



## **Advancing Healthy Homes & Healthy Communities A City and Countywide Summit<sup>1</sup>**

**June 19, 2014**

### **Sustainable Solutions: Devoting more resources to making housing healthy**

#### **THE PROBLEM**

Advocates know housing cannot be made healthier without more resources. Local governments need to spend tax dollars on effective regulation and enforcement (discussed in “Fostering compliance with healthy housing practices”). But a significant amount must be spent on property maintenance and remediation of problems, a cost that is largely borne by property owners.

Maintenance is constantly required and is universally needed. According to the 2009 American Housing Survey, in Chicago, major repairs are needed for approximately 390,400 rental units, while 396,800 units require minor repairs. A main reason for delay or failure to make repairs is lack of financial resources or incentives to make the repairs.

There are effective interventions for all home-based environmental hazards—some cost little or nothing, some can cost thousands of dollars. Some interventions, such as a smoking ban, will actually reduce maintenance costs. Other hazards have varying remediation costs. For example, radon mitigation costs about \$1,000 and asthma interventions can cost as little as \$500. Lead hazard removal can cost an average of \$6,000 to \$10,000 depending on the extent of the hazard.

The challenge for this Working Group is to identify creative ways to leverage dollars to make housing healthy while recasting healthy housing interventions as investments, rather than as expenditures. Benefits from these investments could include:

- Reduced need for, and spending on, health care
- Upgraded affordable housing
- Stabilized distressed neighborhoods
- Improved school performance
- Reduced juvenile delinquency

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<sup>1</sup> Convened by Loyola University Chicago in partnership with the City of Chicago Department of Public Health, the Cook County Department of Public Health and the University of Illinois Chicago.

## **WORKING GROUP OBJECTIVE**

The task of this working group is to identify short- and long-term objectives to meet the goal of devoting more resources to making housing healthy in Chicago and suburban Cook County. If appropriate, there should be at least one objective related to research. For each objective, list critical actions required to achieve it. For each action, identify the necessary partners and their roles, and time permitting, benchmarks and a timeline for completion.

## **BARRIERS**

Four key barriers to enacting an effective healthy homes strategy are:

1. The investment required;
2. Focus on the costs involved in abating and mitigating rather than the benefits and cost-saving;
3. Lack of sharing of program resources (for example, having separate departments responsible for inspecting for lead but not mold);
4. Many federal and state grant programs favor the existing infrastructure, programming and resources of city and county agencies, as opposed to community-based and advocacy organizations.

## **SOME POSSIBLE ACTIONS**

Following are some solutions underway or under consideration in other jurisdictions.

### Funding streams available

*Community Reinvestment Act credits:* The federal Community Reinvestment Act requires banks to provide credit to low- and moderate-income neighborhoods in which they operate. These loans often are for affordable housing rehabilitation and construction, including “the abatement or remediation of, or other actions to correct, environmental hazards that are present in the housing.”

*Community Development Financial Institution (CDFI) Funds:* CDFI funds come from monetary awards and the allocation of tax credits. They are used to promote access to capital and local economic growth in urban and rural low-income communities.

*Social Impact Bonds (SIBs):* SIBs are a partnership between a nonprofit, government entity, and investor. Government entities determine the issues they will address, and contract with a bond-issuing organization (e.g. foundations, banks, corporations), and a nonprofit service provider seeking funding for an innovative solution to a problem. The nonprofit receives funding from the bond-issuing organization and, if predetermined goals are met, the bond-issuing organization’s investment is reimbursed.

*Tax Increment Financing (TIF):* Municipalities create TIF districts with a specified life span. During that span, marginal increases in property tax revenue are stored in a municipally controlled fund that can be used to make improvements within the district. When the district expires, all property tax revenues are again available for general purposes, with improved properties likely contributing more revenue than before.

*HUD Block Grants:* The Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, and the Neighborhood Stabilization Program (NSP) deliver funds to preselected communities, including Chicago. A Consolidated Plan that spans 3-5 years governs use of the funds. The current plan seeks to provide decent housing and suitable living environments, including assisting in rehabilitation of deteriorating housing units.

*Federal Housing Administration and HUD Insured Loans:* Title I Home Improvement Loans are available for minor to moderate repairs (up to \$12,000 per unit or \$25,000 for a single-family home). This loan is not bundled with a mortgage or dependent on borrowers' equity. 203(k) loans, authorized by the National Housing Act, also provide mortgage loans to finance rehabilitation of properties with up to four dwelling units when repairs will cost at least \$5,000.

#### Insurance opportunities

*Health Insurance Investments:* UnitedHealth Group is investing \$150 million to build low-income housing in a dozen states. The company derives tax credits and, in the long run, the company's payouts caused by unhealthy housing are expected to decrease.

*Home Insurance:* Homeowner's insurance typically covers damages from unexpected causes, but typically not repairs or remediation that do not result from such a cause. For example, insurers may pay for repairs when flooding or burst pipes cause mold to thrive, but not if mold is caused by poor upkeep or natural decay.

#### Actions underway in other jurisdictions

*Penalties for Non-Compliance with Healthy Homes:* Some jurisdictions have fined property owners heavily to fund their rental inspection and abatement programs. However, over-reliance on fines can cause budget problems if compliance is widespread and prompt.

*Promoting Healthy Homes for WIC-Enrolled Families:* In San Francisco, families enrolled in WIC receive education on environmental hazards and tenants rights, home assessments to identify and prevent home-based hazards, assistance in remediating identified hazards, and dissemination of information about available resources.

*Affordable Care Act's Medicaid §1115 Waivers:* The Secretary of Health and Human Services has the authority to approve experimental, pilot, or demonstration programs that

promote the objectives of the Medicaid and CHIP programs. The purpose is to provide States with flexibility to design and improve their programs. In general, §1115 waivers are approved for a five-year period and can be renewed, typically for an additional three years. Programs must be "budget neutral" to the federal government, which means that during the course of the project federal Medicaid expenditures would not be more than federal spending would have been without the waiver. For example, Rhode Island's Medicaid program, administered through its Department of Human Services (DHS), provides a funding mechanism for window replacement and necessary spot treatments for lead poisoned children. Rhode Island's Comprehensive Lead Center (CLC) provides replacement or refurbishment of lead hazards based on an assessment and inspection report, the family's intent to remain in the unit and the general condition of the unit. CLC will not mitigate hazards in units that are generally uninhabitable and not in compliance with the building code. After the windows are replaced, DHS places a lien on the property, allowing for a reimbursement when the property is sold.

*Affordable Care Act's Community Transformation Grant Program:* The U.S. Centers for Disease Control and Prevention award grants to state and local government agencies and nonprofit organizations to prevent chronic health hazards, including asthma and lung cancer. The program is intended to establish and maintain a nationwide tracking network to obtain integrated health and environmental data and use that data to support healthy communities. In 2012, the IDPH was awarded \$4,781,121 and Chicago Public Schools was awarded \$4,398,118 for this purpose.

#### Other potential actions

*Dedicated Funds:* Dedicated funds such as low-income housing trust funds, bond issues for home improvements, or income from fees or fines, can increase both housing safety and affordable housing.

*Public-Private Sector Partnerships:* Programs could build on shared-cost models, using both public and private dollars. Banks could provide low-interest loans to property owners taking initiative to improve the safety of their housing, or private foundations and businesses could offer resources to assist in lead abatement and mitigation.

*Tax Strategies:* State income tax or local property tax credits could encourage and reward owners who improve the safety of their housing. Additionally, tax breaks could be offered to individuals and companies who participate in, donate to, or provide services for improving housing safety.