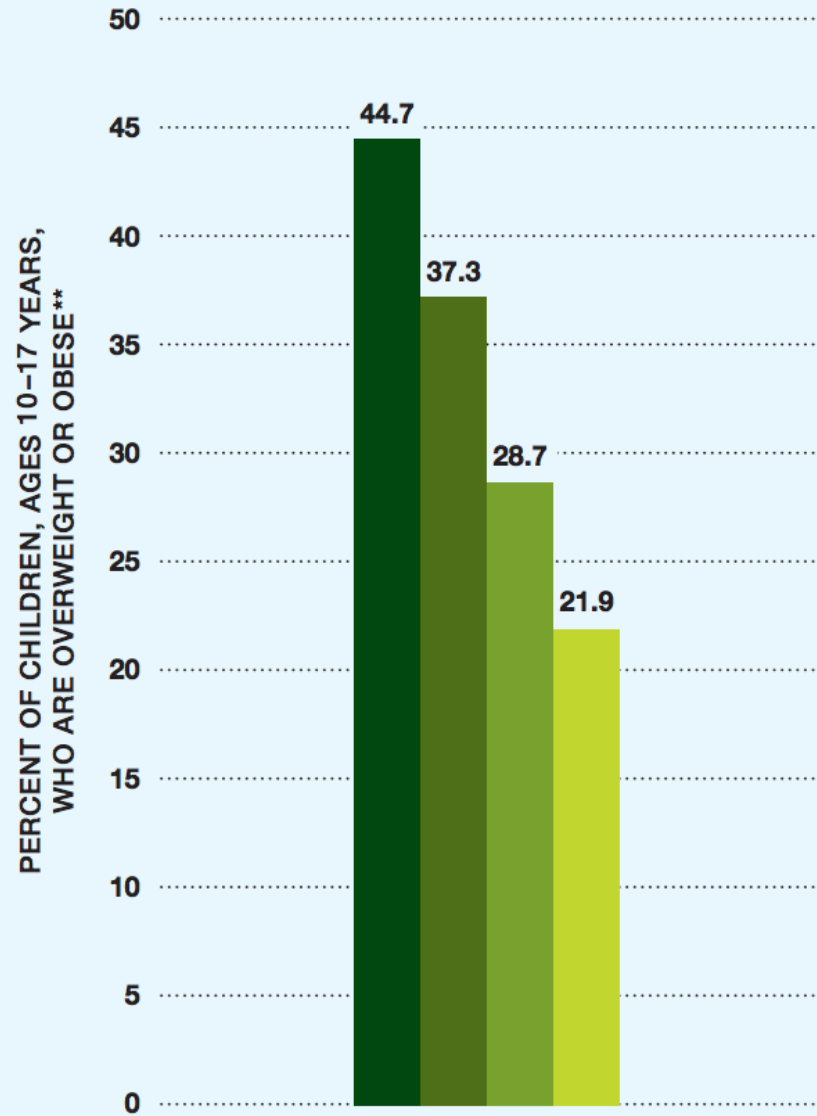
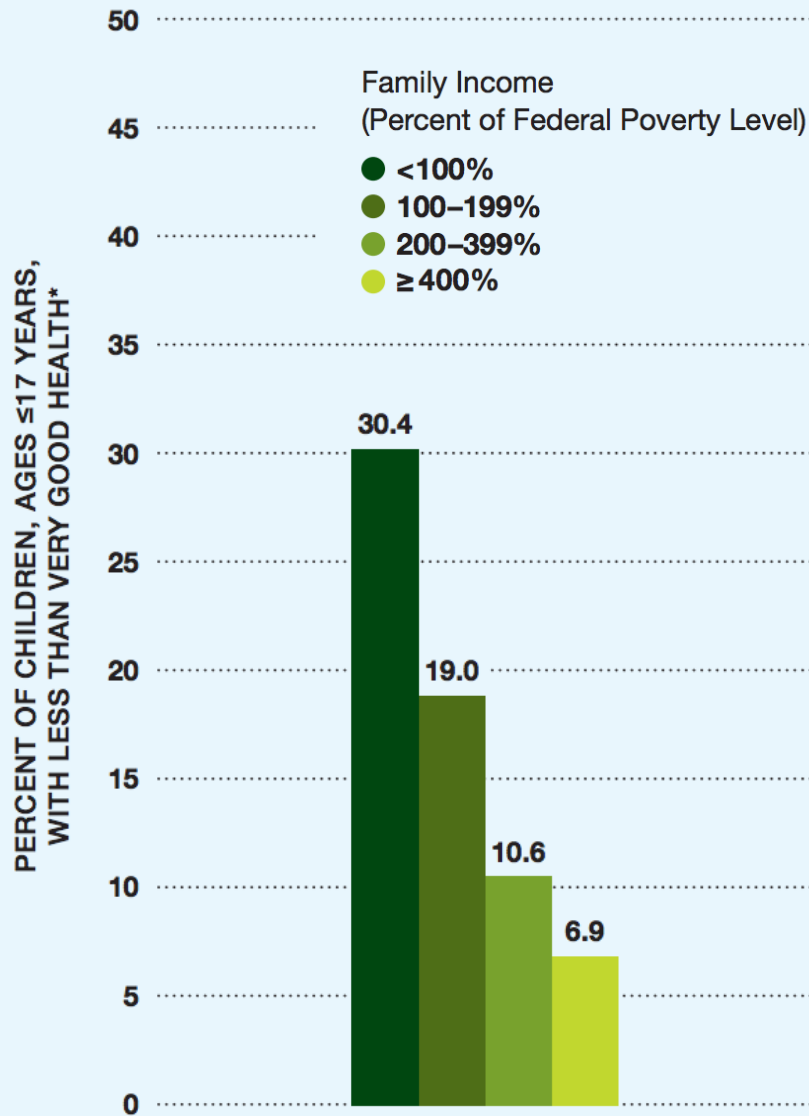
## Educational Attainment

- Less than high school
- High-school graduate
- Some college
- College graduate

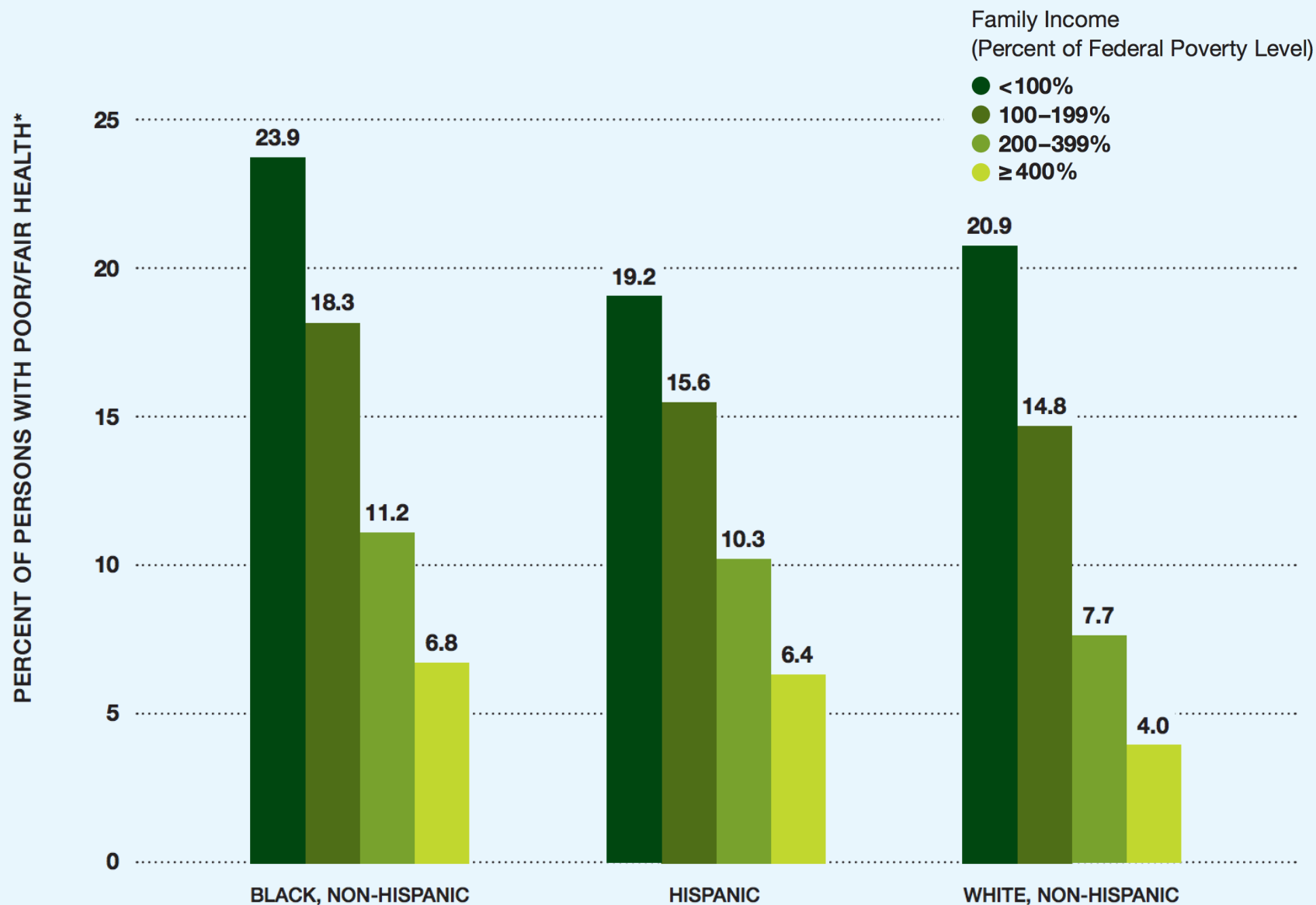
LIFE EXPECTANCY AT AGE 25



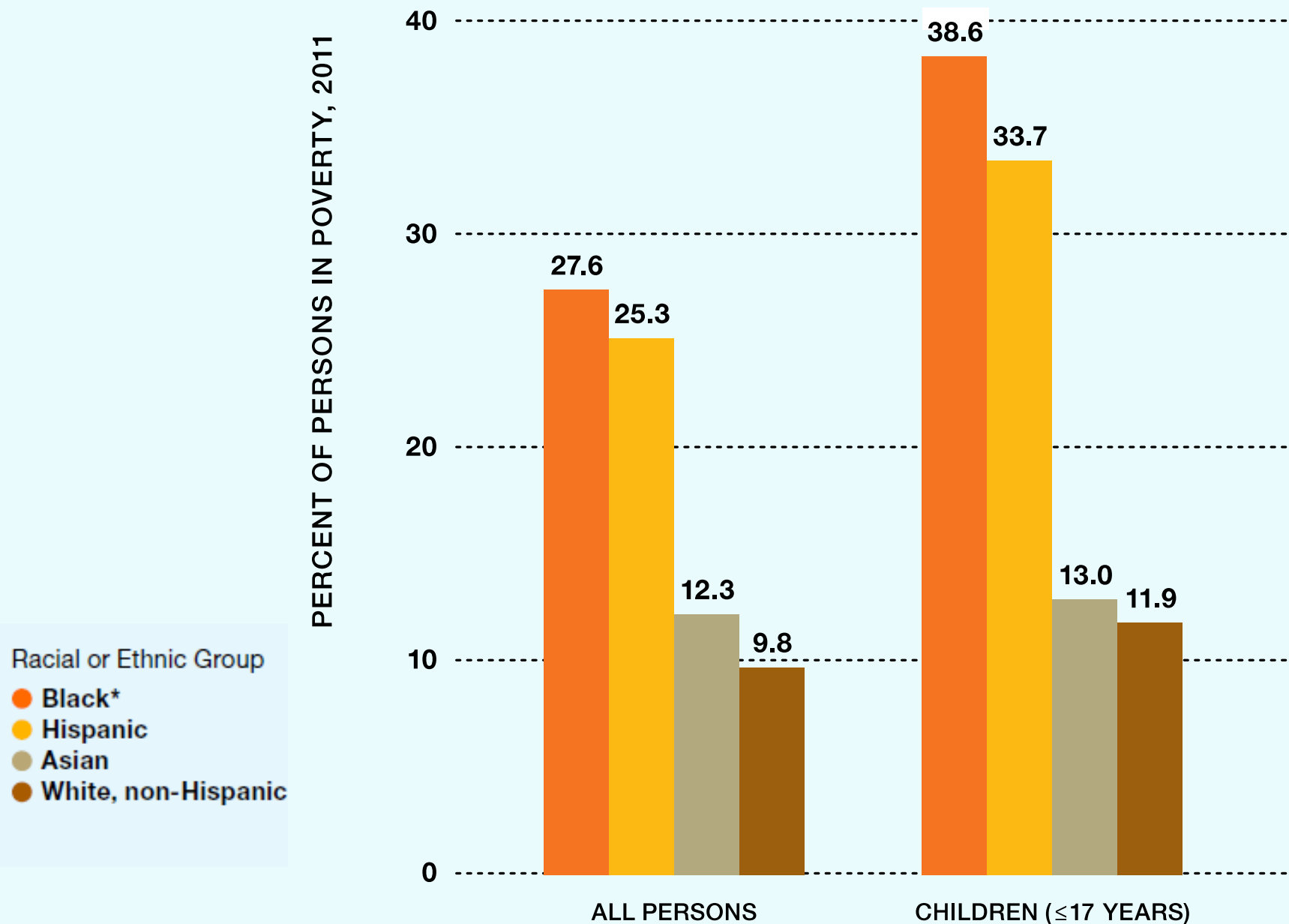
# HEALTH = INCOME



# ACROSS ALL RACIAL/ETHNIC GROUPS



# ...BUT POVERTY IS CONCENTRATED





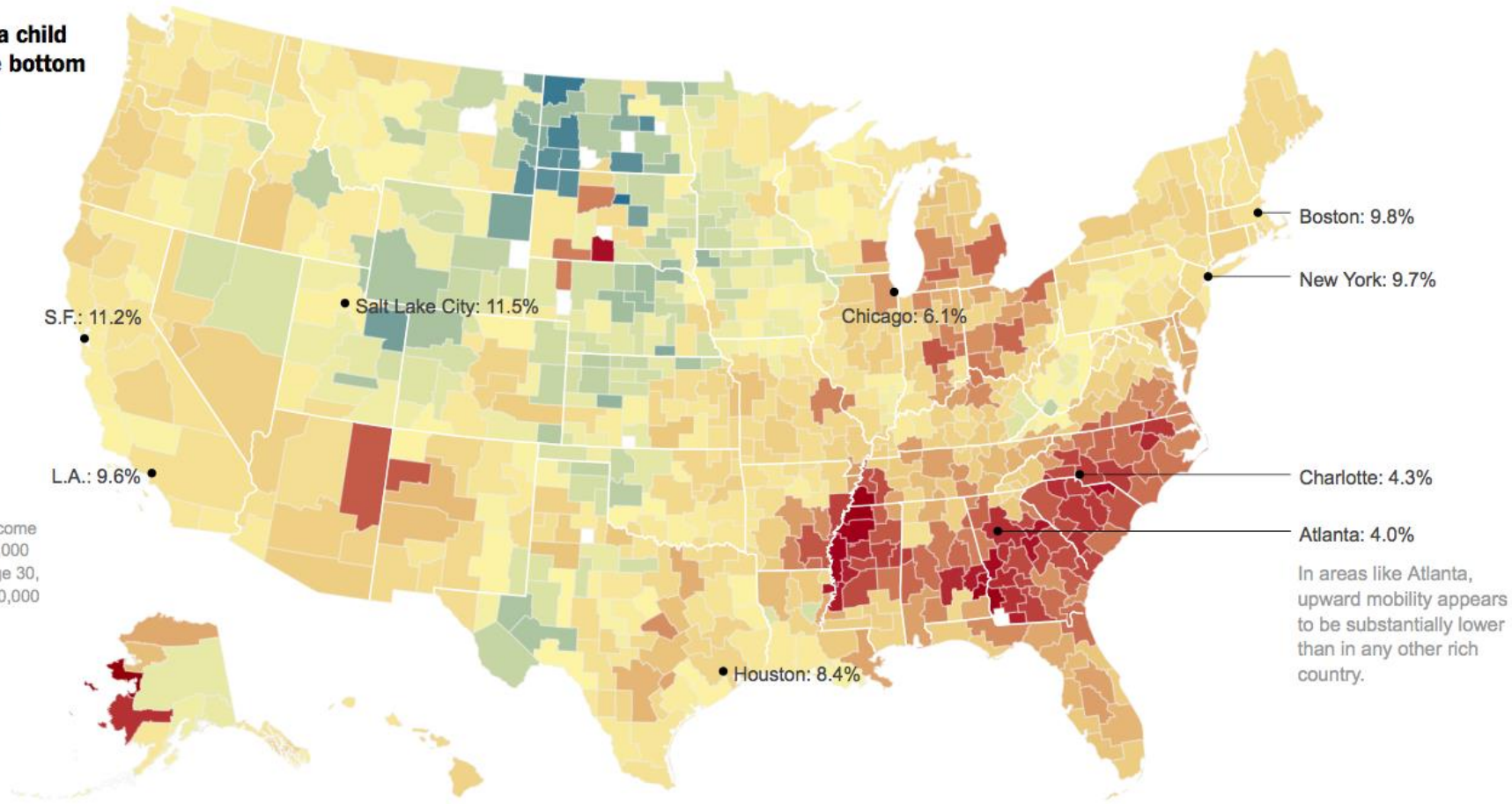
# IN CLIMBING THE INCOME LADDER, LOCATION MATTERS

RAJ CHETTY, ECONOMIST

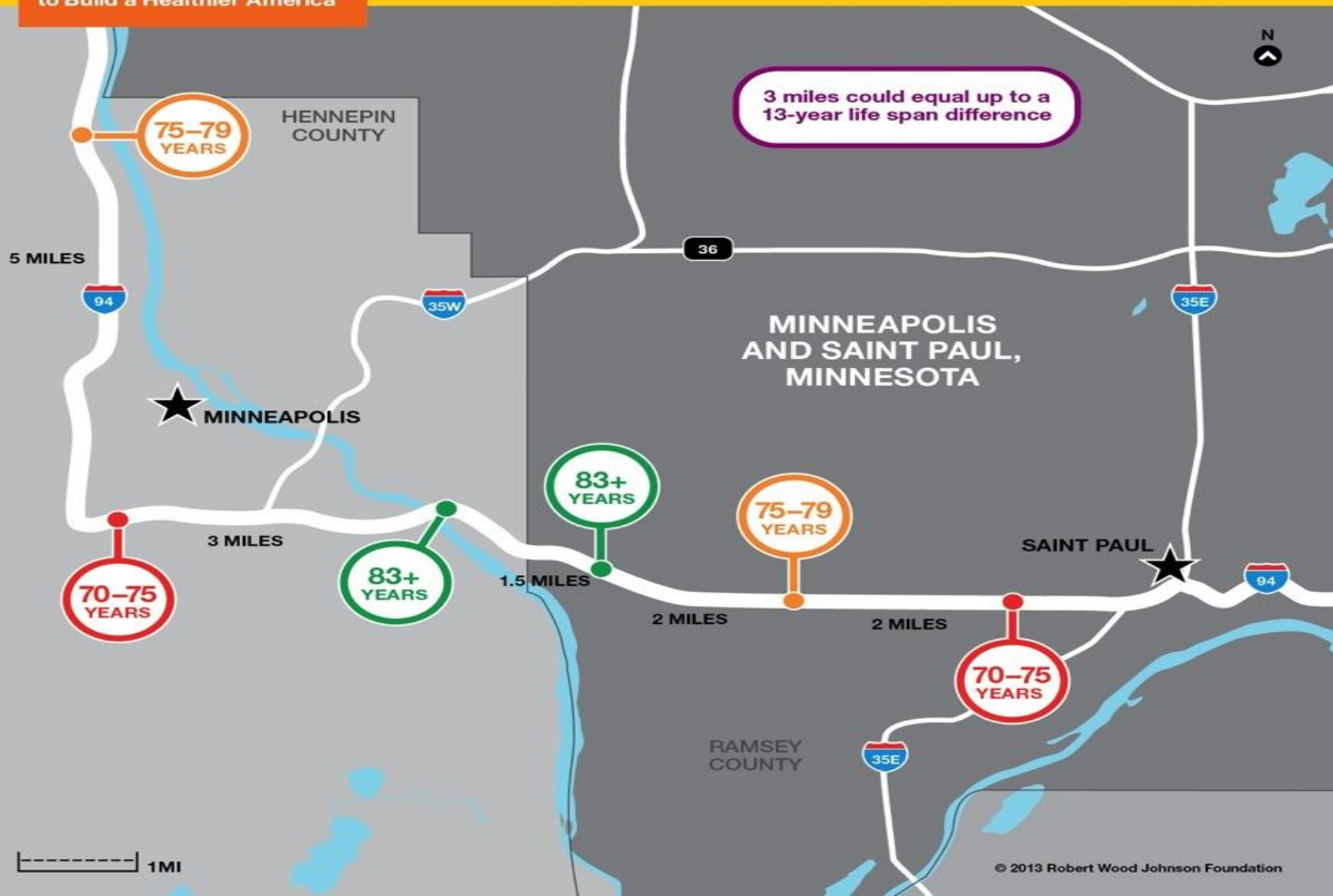
The chance a child  
raised in the bottom  
fifth  
rose to the  
top fifth

35%  
20%  
15%  
10%  
4%

The top fifth is  
equal to family income  
of more than \$70,000  
for the child by age 30,  
or more than \$100,000  
by age 45.







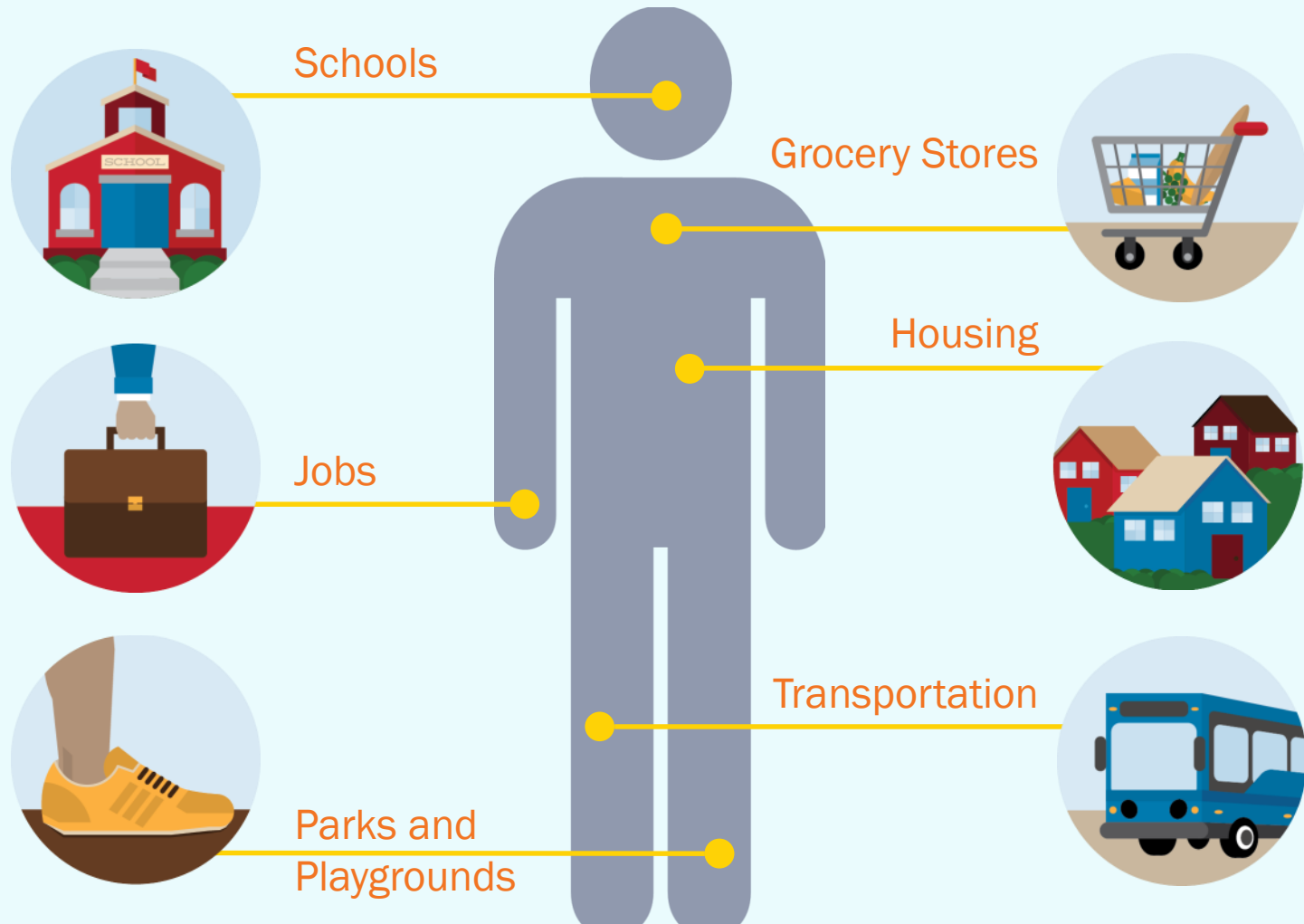
**IN DETERMINING  
YOUR HEALTH...**

**94131**

**>**



# PEOPLE GET SICK BECAUSE OF THEIR SOCIAL AND PHYSICAL ENVIRONMENTS



# WHAT DOES COMMUNITY DEVELOPMENT DO?

- Builds high-quality, service-enriched affordable housing
  - Supports small businesses
  - Financing for community facilities — charter schools, grocery stores, clinics, shelters, child care, community centers
  - Coordinates and harmonizes multiple funding streams — grants, loans, investors
  - Facilitate cross-sector interventions building on local knowledge & community input
-

# LARGE SCALE INVESTMENTS

**\$120-150 BILLION ANNUALLY**

- *\$20 billion* government subsidy, e.g. Low Income Housing Tax Credit (**LIHTC**), New Markets Tax Credit (**NMTC**), Community Development Block Grants (**CDBG**)
  - *\$100-\$120 billion* CRA-motivated loans and investments
  - Socially motivated investors
-

# COMMUNITY DEVELOPMENT INVESTMENTS

Housing: Solara

Small Business: Market Creek Plaza



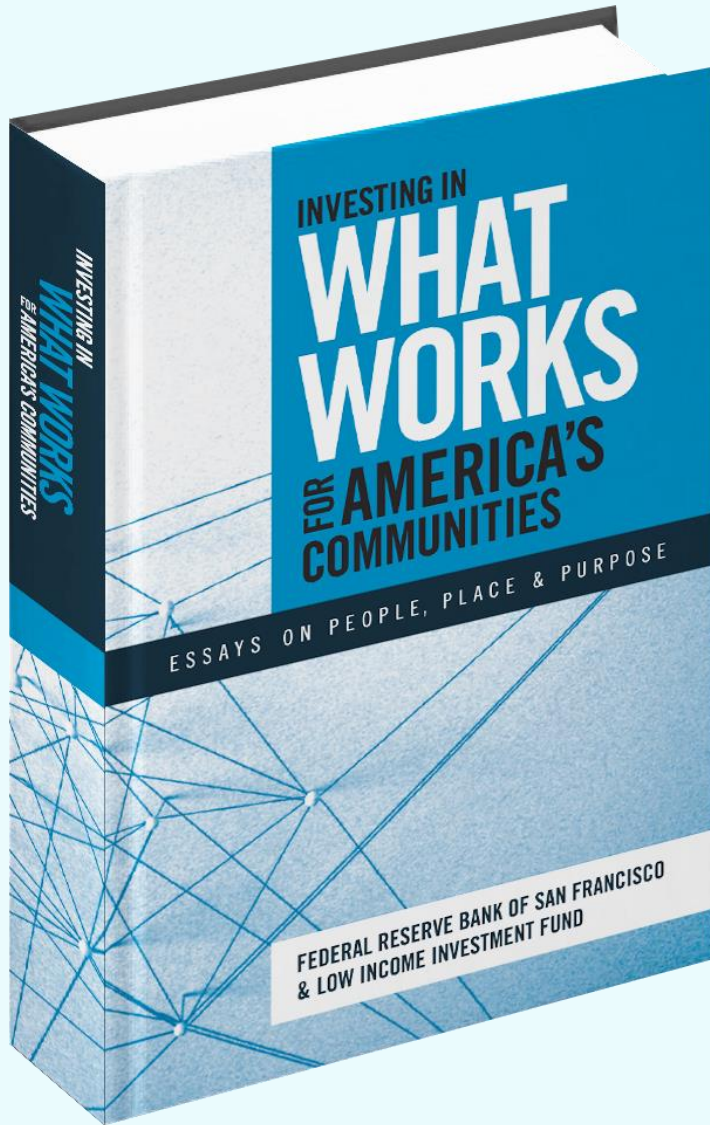
Charter Schools: KIPP



**WE ARE MAKING  
PROGRESS**

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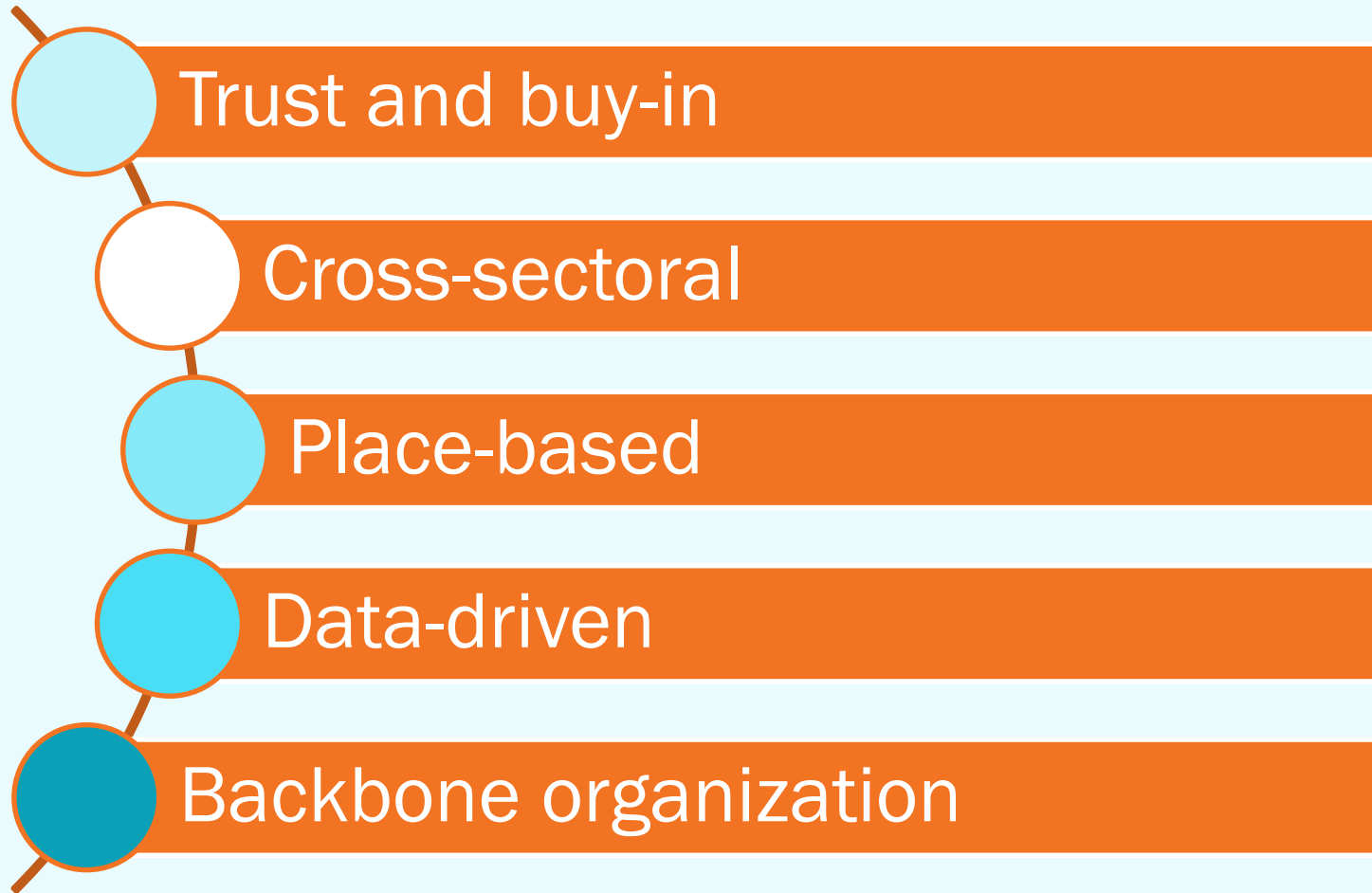


“We are likely to look back at this time and wonder why community development and health were ever separate industries.”

RISA LAVIZZO-MOUREY  
PRESIDENT AND CEO, ROBERT  
WOOD JOHNSON FOUNDATION

[WHATWORKSFORAMERICA.ORG](http://WHATWORKSFORAMERICA.ORG)

# STATE OF THE ART



# PROGRESS TOWARD COLLABORATION

**RWJF Commission  
to Build a Healthier America**



**HealthAffairs  
PEDIATRICS®**  
OFFICIAL JOURNAL OF THE AMERICAN ACADEMY OF PEDIATRICS



**SOCAP HEALTH**

June 25+26, 2014 The New York Academy of Medicine - New York, NY

CREATING THE MARKET THAT VALUES HEALTH



COMMUNITY  
DEVELOPMENT  
INVESTMENT  
REVIEW

**PARTNERS  
IN PROGRESS**

**SUCCESS  
MEASURES®**

**NeighborWorks®  
AMERICA**

**HOW HOUSING MATTERS**

# New Funds Flowing to Population Health

- **Bank Capital**

- **Healthy Futures Fund**
- **Healthy Neighborhoods Equity Fund**
- **Strong Families Fund**



- **EXPANDING SOCIAL IMPACT BONDS**

- **Early Childhood:** South Carolina, Orange County, New York State, San Francisco
- **Diabetes:** New York State
- **Asthma:** Fresno and Alameda County, California
- **Special Education:** Salt Lake City, Utah

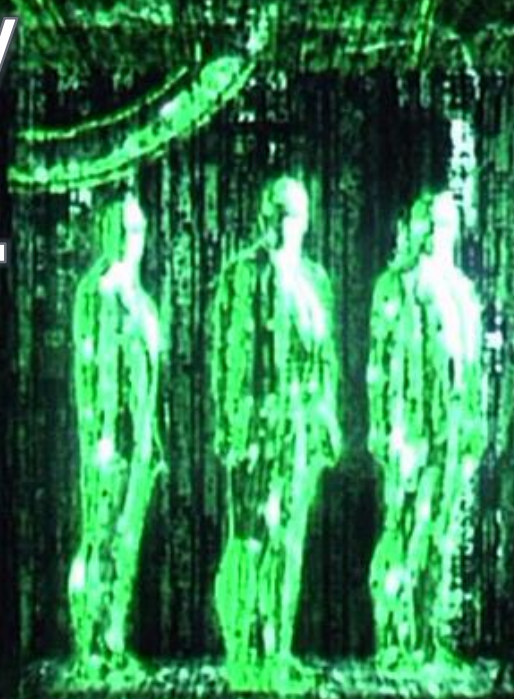
**WE NEED**  
**SYSTEMS CHANGE**

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The future is here. It's  
just unevenly  
distributed....

-William Gibson







**DATA:**  
**WE ALL NEED  
TO USE THE  
SAME  
COMPASS**



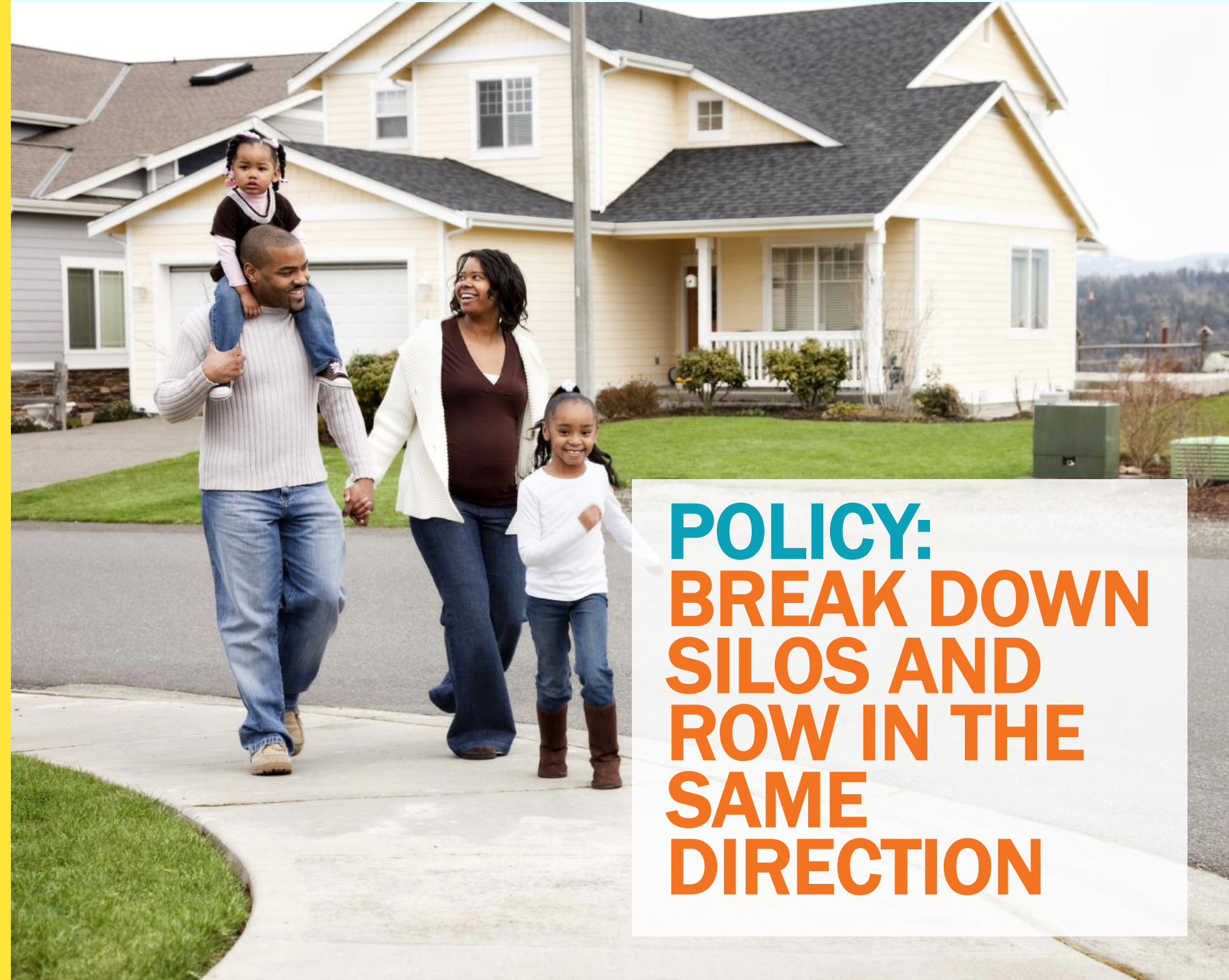
URBAN

INSTITUTE • ELEVATE • THE • DEBATE

# WHAT COUNTS

HARNESSING DATA FOR AMERICA'S COMMUNITIES





**POLICY:**  
**BREAK DOWN**  
**SILOS AND**  
**ROW IN THE**  
**SAME**  
**DIRECTION**



# FINANCE: CREATE A MARKET THAT VALUES HEALTH



# FOUR MODELS TO FUND OUTCOMES

## Investment Tax Credits

Government awards tax credits to social service providers. Providers sell credits to investors, use proceeds to pay for services. Credits recaptured if no measurable improvement in target population.

## Prize-Based Philanthropy

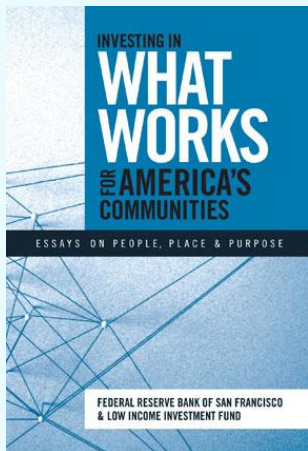
Foundations offer rewards for solving difficult social challenges (closing the education achievement gap, eliminating recidivism, etc.). Service providers compete for the reward, financed by impact investors.

## “Points for Performance” Loan Modifications

CRA-motivated banks and foundations lend to social service providers. Loan terms based on conventional underwriting (ability to repay). As providers hit measurable social impact targets, terms are improved.

## Pay for Success (Social Impact Bonds)

End payers commit to pay for measurable social outcomes. Investors lend to service providers and are repaid based on providers' ability to produce prenegotiated outcomes targets.



# RESOURCES

**Investing in What Works for America's Communities**

[whatworksforamerica.org](https://whatworksforamerica.org)

**What Counts: Harnessing Data for America's Communities** [whatcountsforamerica.org](https://whatcountsforamerica.org)

**What It's Worth: Strengthening the Financial Futures of Families, Communities and the Nation** [strongfinancialfuture.org](https://strongfinancialfuture.org)

**Build Healthy Places Network** [buildhealthyplaces.org](https://buildhealthyplaces.org)

**Partners in Progress** [partnersinprogress.org](https://partnersinprogress.org)



**Build Healthy  
Places Network**

