

## VIEWPOINT

# Investing in Housing for Health Improves Both Mission and Margin

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Viewpoint

**During the last 20 years**, low-income families have had their incomes plateau or decline as their housing costs soared. Public aid has not been expanded to meet the growing need: only 1 in 4 households that qualify for housing assistance receives it. As a result, today most renting households below the federal poverty line spend more than half of their income on housing costs, and 1 in 4 spends more than 70% of its income on rent and utility costs alone.<sup>1</sup> Rent-burdened families not only have less money to spend on wellness and health care but also regularly face eviction and homelessness, which further threaten their health. According to recent estimates, 2.8 million renting households are at risk of eviction and more than 500 000 people are homeless on any single night.<sup>2</sup>

Medical researchers and clinicians are increasingly recognizing the importance of the social determinants of health, which include stable, decent, affordable housing. Housing problems have been associated with a wide array of health complications, including lead exposure and toxic effects, asthma, and depression.<sup>3</sup> In the United Kingdom, a study of more than 4000 adults found that childhood housing

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conditions, such as poor ventilation, were associated with an increased risk of mortality.<sup>4</sup> In the United States, data from the Third National Health and Nutrition Examination Survey estimated that 40% of asthma cases in children were related to the children's home environment.<sup>5</sup> Moreover, the lack of stable housing compromises the ability of clinicians to treat low-income patients with medical complexity, not only because eviction and residential insecurity thwart treatments and continuous care but also because families are often forced to choose between medication costs or rent.

Acute residential insecurity among low-income households contributes to making the US health care system both ineffective and inefficient. The top 5% of hospital users—overwhelmingly poor and housing insecure—are estimated to consume 50% of health care costs.<sup>6</sup> Patients living in poverty in the United States are often the most expensive to treat, in part because of their lack of a stable home. If nothing changes, many individuals with unstable housing will continue to develop difficult-to-treat illnesses and will continue to account for substantial health care costs.

## Housing Is Similar to Drug Prescription

Recognizing residential insecurity as a cause of preventable hospitalization, some hospitals and health systems have developed permanent, supportive housing models to reduce health care utilization among chronically homeless people.<sup>7</sup> The Camden Coalition of Healthcare Providers in New Jersey and the Hennepin County Health Center in Minnesota use housing vouchers to reduce health care costs; health care organizations like UnitedHealthcare have invested health care dollars to develop new housing and reduce unnecessary health care utilization; and nonprofit health systems like Bon Secours Health System in Baltimore, Maryland, and Nationwide Children's Hospital in Columbus, Ohio, have used endowment funds to build affordable housing units and fund community improvement initiatives.

Many of these models combine affordable housing, offered through centralized units or decentralized vouchers, with integrated case management, often involving medical or behavioral on-site care. This approach has been shown to improve health outcomes while reducing both health care costs and societal costs. For example, randomized trials have found that hospital stays and emergency department visits decreased among homeless individuals after they were offered stable housing and case management.<sup>8</sup> Although much needs to be learned from these promising efforts, they remain uncommon approaches to improving health and are often hampered by limited funds as well as a narrow focus on highest-need, highest-cost patients.

To significantly reduce health disparities through effective housing platforms, far more resources are needed. Instead of operating independently, health and housing sectors should enter into broad partnerships. Approaches are needed that meet both *mission-* and *margin-*oriented goals, simultaneously addressing increasing housing costs, inefficient health care spending, and the social determinants of health. This requires the health sector to invest with a double bottom line in mind, expanding affordable housing options to achieve the mission of promoting community-wide health while also reducing costs incurred by ineffectively treating high-cost patients.

## The Role of Hospitals and Health Systems

Housing-based approaches to health care will require a new set of partnerships, including affordable housing developers, investors, community boards, hospital leaders, and government officials. Hospitals and health

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systems should play a larger role in this effort, with more involvement in addressing the housing crisis and the health problems that arise from inadequate housing.

First, hospitals and health systems, both those that have at-risk insurance contracts and those that provide largely fee-for-service care, could direct a percentage of their investment portfolios toward affordable housing initiatives. The financial portfolios of hospitals should not—and need not—resemble those of the for-profit sector. Effective nonprofit and for-profit affordable housing developers have learned how to provide quality affordable housing and financially thrive, even in down markets. Additionally, risk can be dispersed and returns secured through shared-investing efforts such as the Healthy Neighborhoods Equity Fund, which brings together hospitals, banks, philanthropies, foundations, and government agencies.

The return on investment involved in expanding affordable housing cannot be fully measured by portfolio profits or even by costs saved by addressing the root causes of residentially insecure families' health needs. It is also measured by building healthier communities—with plenty of safe, decent, and afford-

able housing—to improve the well-being of children who, if nothing changes, may be the future's most expensive patients.

Second, hospitals could maximize the success of affordable housing programs by combining them with wraparound services that provide social services, wellness initiatives, and medical care. Alternatively, the federally financed Housing Choice Voucher Program could partner with health care systems such as academic medical centers and federally qualified health centers, with the former expanding vouchers for low-income individuals with medical complexity as the latter provides on-site services, such as home-based medical or behavioral health care.

## Conclusions

A stable home functions as a secure foundation on which to build holistic and cost-effective health care. Without this foundation, medical treatments are reduced to short-term, limited fixes that must be applied and reapplied at significant cost and insignificant health gains. Hospitals and health systems can and must do better in investing in homes for health, for both patients and the broader community.

## ARTICLE INFORMATION

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