

HEALTH AND COMMUNITY DEVELOPMENT

David Erickson
Federal Reserve Bank of San Francisco

DEFINING
HEALTH

Health



Health
Care

DEFINING
HEALTH

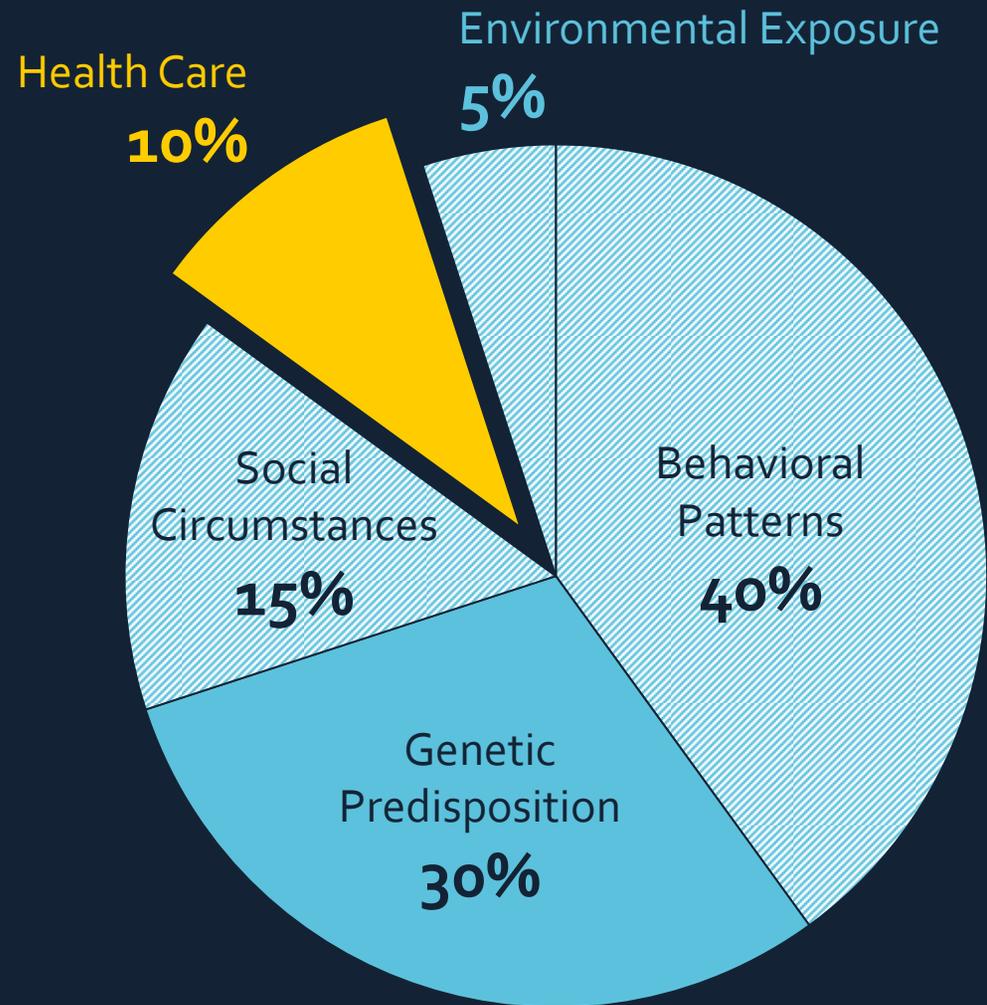
Health



Health
Care

Medical
Care

CONTRIBUTIONS TO PREMATURE DEATH



OUR BODIES ARE THE SUM RECORD OF OUR CHALLENGES AND OPPORTUNITIES



Education



Nutrition



Employment



Housing &
Neighborhood Safety



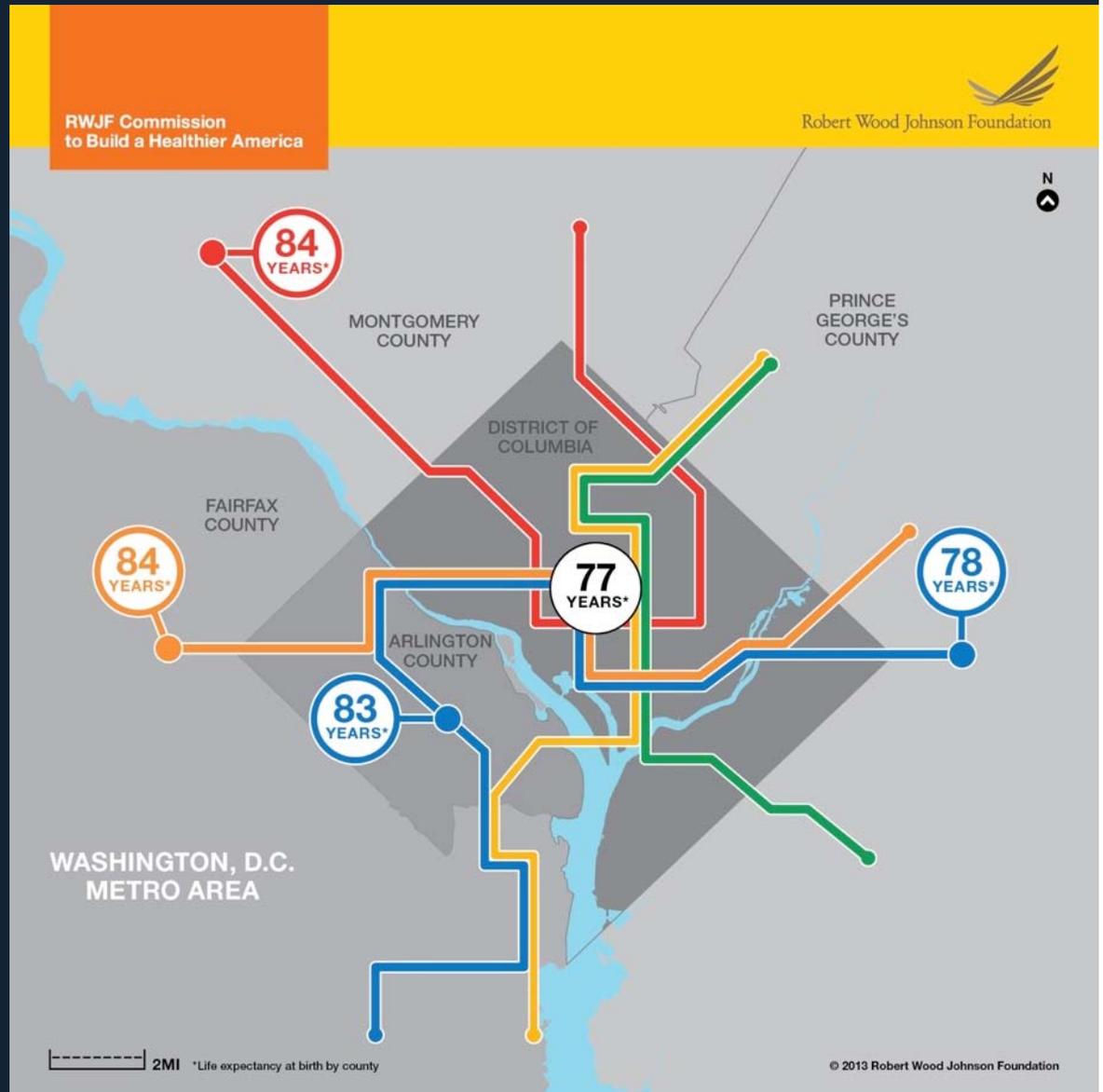
Physical Activity



Transportation

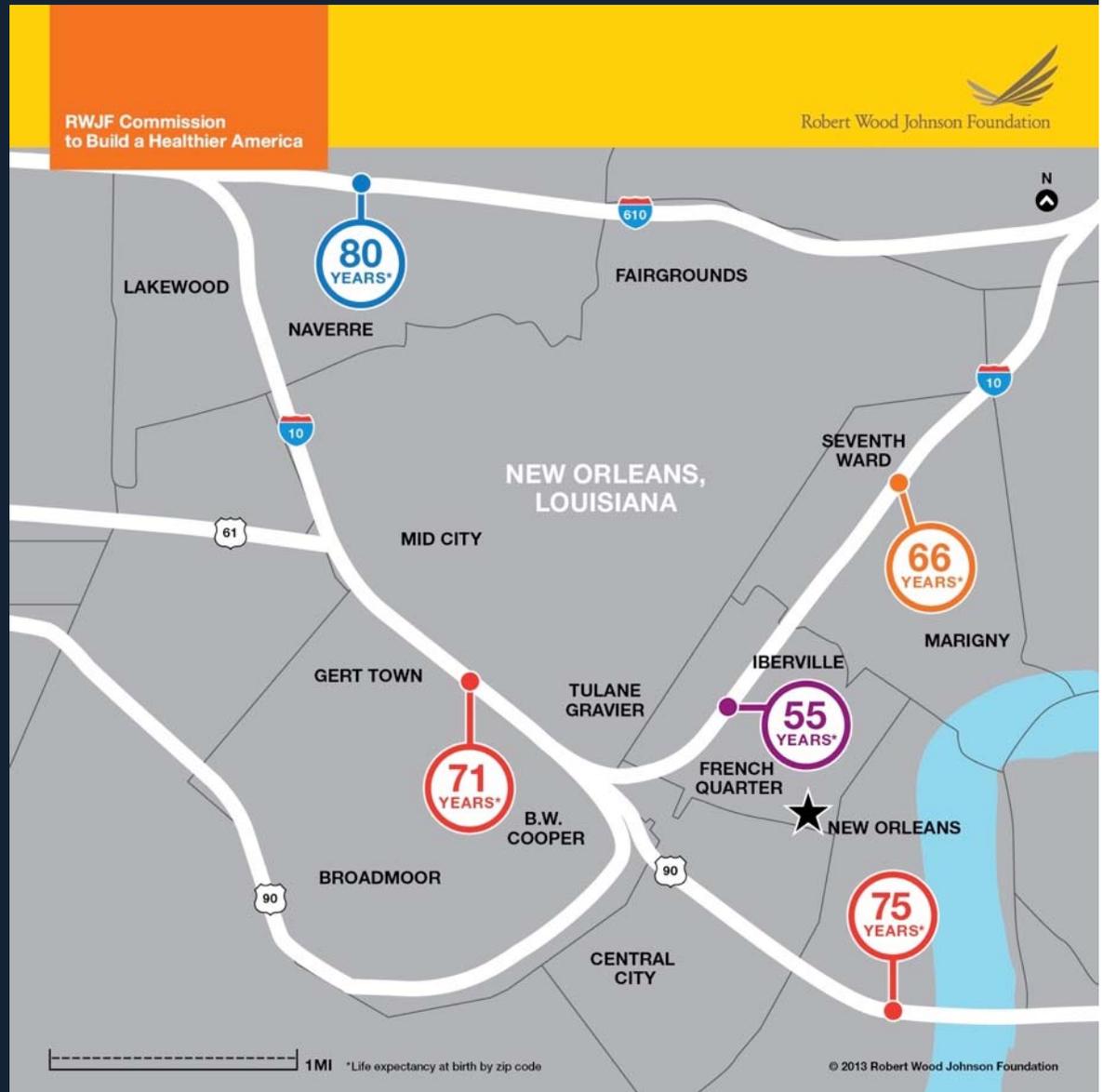
HEALTH DISPARITIES SHORT DISTANCES: LARGE DIFFERENCES

WASHINGTON, DC



Source: Robert Wood Johnson Foundation, Commission to Build a Healthier America

HEALTH DISPARITIES SHORT DISTANCES: LARGE DIFFERENCES NEW ORLEANS



Source: Robert Wood Johnson Foundation, Commission to Build a Healthier America

HEALTH DISPARITIES SHORT DISTANCES: LARGE DIFFERENCES

MINNEAPOLIS – ST. PAUL



Source: Robert Wood Johnson Foundation, Commission to Build a Healthier America

IN DETERMINING
YOUR HEALTH...

96720



COMMUNITY DEVELOPMENT IS IN THE ZIP CODE IMPROVEMENT BUSINESS

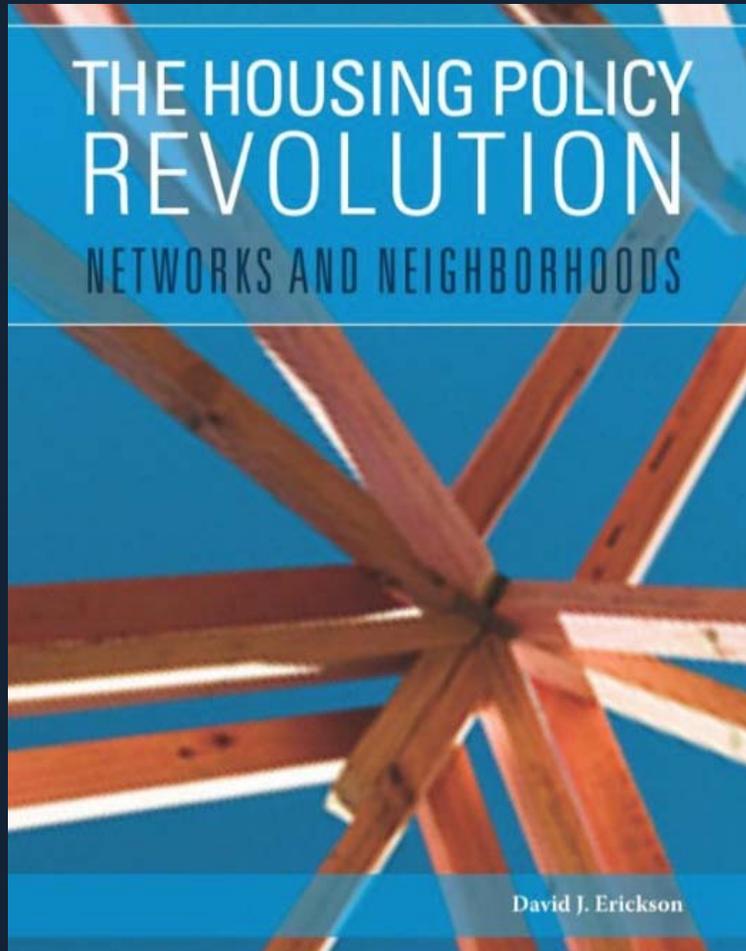


COMMUNITY DEVELOPMENT PAST



Pruitt-Igoe, St. Louis, MO
1956 to 1972

NOW A NETWORKED APPROACH FOR COMMUNITY DEVELOPMENT



- Nonprofit community development corporations (CDCs)
- Banks and for-profit corporations
- Intermediaries: community development financial institutions (CDFIs)
- Partnership with federal, state, and local **government**

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

- *\$16 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
-

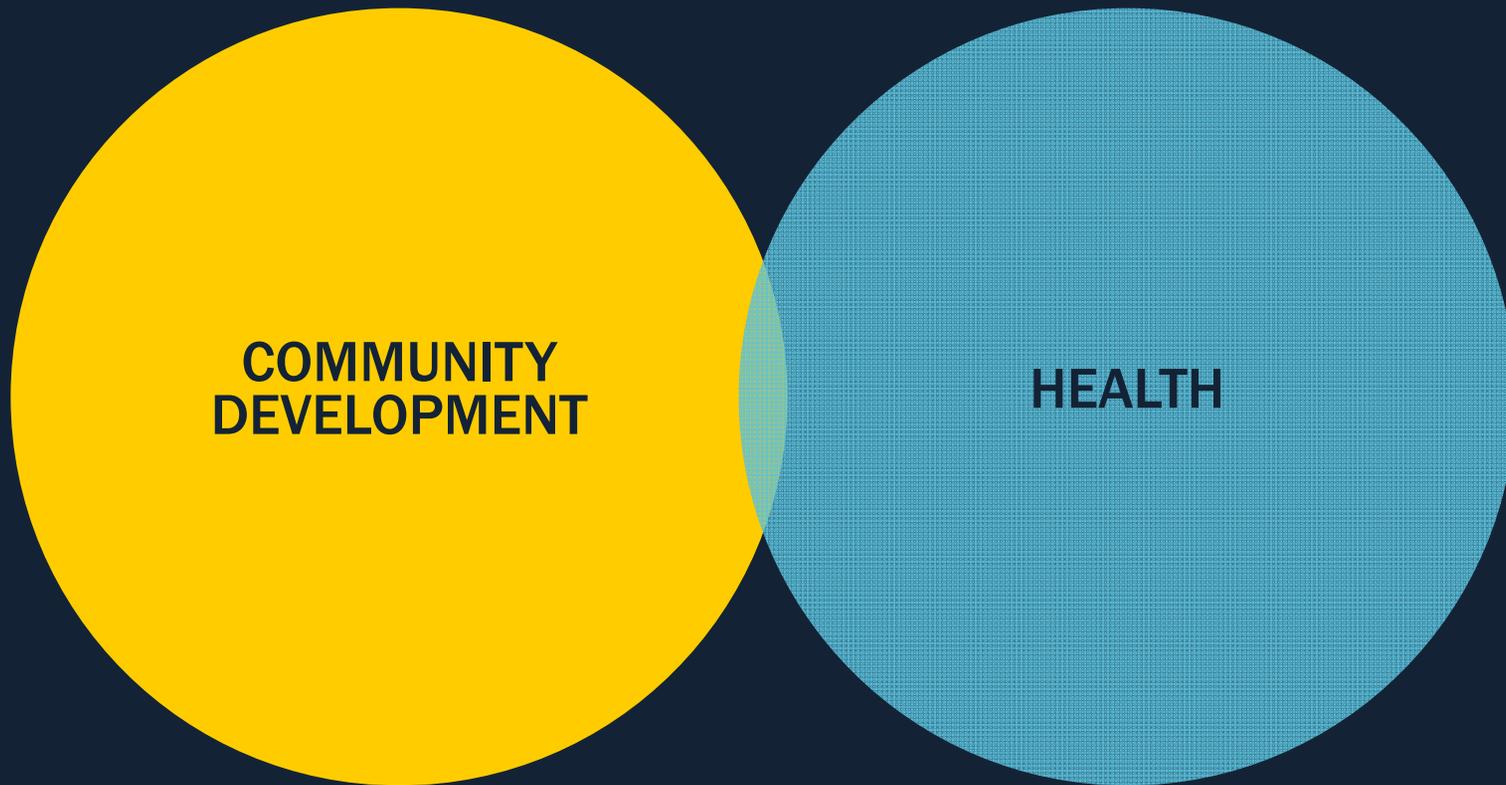
AFFORDABLE HOUSING & SUPPORTIVE HOUSING



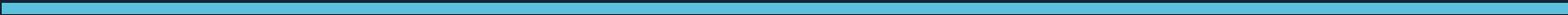
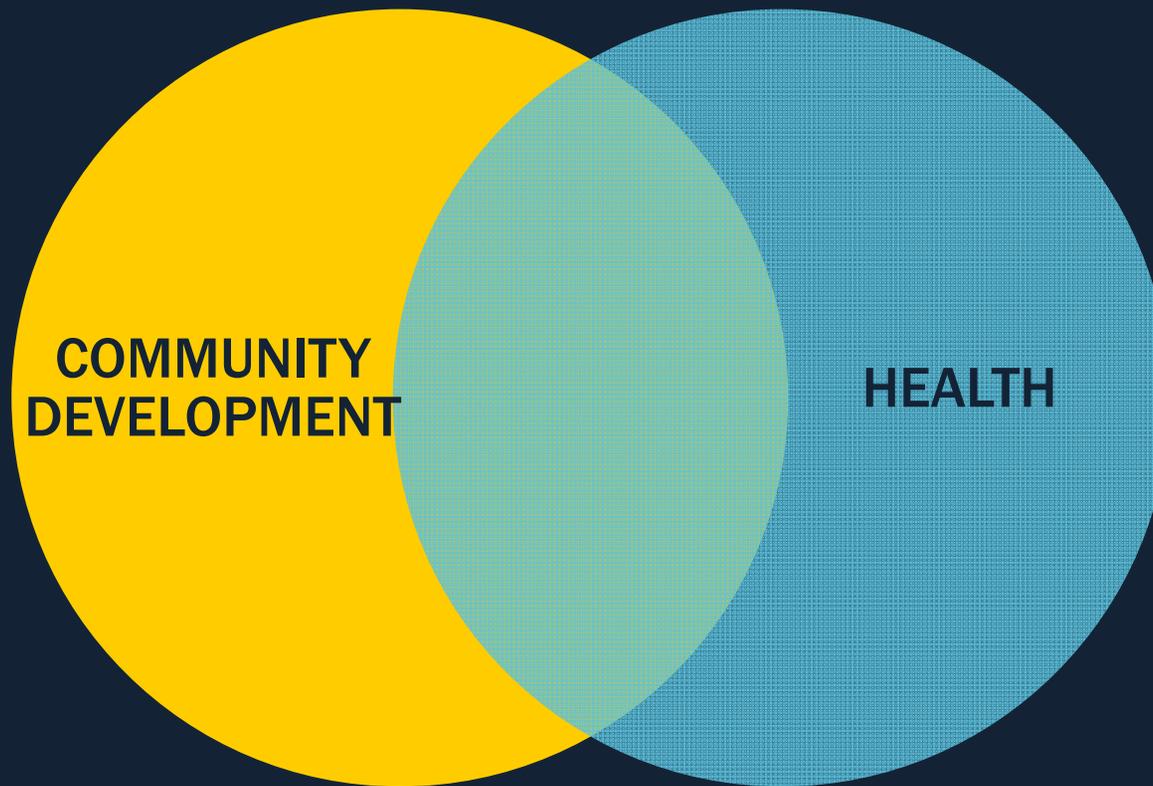
SMALL BUSINESS & COMMUNITY INFRASTRUCTURE



COMMUNITY DEVELOPMENT AND HEALTH ARE A POTENTIALLY POWERFUL TEAM...



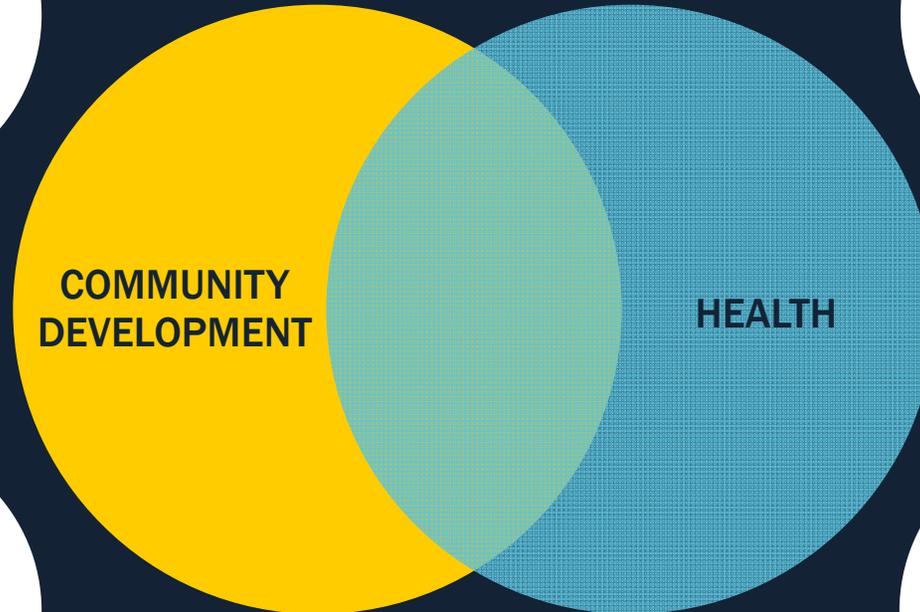
**...BUT WE NEED MORE
COORDINATION**



AND WE WILL NEED ALL HANDS ON DECK

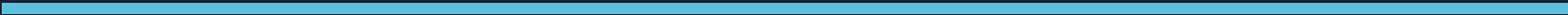
**PUBLIC
SAFETY**

EDUCATION

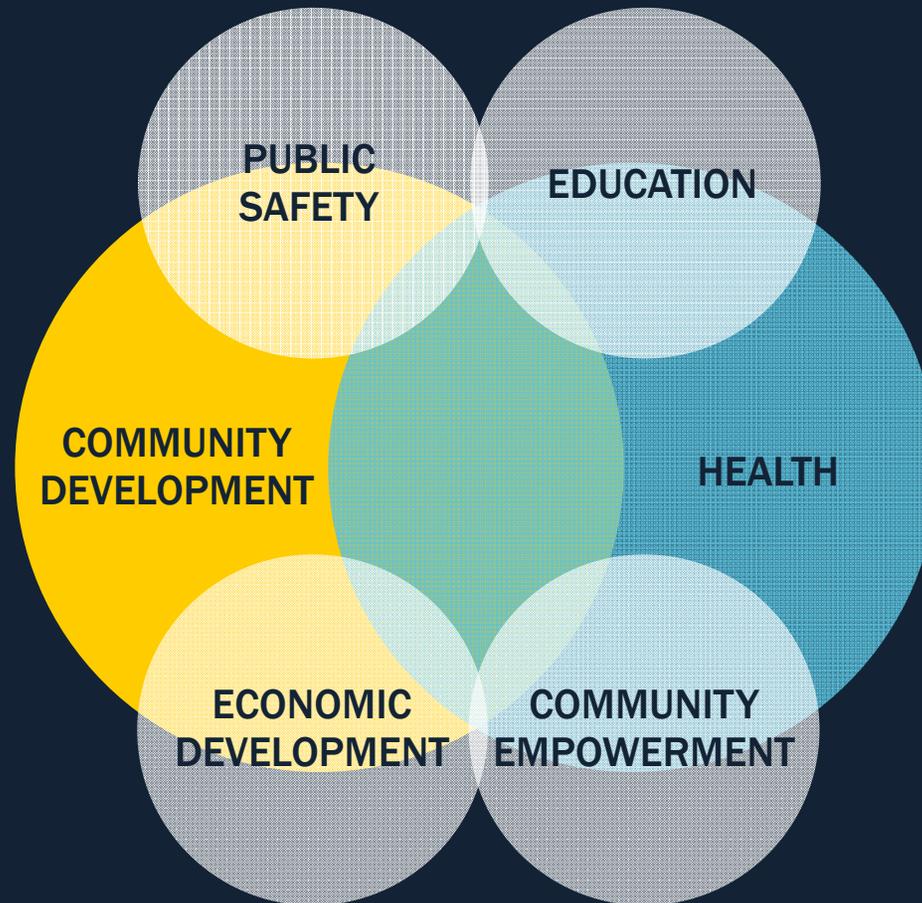


**ECONOMIC
DEVELOPMENT**

**COMMUNITY
EMPOWERMENT**



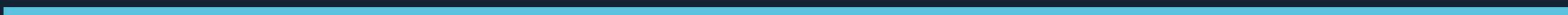
AND WE WILL NEED ALL HANDS ON DECK

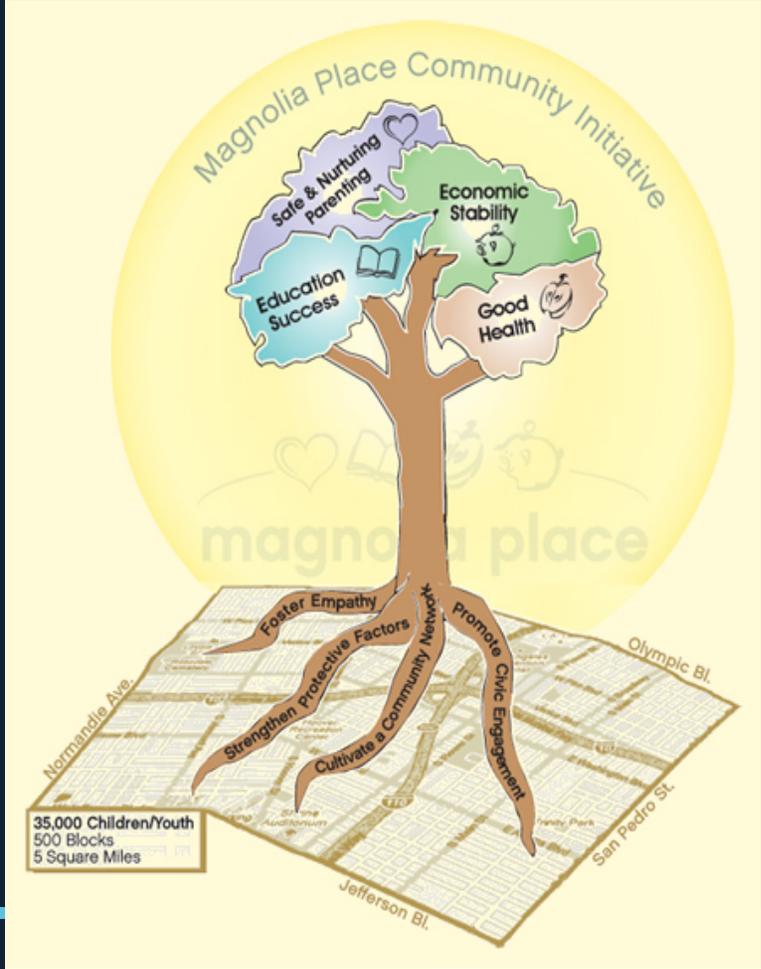


WHERE IS IT WORKING?

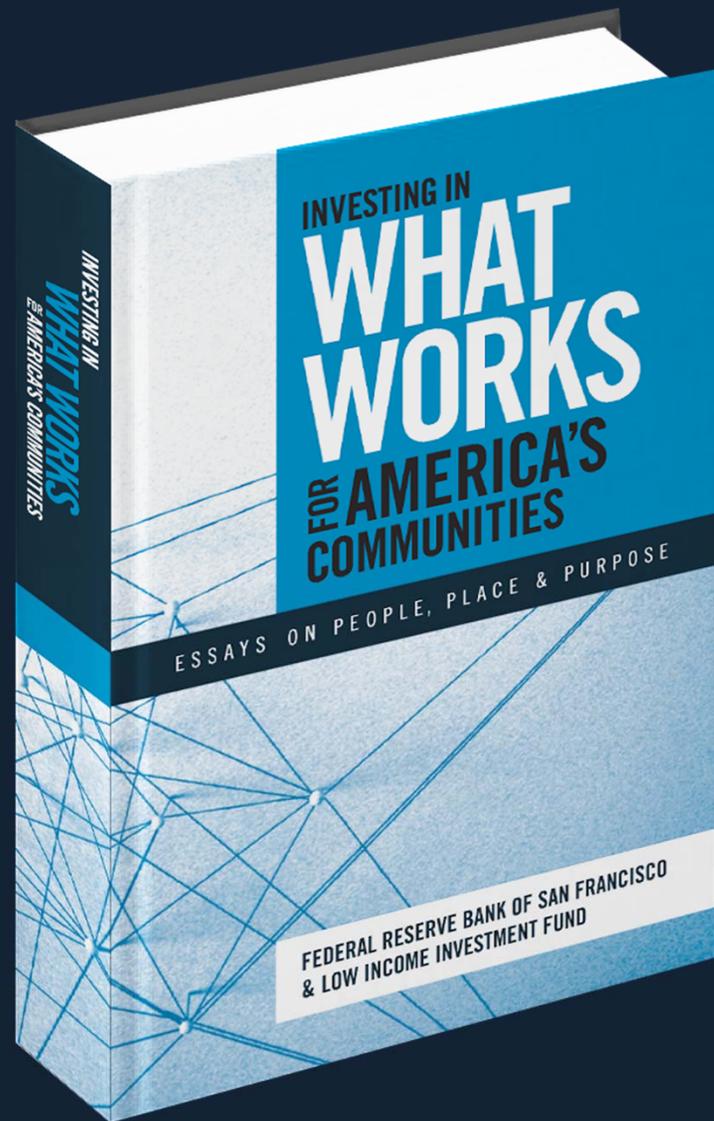


WHERE IS IT WORKING?







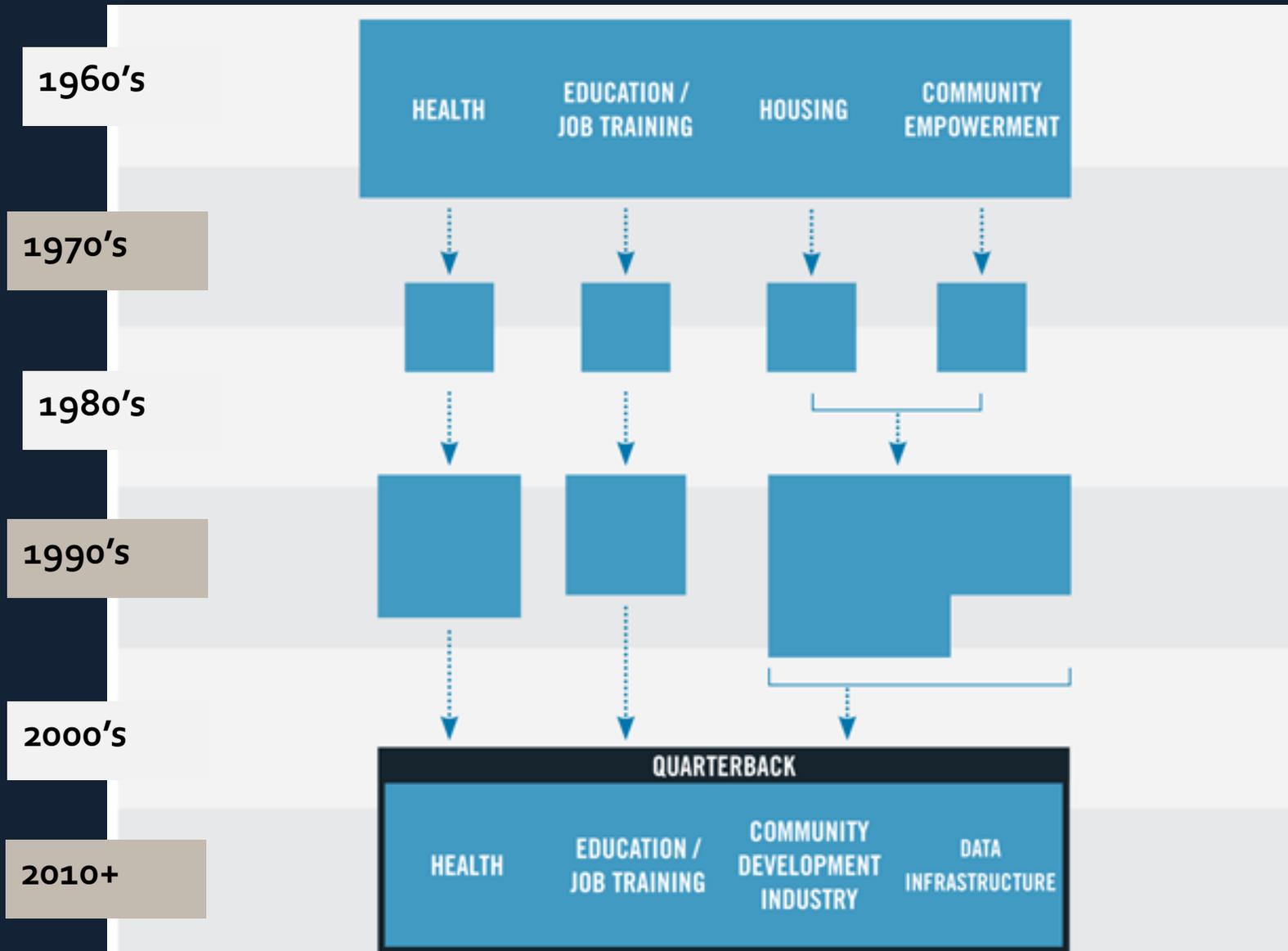


Investing in What Works for America's Communities is a call for a new, more integrated approach to antipoverty efforts that builds on what we know is working

WHATWORKSFORAMERICA.ORG

“PARTNERS IN PROGRESS”
\$3.25 million for community
quarterbacks

THE QUARTERBACK AS INTEGRATOR



HOSPITAL COMMUNITY BENEFIT & COMMUNITY HEALTH NEEDS ASSESSMENT



“Charity Care”
= \$20 Billion
annually in tax
exemptions

ACA → CHNA

THE STATUS QUO IS STUPID AND EXPENSIVE

WE SPEND MONEY ON THE WRONG THINGS

PRISON

VS

PRESCHOOL

SPECIAL EDUCATION

VS

TUTORS

EMERGENCY ROOM VISITS

VS

SUMMER CAMPS

POLICE

VS

JOB TRAINING

PAY FOR SUCCESS (PFS) OR SOCIAL IMPACT BONDS (SIBS)

- Bridge loans from investors to social services
- Social cost savings are shared with the investors as a return on investment (ROI)
- One to Seven in the US in just a year, including asthma, juvenile recidivism, special education



Google "Federal Reserve" & "Pay For Success"

CURRENT STATUS OF STATE-SUPPORTED PAY FOR SUCCESS TRANSACTIONS

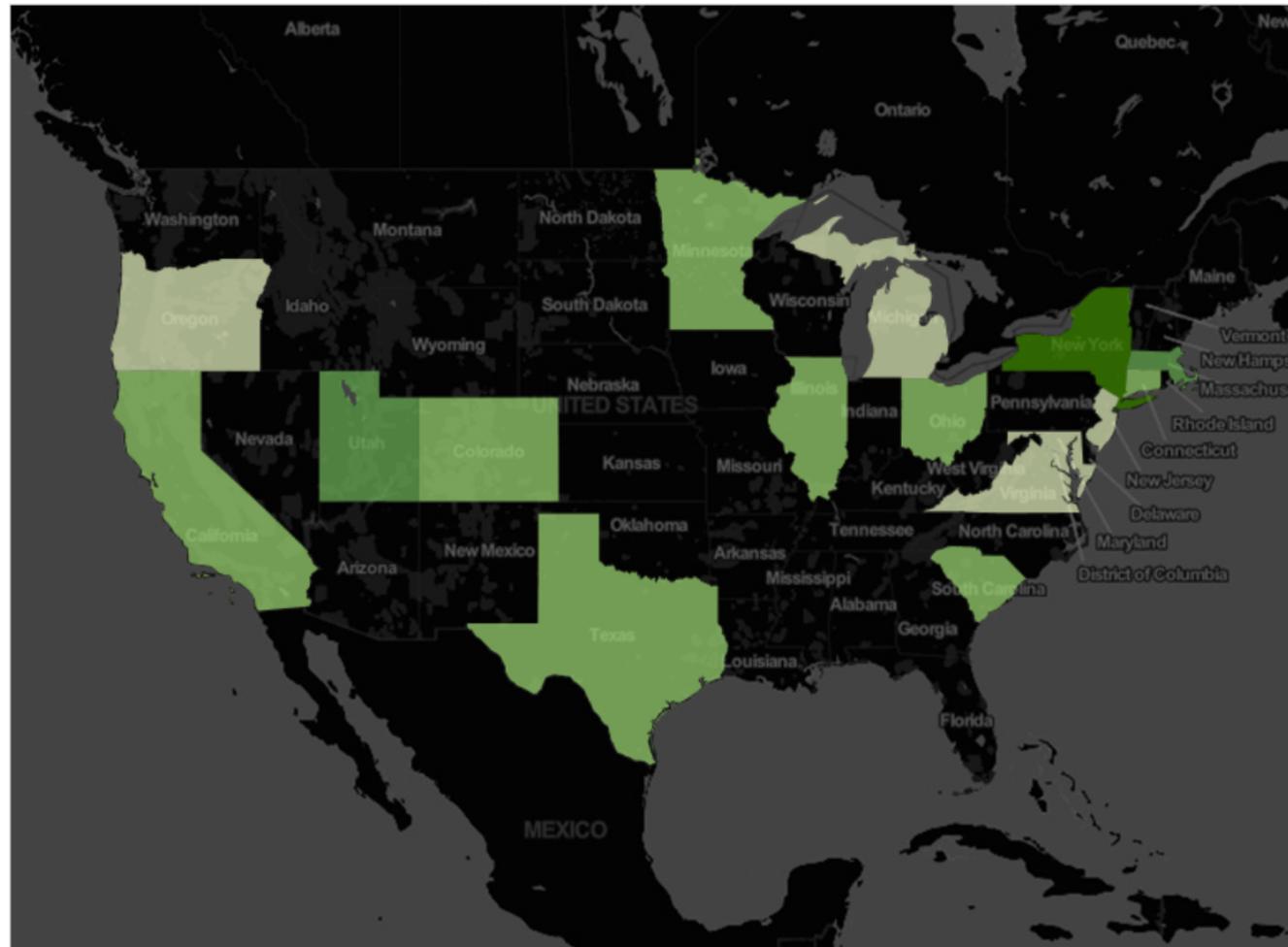


PFS Deal Progress
December 2013

Avg. Deal Progress
1.000 4.000

States are shaded on a 1-4 scale to indicate the level of progress in launching PFS transactions at the state or local level.

- 1: Initial explorations
- 2: Work under way to design & implement
- 3: PFS transactions announced
- 4: PFS transactions launched



BENEFITS OF PAY FOR SUCCESS

❑ **Busts Funding Silos**

- ❑ Wrong pocket problem
- ❑ HUD builds housing, HHS saves money

❑ **Promotes Evidence-based Policy**

- ❑ Moves us from outputs to outcomes
- ❑ Government only pays for what works

❑ **Builds on Success of Existing Public/Private Investment Model**

- ❑ \$80B in CRA capital, public programs, and private funds
- ❑ Low Income Housing Tax Credit example

❑ **Supports Holistic Community Development**

- ❑ Success of community quarterback model but no investment vehicle
 - ❑ Harlem Children's Zone, Purpose Built, Strive, Neighborhood Centers Inc., Magnolia Place, LISC New Communities Program
-

PITFALLS OF PAY FOR SUCCESS

- ❑ **Legitimacy of Data Collection and Use**

- ❑ Pressure on all sides to fudge data

- ❑ **Tying Savings to Payments**

- ❑ Hard to extract savings from public budgets (may reduce prison overcrowding but hard to close prisons)
- ❑ Continuing need to fund prevention

- ❑ **Government Capacity and Appropriations Risk**

- ❑ Is government ready for this?
- ❑ Underwriting appropriations risk may make deals impossible

- ❑ **Ethical Considerations**

- ❑ The most savings may not equal the most good
 - ❑ Perverse incentives, careful oversight needed
-

HEALTHY COMMUNITIES INITIATIVE FEDERAL RESERVE & RWJ FOUNDATION



Investing in Communities,
Transforming Lives

WHAT MAKES
a healthy community?

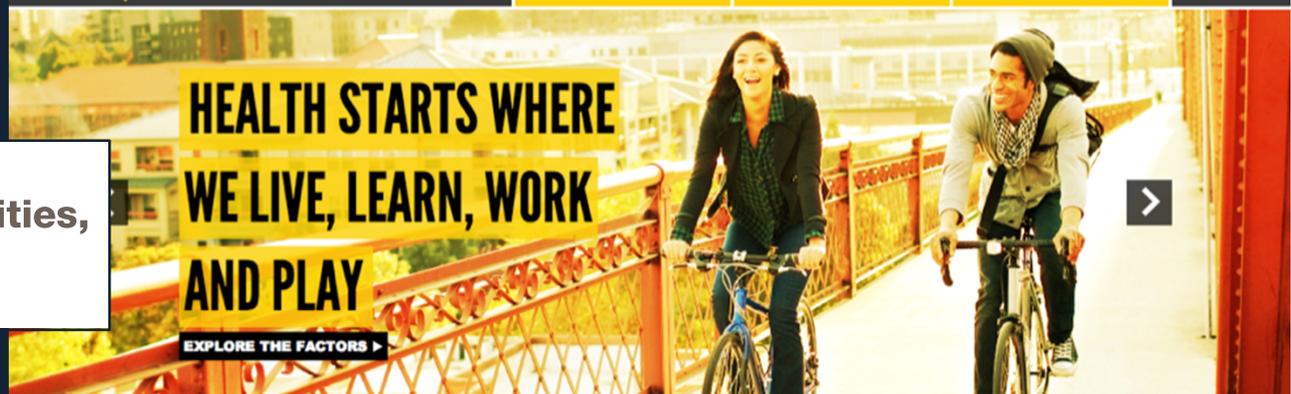
DATA & TOOLS
to build healthy places

HOST OR EXPLORE
one of our conferences



Investing in Communities,
Transforming Lives

BUILDHEALTHYPLACES.ORG



VIDEO

At Oakland Childcare Center, changing a carpet changed everything

[WATCH THE VIDEO >](#)

DATA & TOOLS

How to talk about healthy communities

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