

Housing and Health Equity Fellowship

Uniting health care professionals to advance
upstream investments in affordable housing to
improve community health.

Resource Guide



center for
community
investment



LINCOLN INSTITUTE
OF LAND POLICY

GREATER MINNESOTA
HOUSING FUND



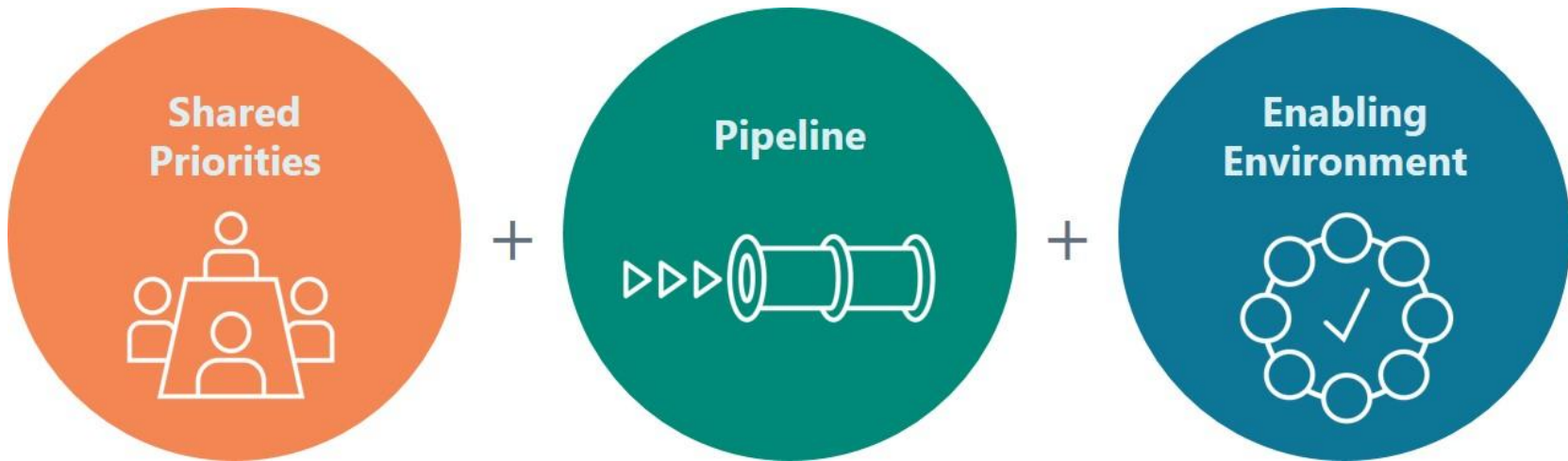
Index

Capital Absorption	4
Shared Priority	
Basics	5 – 7
Worksheets	8 – 10
Process for Refining and Validating	11 – 13
Pipeline	
Basics	14 – 16
Worksheet	17
Selection Criteria	18 – 20
Enabling Environment	
Basics	21 – 23
Worksheet	24
Stakeholder Engagement	25
Finding External Partners	26 – 28
Results in the Center (Worksheet)	29 – 30
Key Questions for Partnership Conversations	31 – 35

Index

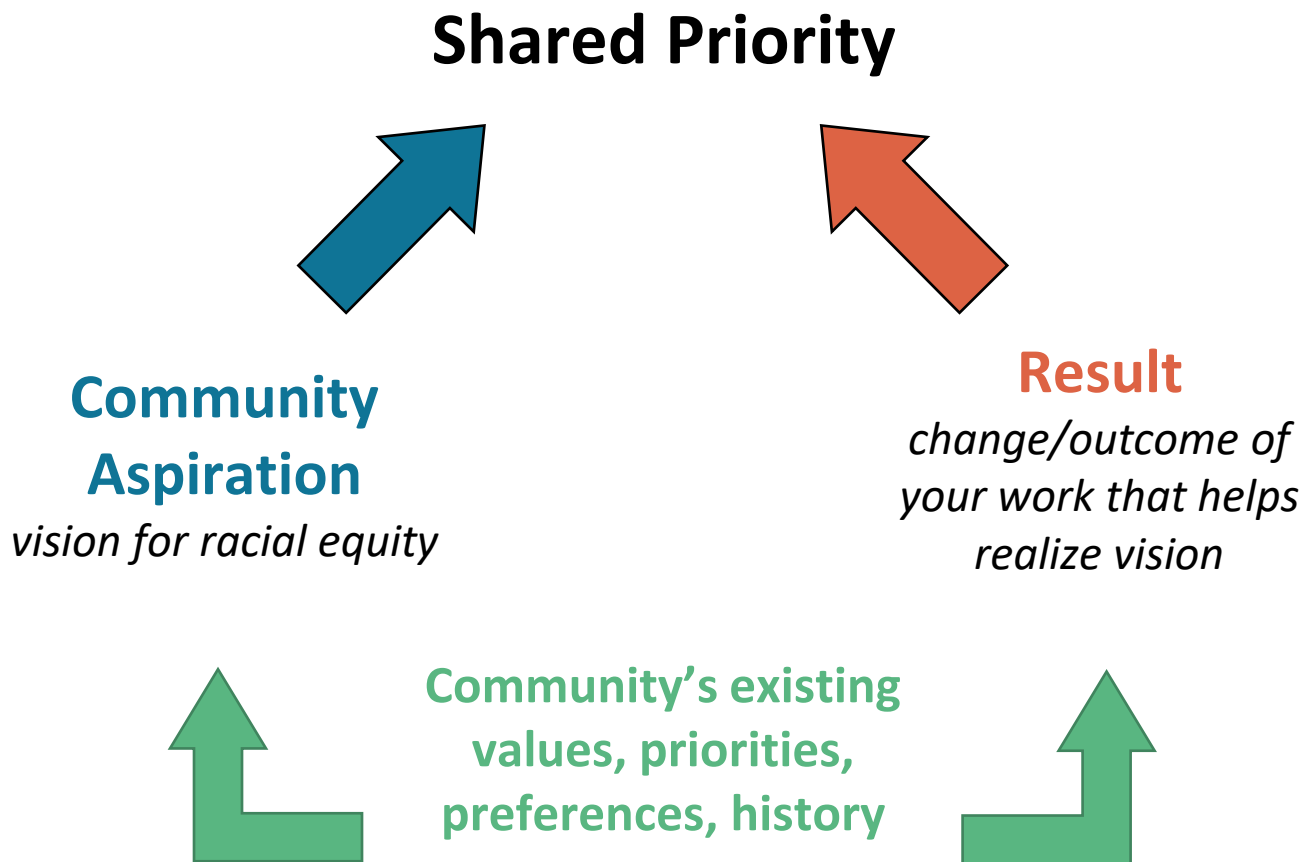
Spectrum of Engagement	36 – 38
Partnerships in Context	39 – 42
Emergent Problem-Solving Tools	43
Adaptive Challenges	44 – 48
Line of Sight	49 – 53
Internal Factors	54 – 55
Thinking and Acting Politically	56 – 60
High Alignment / High Action	61 – 63
Strategy Triage Tool	64 – 65
Community Investment Basics	66 – 67
The Capital Stack	68 – 70
Investment Considerations	71 - 74
Examples	75 – 77
Housing Spectrum	78

Elements of the Capital Absorption Framework



The Capital Absorption Framework is an approach that leaders can use to activate the visions and navigate the challenges of their specific places—not a model they are expected to replicate regardless of where they are. The three key elements are shown above and highlighted throughout this section. [Green hyperlinks](#) take you to more detailed resources on the CCI website.

Elements of a Shared Priority



Shared Priorities

Ensure there is a shared, community-determined vision **broad enough to matter** and **specific enough to shape decisions**.



1. Legitimate and widely embraced



2. Appropriately specific



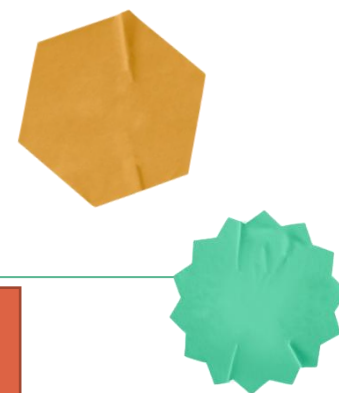
3. Straightforward



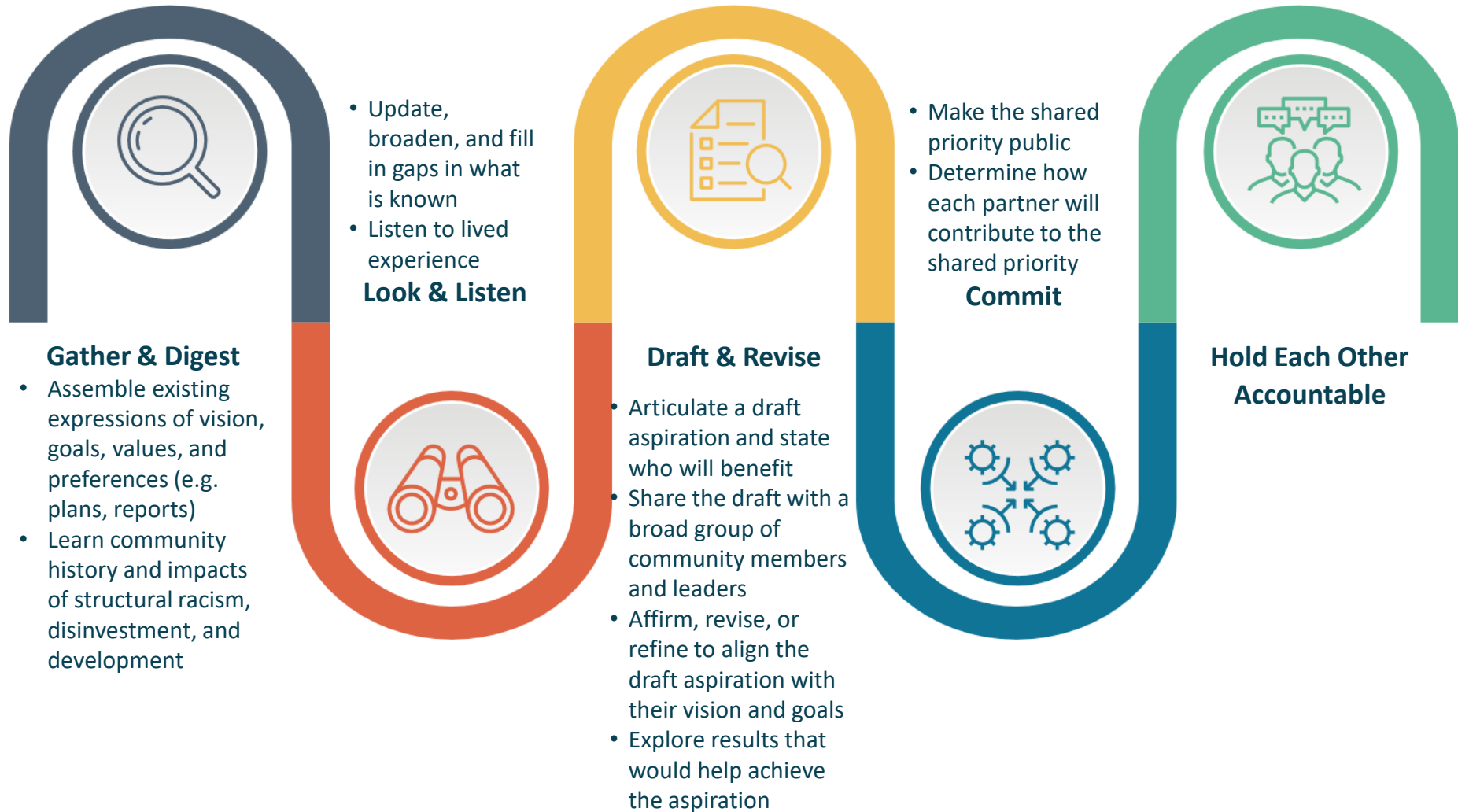
4. Focused on the system



5. Timely



Process for Developing a Shared Priority



Examples of Shared Priorities

Shared Priority Elements	Historic Valley	Triangle Square	Northern State
Values	Everyone matters and belongs.	People have a right to stay in their homes.	Everyone should have fair access to opportunity.
Aspiration	Ease housing cost burden for Latinx families making less than 80% AMI* in nine cities across Historical Valley *Area Median Income	Maintain housing affordability for longstanding Afro-Caribbean residents in the Triangle Square neighborhood	Close the racial wealth gap for small business owners in the northern part of State
Result	We will produce and preserve 10,000 units of affordable housing in the next ten years.	We will preserve 1,200 units of affordable housing in the next five years.	Developers and contractors of color will receive 20% of government contracts in six major cities over the next three years.
Strategies	Build a fund Build a pipeline Shift cities' policies and capacity	Activate right of first refusal policies Maintain expiring properties Create a fund for home repairs that serves homeowners, landlords, and tenants	Build a fund and back office to capitalize developers of color Help contractors qualify Build an accountability system to ensure fair access

Stating Your Mission and a Result

Directions:

- Use the previous slide as a guide. Complete the table on the left.
- Use the table on the right to test your assumptions. For each of the five questions, how do you know?
- Be explicit about how racial equity shows up in your approach

Values	
Aspiration	
Result	

1. Is it legitimate and widely embraced?
2. Is it appropriately specific?
3. Is it straightforward?
4. Is it focused on the system?
5. Is it timely?

Naming a Shared Priority

Worksheet - Geography, Population, etc.

Are you committing to:

- One or more geographic targets?
- A target population?
- An issue focus?

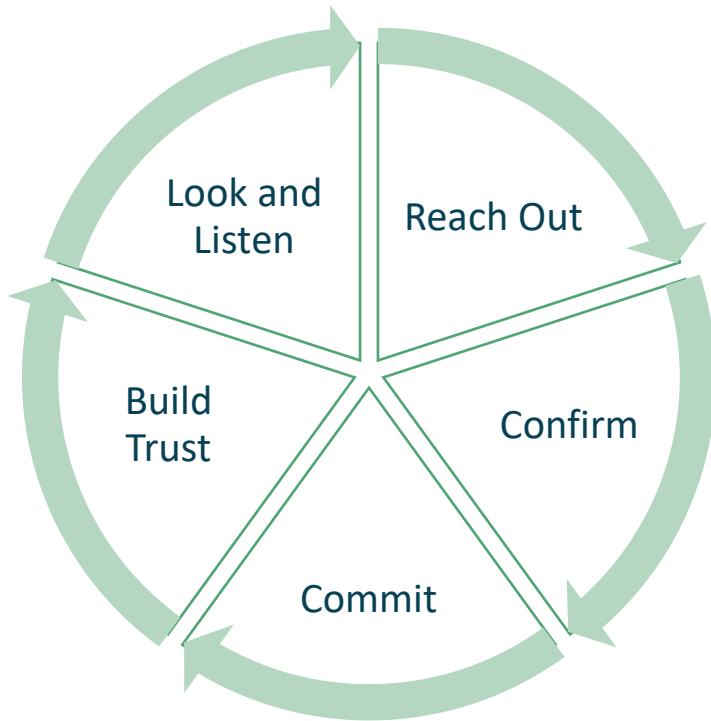
For example:

- We are prioritizing investment in X corridor within ½ mile of transit
- We are prioritizing capital for entrepreneurs of color
- We are going to end homelessness in our region



Iterative Process for Developing a Shared Priority

Ensure community stakeholders and residents with lived experience are represented on the core team. Together:



1. Look and Listen

- a. Learn the community history, values, and impacts of structural racism, disinvestment, and development
- b. Listen to lived experiences
- c. Learn about past and present vision, goals, and plans for racial equity and investment
- d. Articulate a draft aspiration that reflects what you learned and states who will benefit

2. Reach Out

- a. Share what you learned and the draft aspiration with a broad group of community stakeholders. Together:
 - Affirm, revise, or refine, to align the draft aspiration and community vision and goals
 - Explore results that would help achieve the draft aspiration

Iterative Process for Developing a Shared Priority (cont.)

3. Confirm

- a. Incorporate stakeholder contributions to further refine the aspiration and result
- b. Share, review, and refine with engaged/new community stakeholders to gain even more broad community support

4. Commit

- a. Affirm the shared priority with community members at large, e.g., through a celebration/event, publication, meeting
- b. Determine core team and stakeholder commitment and contribution to advancing the shared priority

5. Hold Each Other Accountable

- a. Establish accountability mechanisms by creating collaborative structures and identifying roles
- b. Reinforce collective commitment to carry out and maintain the shared priority

Refining and Validating Your Shared Priority

Shared Priorities reflect a community's values and goals. Who should you consult as you refine your shared priority? What do you need to do to prepare?

Community Stakeholder to Consult	What relationship does the Health System have with them?	Do you think they are in alignment?	How will they contribute?	What preparation needs to occur?

Why is a Pipeline Important?

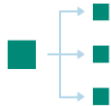
By working on a pipeline of deals, a community can:



1. See all the potential opportunities



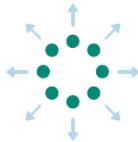
2. Ensure deals address shared priorities



3. Reduce costs and increase efficiencies



4. Identify where the system is stuck

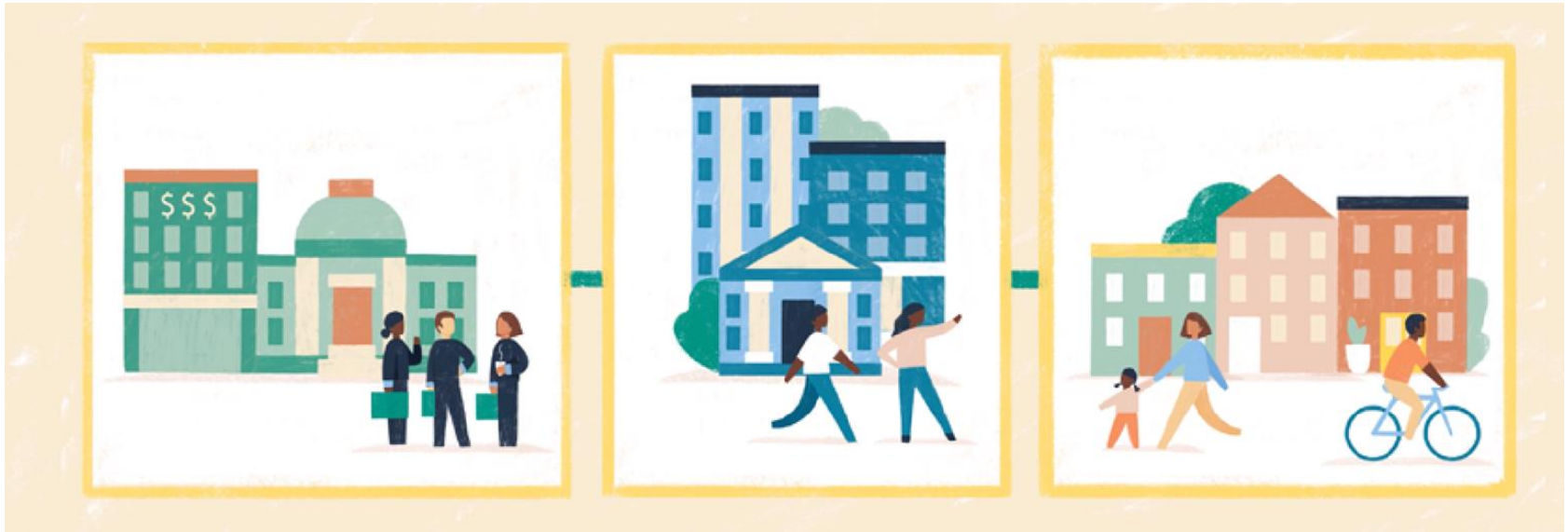


5. Expand the community investment system

Why a Pipeline instead of a deal?

- It may seem strange to suggest that a pipeline of deals can succeed in places where individual deals are so difficult. But when:
 - A coalition of community partners identifies a clear and meaningful shared priority
 - And puts together a batch of impactful projects
 - Then this batch of deals can find commonalities, which leads to shared (or complementary) funding needs, which moves all of the projects ahead in a single effort rather than
 - Requiring the same effort for each individual project
- Pipelines enable a community coalition to effectively and efficiently move toward its shared priority while also improving its community investment system so that future deals are easier.

What Does a Good Pipeline Look Like?



1

Sufficient

- Enough deals to address the community's shared priority
- Deals match the priority's focus sector, geography, and scale

2

Efficient

- Deals progress smoothly and quickly
- Enabling environment supports execution of the pipeline
- Stakeholders identify and address obstacles and chokepoints

3

Impact

- Deals achieve the shared priorities they are designed to address

Potential Deals for your Pipeline

Making the pipeline visible helps you see where the system is generating enough deals, where there are gaps, and what capital is needed. Do these deals support your Shared Priority?

Deal or Project Name/Address	Type of Project (e.g., single or multi-family housing, food business)	Project Size (e.g., # of units)	Deal Status	Total Development Cost	Capital Need

Selection Criteria

Before investing it is important step back and think about what your health system is willing to say yes to. Deals in your pipeline will:

- Signal the boundaries (geography/focus) of your ambition, helping to mobilize aligned stakeholders and investors
- Prioritize deals that are likely to be catalytic, thereby making subsequent deals easier
- Generate momentum by harvesting low-hanging fruit, helping to complete deals that are already in process and close to the finish line

Threshold Criteria—the “must have’s” without which the deal cannot be included in your pipeline.

Potential examples:

- Geography (5 focus zip codes)
- Resident income (60% AMI or less)
- Housing type (rental, homeownership, minimum # of units)

Prioritization Criteria—characteristics that most serve your priorities and result

Potential examples:

- Homebuyers buy 2-4 flats, living in one unit and renting out the others
- Within our target geography, East Maple neighborhood, within 1/2 mile of new transit stop
- Projects with a preference for existing neighborhood residents, the majority of whom are Vietnamese and Mexican immigrant families who earn 30-60% AMI
- 5-49-unit buildings
- Naturally occurring affordable housing that is converted to regulated affordable housing and allows existing tenants to stay

Real World Examples of Criteria In Practice

Effort	Purple Line Corridor Coalition	Nationwide Children's Hospital	Bridgeway Capital
Shared Priority	Protecting residents by increasing the preservation of housing	Improve the health of Linden residents through high quality, affordable housing as described in the One Linden Plan	Create or preserve affordable housing within the City of Pittsburgh
Result	Preserve at least 1,000 affordable housing units in the next 3 years	Build, preserve, or repair 200 affordable homes in South Linden	Build or preserve 300 units within 3 years
Threshold Criteria	<ul style="list-style-type: none"> • Located within 1-mile of future Purple Line stops • Target household incomes of 80% AMI 	<ul style="list-style-type: none"> • South Linden Neighborhood between 11th and 17th Aves • Rental rates set based on the Neighborhood Area Median Income, not the Full Columbus Metro Area • Maximum income of 80% AMI 	<ul style="list-style-type: none"> • Inside the City of Pittsburgh • Promote Mixed-Income Neighborhoods • Support affordability targets (e.g., 50% Low-Income; 40% Moderate Income, 10% Workforce)
Prioritized Criteria	<ul style="list-style-type: none"> • Increase the availability of affordable rentals to households under 60% AMI • No net loss of affordable housing • Led by non-profit partners who are members of PLCC • Provides “but for” capital to the proposed project 	<ul style="list-style-type: none"> • Aligns with the City's larger One Linden Plan and “614 for Linden” proposal • Benefits current residents • Promotes opportunities for home ownership or home repair • Project likely to serve families with children • Supports 3+ Bedroom Units 	<p>Must meet 5 of 10 bonus criteria, examples include:</p> <ul style="list-style-type: none"> • Preservation project • Located in Health System Interest Area (defined at Census Tract Level) • Project has a documented Anti-Displacement Strategy • Neighborhood median income exceeds the citywide median

Deal Selection Criteria

What criteria are you using to identify and select investments? Setting selection criteria can help to identify the best ways to invest.

Shared Priority	Result	Must Have Criteria	Cannot Have	Nice to Have Criteria
<i>Develop a policy and investment strategy that slows the displacement of Black residents from core urban neighborhoods in the Pittsburgh Metro</i>	<i>Support nonprofit or mission-oriented developers in acquiring and sustaining over 1,000 rental units affordable to HH 80% AMI or less</i>	<ul style="list-style-type: none"> • Allegheny County • Affordability (can be NOAH or some form of deed restriction or subsidy) • Occupancy - focus is on apartments where low-income families live today 	<ul style="list-style-type: none"> • Less than 20 units (too much effort for too little yield) • Motivations to raise rents • Major capital need (aka this is not a construction program) 	<ul style="list-style-type: none"> • Nonprofit buyers • Minority-led developers or organizations • Great transit access • Located in “high opportunity” neighborhoods (e.g. food access, prestigious school districts, etc.) or in “rising markets” (e.g. many locales have seen 100% YoY home sale prices and 50% YoY rent increases)

Enabling Environment

Six elements that shape the context to facilitate the realization of the shared priorities:



1. Influencing and implementing policies and regulations



2. Identifying and aligning resources and funding flows



3. Ensuring the availability of needed skills and capacities



4. Fostering formal and informal relationships



5. Building forums and platforms for ongoing collaboration



6. Generating and providing data

Illustration of How Pipeline and Enabling Environment Work Happens Concurrently

Challenge

CDC with ideas
but not
investable



Deals ready
but no funding
\$\$\$

Single deals have
negative operating
income, because of
low rents

Pipeline Fix

Recruit CDFI to
screen and frame
projects



CDFI brings tax credits;
Philanthropy heavily
backstops early deals

1. Create a pool of
more patient
capital
2. Batch projects
to create lift



Enabling Environment Activity

Build forums and
platforms to support
ongoing collaboration



Identify and align
resources and
funding flows

Foster formal
and informal
relationships



Example of Enabling Environment Activities

Preservation

- Right of first refusal
- Property tax incentives
- Moving properties into subsidy programs
- Preserving public housing: Rental Assistance Demonstration

Protection

- Good cause eviction policies
- Condominium conversion protections
- Rent stabilization

Production

- Mandatory inclusionary zoning/offsets
- Density bonuses
- Revenue generation (Tax Increment Financing, Linkage Fees, Housing Trust Funds)
- Property acquisition (using publicly owned land, establishing property acquisition funds)
- Incentives (local and state tax incentives, parking incentives, expedited permitting, impact fees, transfer of development rights)

Assessing Enabling Environment

This table is designed to capture your thinking about the Enabling Environment. Go down the list of each system lever and list how your team could apply this lever in the 2nd column. Then, go back and assess what actions need to occur to move this lever ahead.

Note: this could be a follow-up conversation to learn more about that specific option.

System Levers	Options for Your Work	Action to Advance
Better policies (e.g., inclusionary zoning)		
Better practices and processes (e.g., timing of local and federal grant applications)		
New platforms for collaboration (e.g., Funder Collaborative)		
New skills/capacities (e.g., Tax Credit Training)		
More resources (e.g., City Housing Trust Fund)		



Making Community Investment a Team Effort

Too often, developers, investors, and institutions come into communities with plans that ignored the community's reality, history, needs—even the community's plans for itself.

The capital absorption framework turns this process around, with community partners and stakeholders driving the process and working together to build an effective community investment system that works for that community. **Relationship building and collaboration are key to this process.**

This section provides exercises to think about what results you are seeking to achieve, naming who can help achieve that, and consider their motivations for participating in your shared work.

Finding External Partners

Upstream investment is a team sport! Who is already engaged in addressing the issue you're considering? Map the local stakeholders who share the priority you have identified.

Be sure to consider:

- Intended beneficiaries
- Community Development Corporations, neighborhood associations
- Local faith communities
- Local banks
- Local and state government officials, agencies, and authorities
- Development finance agencies
- Foundations
- Community Development Financial Institutions (CDFIs)
- Developers
- Other anchor institutions
- Large employers

Partnership Analysis

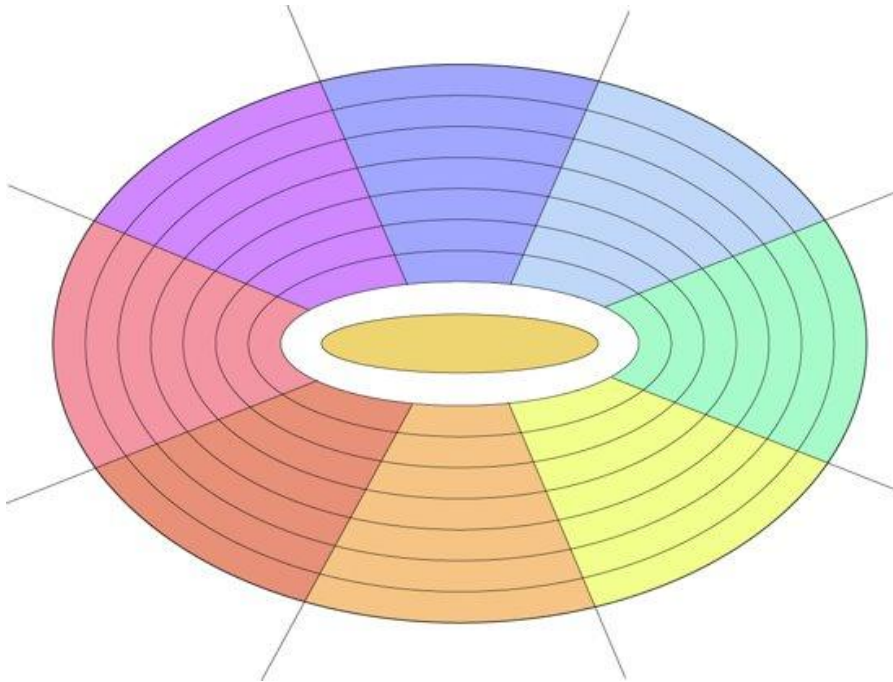
1. Who are you working with? Or who do you plan to partner with? How did you identify them?
2. How are they perceived by civic leaders? Community leaders? And Residents?
3. Are there other collective tables that you could participate at instead? What risks or advantages come with taking to a group rather than an organization?
4. What do you think the community organization's/coalition's motivation for partnering with you as a health partner are? What requirements will they have of you? Does this align with the role you anticipate them playing?

Partnership Implications

- What feedback has the partner you've just reviewed provided to each your Aspiration, Shared Priority, and Result?
- If they haven't provided feedback, how do you plan to share this with them? Do you anticipate any challenges? Are they adaptive or technical? How might they be preempted?
- What contribution will this partner make to advancing your shared priority? Does that translate into holding a portion of the Result?

Note: Getting to an Aspiration that motivates partners, a valid Shared Priority, and an accurate Result might require an iterative process. The appendix outlines 5 steps to revisit as you need.

Result in the Center



This allows you to map:

1. Which sectors and people are vital to your result?
2. Name specific individuals who can contribute directly to achieving or blocking your intended result.
3. Determine the proximity of each partner to the result in the center.

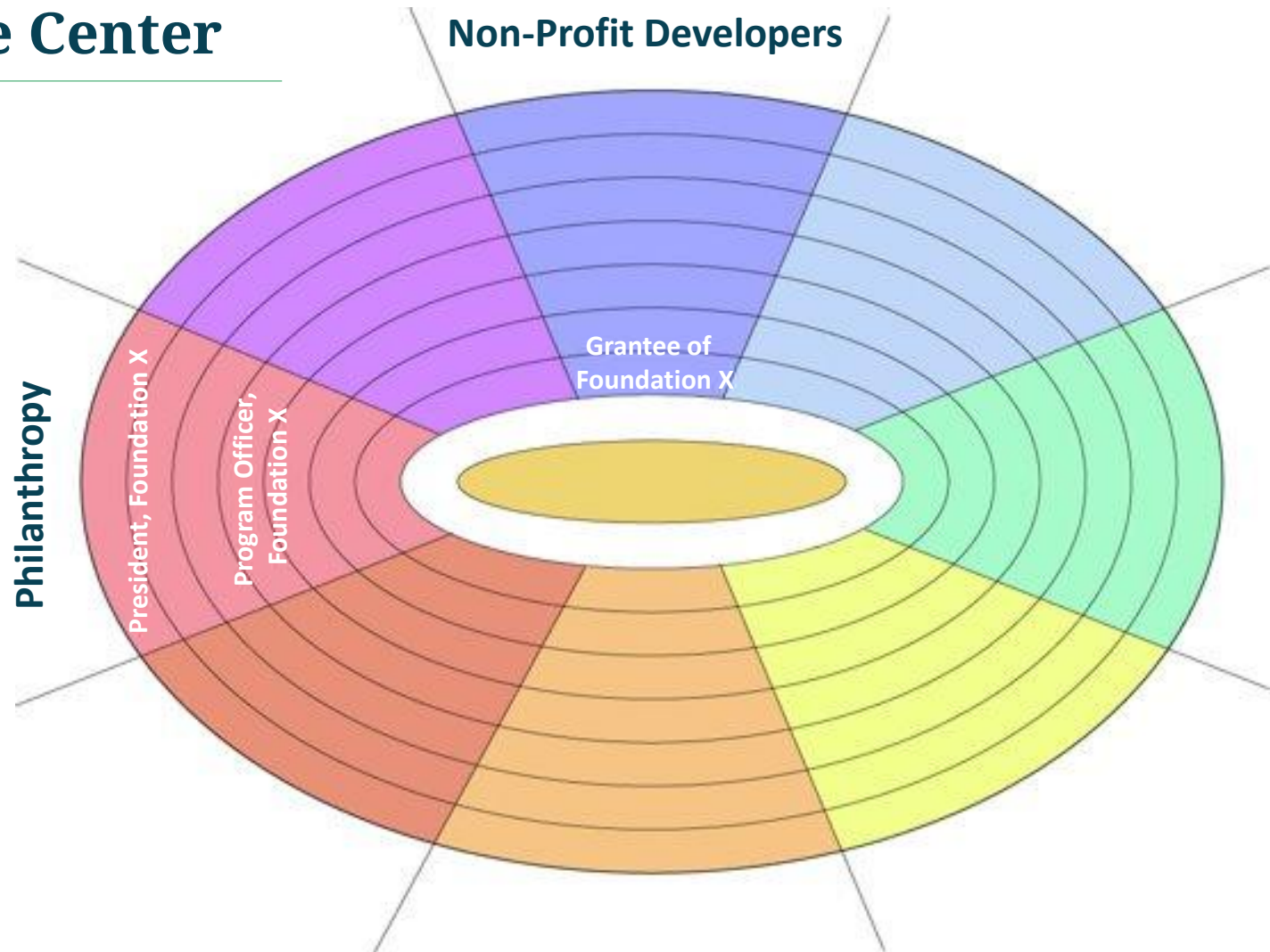
Tips:

- Define the individual contributors (e.g., which city counsel member?).
- Those who are closest to the result or benefit should be in the inner ring.
- Each successive ring indicates greater distance from the result.

Result in the Center

Example:

Philanthropy is often involved in most community efforts. However, the program officer at the foundation would be closer to the work than the foundation president – and their grantee even closer yet, but in a different sector.



Steps:

1. Name specific result your team seeks to achieve.
2. Which sectors need to contribute? Name these going clockwise around the circle.
3. Which specific individuals who can contribute or block your intended result? Determine the proximity of each partner to the result in the center – and write their- name within the correct sector.

Questions to Ask When Picking Developers and CDFIs

General Questions:

- 1. Track record:** Where have they operated successfully? And what types of projects have they developed or financed?
- 2. Local presence:** What level of market knowledge and relationships does the potential partner have in your locale? Or: What experience do they have entering new markets?
- 3. Reputation:** What are their strengths and weaknesses? Who is vouching for their recent projects?

Developers:

1. What is the developer's capacity? Consider the following indicators:
 - a. Size of annual production (units/year)
 - b. Number of units owned and managed
 - c. Balance sheet
2. Is the type of housing they have developed a match for your strategy? (supportive housing vs. multifamily rental vs. neighborhood revitalization)
3. For owner/operators—who does the property management?
4. What signals legitimacy (e.g., national affiliation – Stewards of Affordable Housing for the Future, Housing Partnership Network, NeighborWorks)?

CDFIs:

1. What types of projects (housing, community facilities, small business) does the CDFI typically finance?
2. Has the CDFI been rated by Aeris? (see aerisimpact.com)
3. Does the CDFI have New Markets or other tax credits available now for new projects?

Gives and Gets: Public Sector

Gives: What local government can offer health systems	Gets: What local government might get from health systems
1. Land for social determinants projects such as affordable housing	1. Support for important initiatives and policies
2. Funding, including subsidies, tax credits, low-cost loans	2. Gap financing or credit enhancement for priority projects
3. Capacity to broker relationships with multiple stakeholders	3. Data about local health needs from CHNAs or social determinants assessments
4. Public infrastructure investment and services (e.g., security) near campus or other priority locations	

Gives and Gets: Philanthropy

Gives: What foundations can offer health systems	Gets: What foundations might get from health systems
1. Neutral convening platform that helps address power imbalance between health system and local residents	1. Support for important initiatives and policies
2. Grants to build the capacity of local nonprofits (service providers, community development corporations, CDFIs, etc.)	2. Gap financing or credit enhancement for priority projects
3. Grants, Program-Related Investments (PRIs) or credit enhancements to help priority projects move forward	3. Community-level and hotspot data about health needs and social determinants assessments
4. Support for planning, predevelopment and community engagement	
5. Capacity to broker relationships with multiple stakeholders	
6. Ability to tell the story of community needs and community change	

Gives and Gets: CDFIs

Gives: What CDFIs can offer health systems	Gets: What CDFIs might get from health systems
1. Expertise in structuring and underwriting complex projects in disinvested neighborhoods	1. Enterprise-level capital grants or patient, below-market rate debt to strengthen the balance sheet
2. Access to tax credits (LIHTC and NMTC)	2. Gap financing or credit enhancement for projects
3. Understanding of what can be financed	3. Relationships with public sector officials whose support is needed to receive public benefits and approvals
4. Stabilization of neighborhoods around medical campus	4. Influential supporter on policy and regulatory issues
5. Capacity to broker relationships with multiple stakeholders	5. Data about local needs from CHNAs or social determinants assessments
6. Access to low-risk, high-impact mission investment opportunities	6. Credit-worthy tenants that ease underwriting for new mixed-use developments
7. Platform for improving health outcomes and reducing spending on unneeded healthcare services such as emergency room visits	

Gives and Gets: Affordable Housing Developers

Gives: What capable mission-aligned affordable housing developers can offer health systems	Gets: What mission-driven developers might get from health systems
1. Ability to execute important projects in disinvested or rapidly gentrifying neighborhoods	1. Land at below-market price
2. Understanding of market forces and what is feasible	2. Support (financial or in-kind) for resident services, including telemedicine, transport to health care providers, nutrition programs, etc.
3. Stabilization of neighborhoods around medical campus	3. Influential supporter on policy and regulatory issues
4. Community ties	4. Anonymized data about local needs
5. Low-risk, high impact mission investment opportunities	5. Financing—pre-development, equity, guarantee, patient loan capital
6. Platform for improving health outcomes and reducing spending on unneeded healthcare services such as emergency room visits	6. Anchor tenants or master leases for ground-floor spaces in new mixed-use developments
7. Development of workforce housing	

Spectrum of Engagement

Stance toward community	Ignore	Inform	Consult	Involve	Collaborate
Role	Marginalization	Outreach or Placation	Limited Voice or Tokenization	Voice: Influence/Representation	Delegated Authority
Involvement	Investment decision-makers don't consider community priorities	Investment decision-makers share plans and invite opinions.	Periodic meetings with limited community input, often project-focused. Input largely ignored.	Community representatives are at the planning table in an ongoing way.	Community approval is needed to access capital source.
Potential Outcomes	Projects may not benefit residents.	Financing decision makers equate public funding with community approval. Projects may have limited local benefits.	Project selection doesn't reflect community criteria and projects may have limited local benefit.	Community input is not integrated into projects, which may benefit residents but don't reflect priorities.	Residents choose or influence projects to better meet their priorities.
Examples	market rate projects, subsidies and tax abatements to attract companies, Opportunity Zone projects	Projects requiring zoning changes, public initiatives like master plans and local development districts.	Visioning sessions for publicly owned land; design charrettes	Steering committees for large public initiatives; CHOICE Neighborhoods	Participatory budgeting for slices of budget, successful lawsuit requires project changes to satisfy community
Common Practices	Top down, money talks	Statutory requirements for public notice, hearings, and comments	Requirements to seek and document community input when applying for funding or approvals	Community representation via advisory groups or community "seat(s)" required by capital sources	Certain decisions require "community" approval.
Relationship to the pipeline	Community unaware of pipeline	Projects are announced	Community provides input on visioning or deals in progress; limited developer accountability	Community provides input on pipeline priorities and deal selection.	A mechanism exists that allows ongoing "say" at portfolio or project level.

Moving Along the Spectrum

- 1 Assess Power Dynamic**
Assess and interrogate power dynamics and historical patterns
- 2 Identify Focus Community**
Clearly identify a community of focus based on assets and opportunities
- 3 Ensure Community Representation**
Assess how community is represented in your core team and partnerships
- 4 Develop Shared Purpose**
Ground the team in a shared purpose and values
- 5 Shift Power**
Plan to share and shift power through community engagement
- 6 Build Relationships**
Build and maintain reciprocal interpersonal relationships and Brave Space
- 7 Admit Inexperience**
Acknowledge and embrace what you do not know

Stakeholder Mapping



Consult the Spectrum of Engagement table and as a group use your flipchart to discuss and document the following questions:

- Where are you in the engagement spectrum?
- Where do you want to be?
- What would it take to move in that direction?

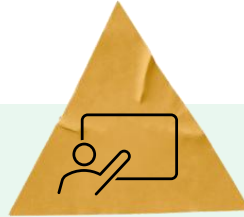
When we talk about community engagement, we are not talking about:



HIRING A CONSULTANT TO COMPLETE A REPORT

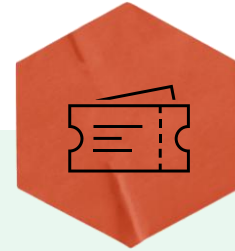
Hiring a consultant to write a report may bring new information to light, but it is not community engagement.

Community members are the best experts on their neighborhood.



HOSTING AN EVENT WITH A PRESENTATION ON COMMUNITY SERVICES

Hospital-led events that highlight existing programming & services are important to advertise services, but do not provide opportunity for conversation and accountability.



SPONSORING EVENTS

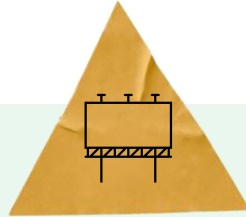
Sponsoring events is a great way to support local, community-based organizations, but sponsorship does not achieve systems change.

Examples of Practice That Work



FOCUS GROUPS WITH COMMUNITY AND HOSPITAL LEADERSHIP

Placing hospital decision makers at the same table as community members can lead to highly productive conversations that build relationships of trust and mutuality.



ATTENDING EXISTING COMMUNITY EVENTS AND TALKING TO PEOPLE

Show up authentically and do more listening than talking.



USING FEEDBACK AND INPUT TO GUIDE INVESTMENTS AND SPUR CHANGE

Trust is built slowly by following through on commitments and implementing change.

Understanding the Situational Awareness of Your Institution

Through completing Community Journey Map, your team has worked to understand the history and politics of where you seek to make investments. Now it's time to take a moment to reflect on if or how your own institutional actions, perceptions, and assumptions may have showed up.

	Answers to Questions in Column 1	Where did you get your information? How much of it comes from residents?	How is your health system viewed today in this respect? Does it show up in your work?
What are the events and forces that shaped and continue to influence the current realities in your focus area?			
What past community priorities are you aware of? Were they addressed? Have new ones emerged?			
Who are you partnering with to keep these issues at the forefront of your work? Where do they derive their authority from?			

Common Error Patterns to Avoid

Error Pattern	What It Can Look Like	Consider
Projects designed to meet investor needs, not community priorities	Trade offs that reduce impact to satisfy investor requirements	Line up resources up front to support projects that meet threshold and priority criteria
Leave finance to the finance people	Disconnect between planning and transactions	Keep community leaders at the table as equal decision makers
Not taking into account past community input	Community members experience “meeting fatigue” and find themselves repeating concerns	Be sure you’ve connected with representative leaders and organizations before hosting a convening.
Distracted by projects that don’t really meet shared priorities	Pressure or desire to include key leaders’ pet projects	Setting threshold criteria that create clarity to stay focused on shared priorities
Surprised to find that potential beneficiaries oppose a project that is in your pipeline	Community engagement is an adaptive activity at its core	Creating a platform for collaboration, and try small tests of change that address adaptive issues



Emergent Problem-Solving Tools

Many of the barriers to equitable community investment do not have technical solutions. As we seek to improve the vibrancy, health, or economy of various neighborhoods, we need to consider the underlying obstacles that have created the current conditions. For example, Structural Racism has shaped our financial systems to deliver more resources to communities that already have them and further disinvest in communities that don't, most often communities of color. While we cannot undo the past, we can strive to be intentional in how we move ahead.

This section offers iterative tools that can help name and tackle those underlying issues. Often, this will mean many actors working in alignment to achieve a broader, shared goal.

Adaptive Challenges

Understanding Adaptive Leadership is part of working for results and equity because it helps uncover new approaches to complex problems with no pre-existing solutions, or with solutions that aren't currently accessible, or skills not yet learned.

Technical challenges have known solutions. They can usually be solved by an authority figure or an expert.

“With an adaptive challenge the people with the problem are the problem, and they are also the solution.”

Adaptive challenges don't come with a manual or expert to call. Instead, the people involved in the challenge must create the solution together. Success depends on:

- The ability people have to coordinate and align on a wider scale.
- Willingness to change beliefs and habits to take up new roles.
- Willingness to challenge established practice.
- Combining expertise with flexibility.

Why Are Adaptive Challenges so Hard?

- New adaptations displace, reregulate and rearrange some old DNA
- Adaptive challenges generate loss (by analogy but it sure feels real!)
- One person's innovation can cause another person to feel incompetent, betrayed, or irrelevant
- Rearrange me! Not!
- Predictable defensive patterns at the individual and systemic level are to be expected. They can be counteracted.



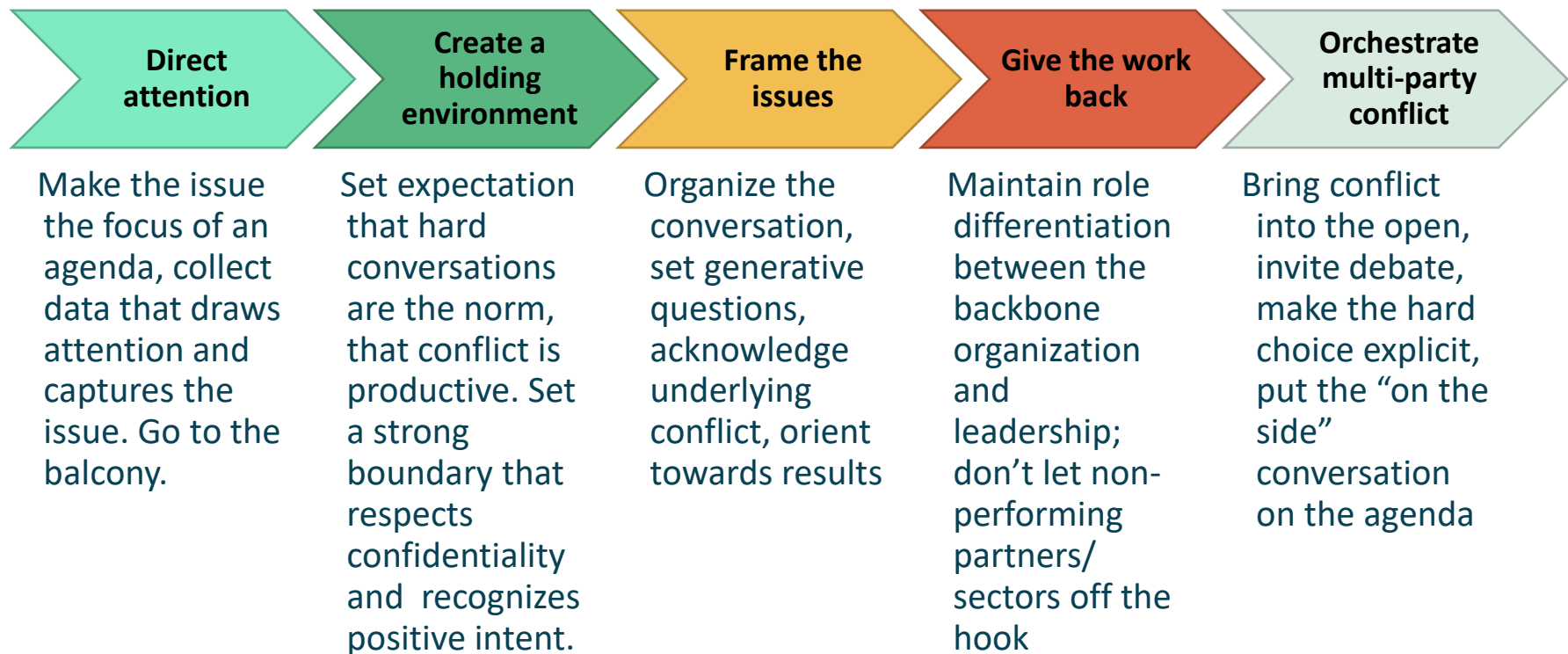
Archetypes of Adaptive Challenges

- 1. Gap between espoused values and behaviors.** Addressing this requires an honest look at where people are putting their time and how that stacks up with stated values.
 - **Example:** *An organization that advocates for economic opportunity for all but has a cohort of employees who are not making living wage.*
- 2. Competing commitments.** Competing commitments result in some difficult choices, which are often avoided. This means there are decisions to be made that are likely to cause losses for some people.
 - **Example:** *To expand state-level staffing and reduce program costs.*
- 3. Speaking the unspeakable.** The unspeakable unfolds in people's heads when speaking out loud is risky. Creating an environment where people can share the 'unspeakable' is critical to moving forward and developing adaptive solutions.
 - **Example:** *"Radical" ideas, difficult issues, and interpretations of conflicting perspectives.*
- 4. Work avoidance.** This is generated by people's desire to stay in their comfort zone even if it does not serve them or their result. A team needs to examine its work avoidance tactics, particularly in times of stress when work avoidance is often heightened.
 - **Example:** *People blame external forces for a mistake or missed opportunity -displacement of responsibility - or change the subject or start a distracting fight when someone insists on discussing the problem - diversion of attention.*

Adaptive Leadership Worksheet

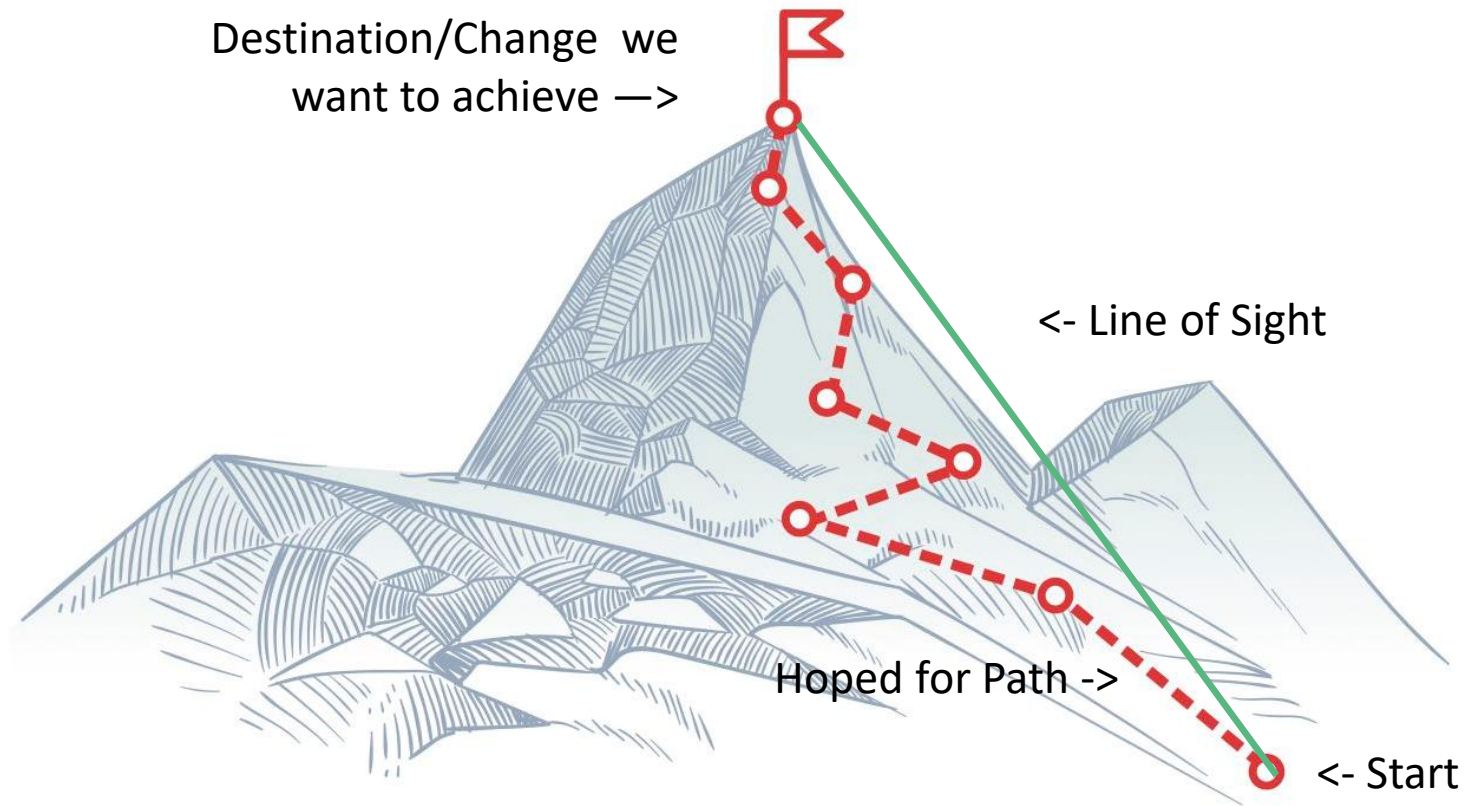
What's the Adaptive Challenge?	Specifically, what does it look like?	What can you do? What are the options?	What can you do? Who can help?
Competing priorities	You've been asked to shrink community benefits	Argue for those funds to be budgeted as investments instead	Member of finance to calculate the size of an investment if the proposed cut was an annual subsidy vs. current low yield investments
Values gap	We say "community means everything" but no community assets in campus plan	Consider donating parcels without clear use or adding housing/workforce training to plan	Talk to facilities/real estate team to understand what property could be repurposed or leased to community partners for win/win projects

Getting to the Adaptive Work



Line of Sight

A **line of sight** is a straight line along which an observer has unobstructed vision.

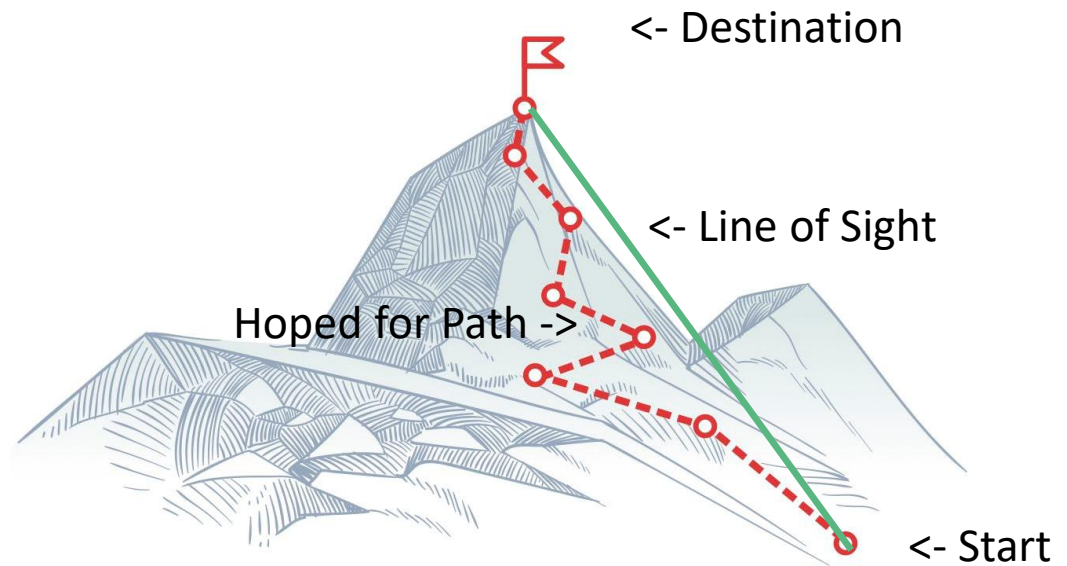


Line of Sight materials adapted from Marilyn Darling's work on emergent learning. See "Emergent Learning: A Framework for Whole-System Strategy, Learning and Adaptive," The Foundation Review (Vol 8, Issue 1) by Marilyn Darling et al. and "A Whole Greater than Its Parts" <http://www.4qpartners.com/emergence.html>.

Working with a Line of Sight

Holding a line of sight means maintaining unobstructed vision between current decisions and actions to their ultimate desired outcome or result.

In other words, developing a **line of sight** to a desired change (significant outcome or result) is a way to understand and keep in mind the path from the current reality to the longer-term imagined and desired change.



Line of Sight materials adapted from Marilyn Darling's work on emergent learning. See "Emergent Learning: A Framework for Whole-System Strategy, Learning and Adaptive," The Foundation Review (Vol 8, Issue 1) by Marilyn Darling et al. and "A Whole Greater than Its Parts" <http://www.4qpartners.com/emergence.html>.

Why Hold a “Line of Sight”

Having an explicit line of sight:

- Allows for shared inquiry and shared imagining/planning/discovering
 - Makes the shared result less abstract by allowing partners to build and hold a shared sense of the path to the result.
 - The line of sight becomes a shared “object” between partners
- Can help hold racial equity front and center, even in the face of challenging implementation
- Makes thinking and decision-making in the context of a shared result visible
- Opens the door for a set of hypotheses about what it will take to achieve the shared result
(Understanding there are multiple pathways to the results)

Line of Sight materials adapted from Marilyn Darling’s work on emergent learning. See “Emergent Learning: A Framework for Whole-System Strategy, Learning and Adaptive,” The Foundation Review (Vol 8, Issue 1) by Marilyn Darling et al. and “A Whole Greater than Its Parts” <http://www.4qpartners.com/emergence.html>.

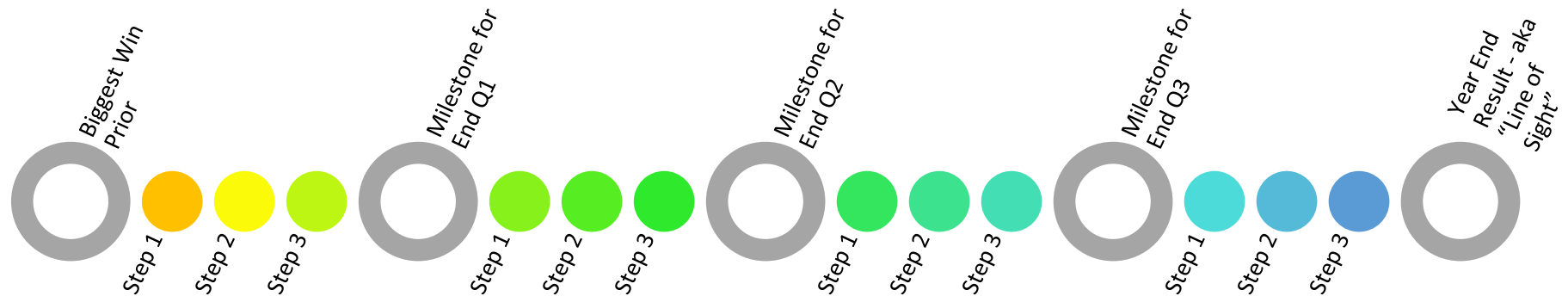
Some questions to guide shared inquiry toward your line of sight

1. What will it take to achieve this change?
2. Who will benefit from this effort?
3. How will we need to shift business as usual to move toward our desired change?
4. How will we know we are making progress against our line of sight?
5. What will X (action commitment, strategy, program, etc.) help us accomplish?
6. How will X help us achieve our desired change?
7. What will it take to do X in a way that moves us toward our desired change?
8. What support or skill will enable the next right step toward our desired change?
9. What do we or X need to put in place to ensure we achieve our desired change?
10. Who must be consulted before we commit to this decision?

Line of Sight materials adapted from Marilyn Darling's work on emergent learning. See "Emergent Learning: A Framework for Whole-System Strategy, Learning and Adaptive," The Foundation Review (Vol 8, Issue 1) by Marilyn Darling et al. and "A Whole Greater than Its Parts" <http://www.4qpartners.com/emergence.html>.



One Year Line of Sight Planning Tool



1. First, start by naming the most important related win you have achieved that sets the course for what you believe you can achieve.
2. Next, name how far you hope to get one year from now. **This result will be your line of sight.** Use the tools and questions on the previous pages to help lock that in with your team.
3. Finally, fill in the steps and mile markers that will ensure you are on the hope for path. Remember, these might move or change as you get started.
4. **Revisit this throughout the year with the team.** If you are not on the hope for path, what steps would it take to get back on track or closer to your line of sight from where you find yourself? How can you change course to achieve your result?

Aligning Your Work in the Organization

Considering your organizational approach to the Anchor Mission, where can you align this work, and which institutional levers could you include? Be specific and work through choices one at a time.

Name the Lever:

Why is this system lever important? How will it help achieve your shared priorities?	
Options for action that would help move this lever	
What would make us successful?	
What challenges are we likely to face?	
Potential unintended consequences	
Who can we enlist to help? What information do they need to commit?	
What is an action or small test we can take in the next 30 days to get feedback?	

Aligning Your Work: **EXAMPLE**

Name the Lever: Government Affairs (GA) Team and Vendors

Why is this system lever important? How will it help achieve your shared priorities?	<ul style="list-style-type: none"> We and our partners recognize enabling environment changes are needed to meet our shared priority Elected officials have been critical of 501c3 status and this is an opportunity to engage lobbyist in and relationships in a way that benefit the community
Options for action that would help move this lever	<ul style="list-style-type: none"> Consult with housing advocates/coalitions to identify one or two existing priorities that align with our goals/shared priority Develop a targeted outreach approach to help advance that priority and builds good will with elected leaders and housing partners
What would make us successful?	<ul style="list-style-type: none"> Targeted conversations with ranking committee members to explain how housing stability and quality improve health outcomes
What challenges are we likely to face?	<ul style="list-style-type: none"> Seen as “out of our lane” and concerns about diluting other core lobbying activities
Potential unintended consequences	<ul style="list-style-type: none"> Asks from additional coalitions to support additional non-core policy issues
Who can we enlist to help? What information do they need to commit?	<ul style="list-style-type: none"> GA to consult retained lobbying firm without any current deliverables <ul style="list-style-type: none"> Help assess perception and opportunity Mitigate any unintended consequences
What is an action or small test we can take in the next 30 days to get feedback?	<ul style="list-style-type: none"> GA will have informal conversation with health and human services agency to test their reaction to your proposed support GA will meet with friendly elected official to gauge reaction to your planned effort and assess if your institution is adding value

Thinking and Acting Politically

When it comes to addressing adaptive challenges, it is important to have strategies for acting politically.

By acting politically, we mean using your awareness of the limits of your own authority, and of stakeholders' interests, as well as power and influence networks in your organization, to forge alliances with people who will support your efforts, to integrate and defuse opposition, and to give valuable dissenting voices a hearing as you adjust your perspective, interventions and mobilize adaptive work.



Excerpted from *The Practice of Adaptive Leadership*.

What does it take to act politically?

1. **Expand your Informal Authority:** The more informal authority you have, the less you will need to transgress expectations, with all the risks that entails to lead adaptive change.
2. **Find Allies:** Allies operate across boundaries and therefore have another set of loyalties beyond their loyalty to you or your perspectives.
3. **Stay Connected to the Opposition:** Compassion and empathy . . . [are] critical tools for comprehending the potential losses at stake for your opposition.
4. **Manage Authority Figures:** You need to prepare them for the disequilibrium you are going to generate in the organization. Once the disequilibrium sets in, you must “read” them for signals suggesting how much heat the organization can stand.
5. **Take Responsibility for Casualties:** If you are trying to exercise adaptive leadership, you will need to shoulder responsibility for these inevitable casualties. That means paying attention to them: spend time with them, acknowledge your role in their difficulties, and find ways to help them endure the experience or get on with their lives in another way.
6. **Protect and Engage the Voices of Dissent:** They have the uncanny capacity for asking the really tough key question that you have been unwilling to face up to yourself or that others have been unwilling to raise.

Excerpted from *The Practice of Adaptive Leadership*.

Thinking and Acting Politically... Keep in Mind

1. What is the most powerful narrative/case you can frame about this change? How explicit can you be about race and power?
2. How can we influence the decision maker(s)? Think negotiation, pressure, influence, recruitment.
3. Who do you know that influences the decision maker, and how can you involve them in our strategy?
4. For any of the players you have prioritized but who are not already supportive, can we move them to be more supportive?
5. How can you neutralize the impact of those with opposing views?
6. How can you organize the people directly affected?

Excerpted from *The Practice of Adaptive Leadership*.

Thinking and Acting Politically

Sample Worksheet

Context

Population Level Result: All children ready for school

Program Result: Increase funding to advanced childcare center to pilot education curriculum

Key Strategy Working to Implement to Support Result: Shift from a childcare system to an early childhood education system

Stakeholder	Relationship To Issue	Contribution To Result	Preferred Outcome	Noblest Values	Loyalties	Potential Losses	Hidden Alliances
Deputy Mayor	Oversees DHS which currently licenses and funds childcare system	Can greenlight shift thru influence on mayor and mandate to DHS	Shift happens but in slow phasing with a 3-year period of piloting with a small group of the most advanced childcare centers	High quality and reliable services is the public sector's duties	Thinks some care is better than no care	Doesn't want to put centers in the poorest areas out of business	Ran the childcare provider's alliance and mentored the DHS director

Thinking and Acting Politically Worksheet

What Result Do You Hope to Achieve?

(Write that here)

- Who needs to be involved?
- What do they need to contribute?
- How can you motivate them to support your effort?

Complete the table to the right to answer those questions. You might find it helpful to complete one of these tables for multiple stakeholders.

Stakeholder	
Relationship to the Issue	
Contribution to Intended Result	
Their Preferred Outcome	
Their Noblest Value(s)	
Who are the Loyal to?	
Potential Loss(es) for this Stakeholder?	
Might They Have Hidden Alliances?	

High Alignment/High Action Instructions

Phase 1

1. Start by generating the names of potential partners, write the name on a post it.
2. Next order those partners along the bottom line of the alignment – with least aligned to the left and most aligned to the right. (No Ties!)
3. Once you rank partners by alignment move their post-it vertically based on their ability to make an impact or take action towards on your share priority.

Phase 2

Now that you've completed the grid:

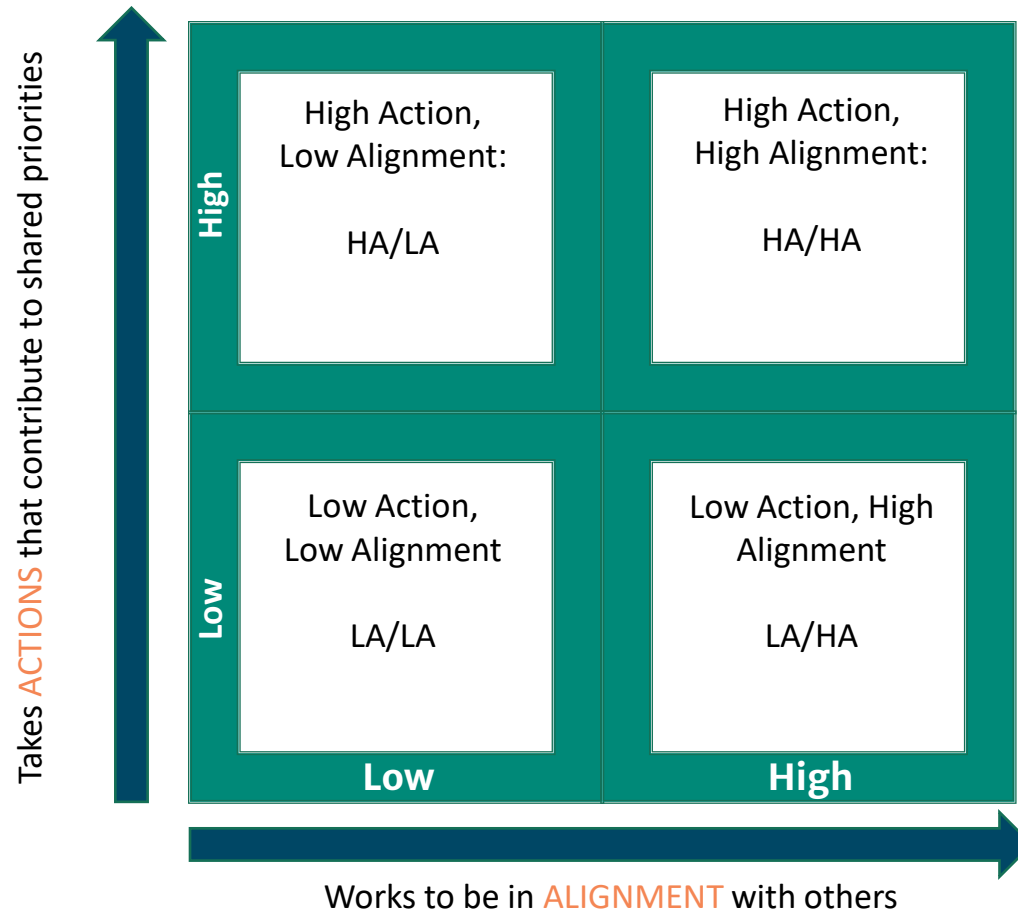
Who can you bring into higher action or higher alignment?

Pick 1 to 3 of the people or organizations you mapped out.

- How might you support them shifting into higher action/alignment?
- What are your opportunities to do so?
- Consult the thinking and acting politically worksheet if you need help getting started.

High Action, High Alignment

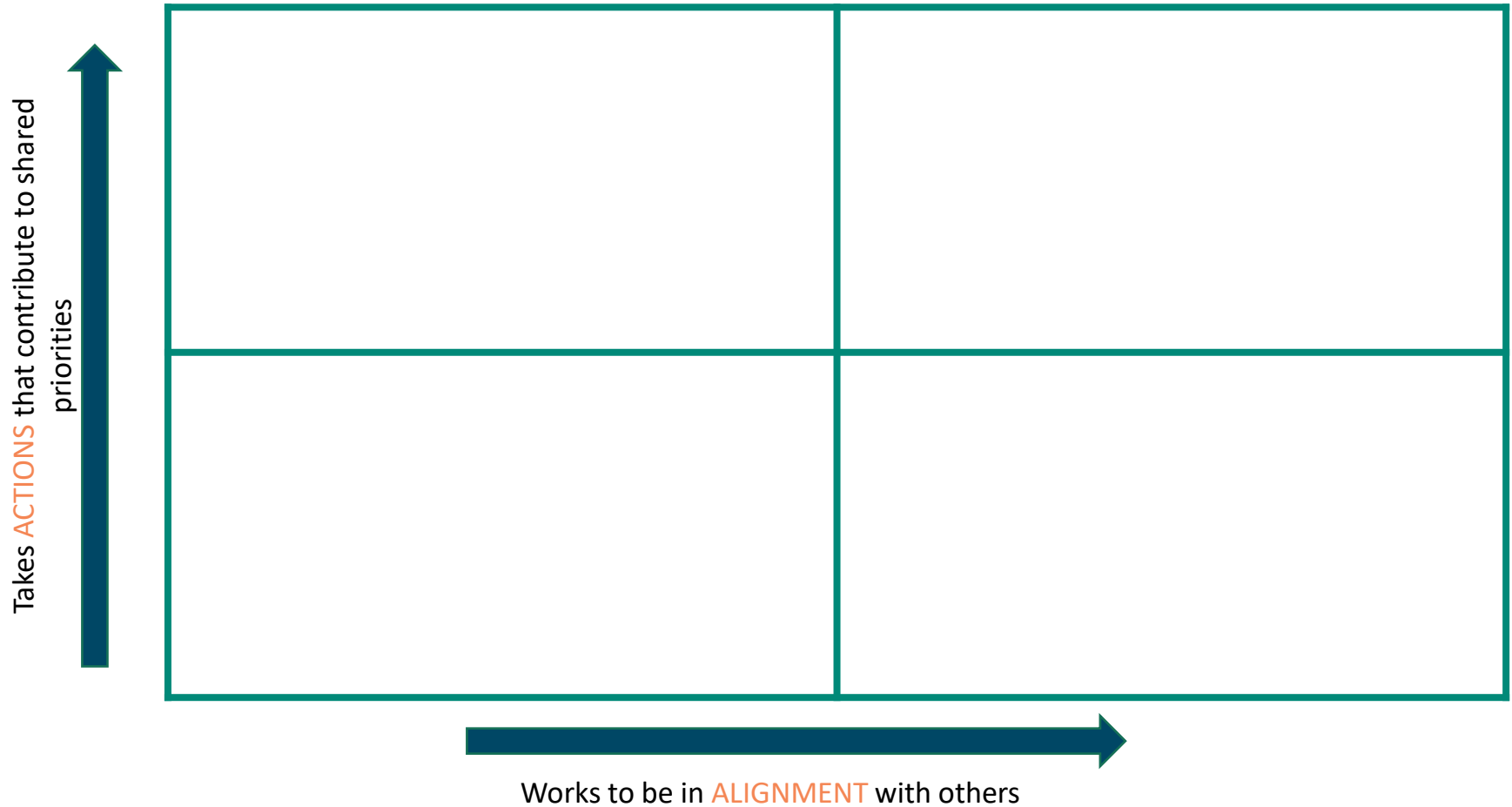
Aligned Action for Shared Priorities



CCI's thinking on and use of HA/HA was developed and adapted by Marian Urquilla from the work of Victoria Goddard-Truitt and Jolie Bain Pillsbury and laid out in *From Silos to Collaborations: Building a Health Partner Investment Strategy*

Map Your Own

Aligned Action for Shared Priorities



CCI's thinking on and use of HA/HA was developed and adapted by Marian Urquilla from the work of Victoria Goddard-Truitt and Jolie Bain Pillsbury and laid out in *From Silos to Collaborations: Building a Health Partner Investment Strategy*

Annotated Strategy Triage Tool

Guiding Question/Line of Sight*: What will it take to . . . ?

The guiding question defines the line of sight: Where are you heading? What are you trying to achieve? The question should be open-ended and future focused. It should not make assumptions about who is responsible or what the solution is.

Current Priority—Still Relevant—Continues Forward (with modified approach)

These are items that are relevant and possible and will go forward, though perhaps not as planned. Make a few notes on likely modifications.

Pause & Resume when crisis “over” (assuming a 6-18 month delay—high uncertainty)

These items will be paused. They are either not feasible now, or they need to be paused to make room for emergent priorities. You don’t really know for how long. Six to nine months is a ballpark and may be too long or too short.

Emerging Priority or Existing but Newly Prioritized (because of current conditions)

These items are new or newly prioritized items that are on the table (or front burner) because of current conditions. You are being asked to do them or you realize they are necessary and/or urgent.

Unknown Status/Approach (need more data, too much in flux to know)

These are items that are either unclear or too much in flux to decide. You need to have more data, talk to others, or let the dust settle a little bit before deciding.

Honor and Let Go (not going to happen)

Conditions make these items impossible.

Strategy Triage Tool

What will it take to... ?

Current Priority—Still Relevant—Continues Forward (with modified approach)	Pause & Resume when crisis “over” (assuming a 6–18-month delay—high uncertainty)
Emerging Priority or Existing but Newly Prioritized (because of current conditions)	Unknown Status/Approach (need more data, too much in flux to know)
Honor and Let Go (not going to happen)	



Community Investment Basics

Community Investment is a complex field. Organizations, such as, the [Opportunity Finance Network](#) can help understand the broader landscape of community investment (or to locate a local CDFI).

This section is not designed to provide a thorough overview, but rather, highlight some key concepts and approaches. It also offers examples for how health systems have invested and contributed to their community investment eco-systems.

Five Principles for an Upstream Investment Action Plan



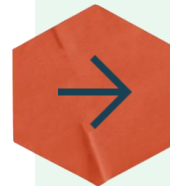
Don't go it alone— this is a team sport.



Make it strategic— maintain focus; think systems; use opportunities to advance the cause.



Seek to maximize impact— how can your dollars and activities have the greatest ripple effect?



Get going!

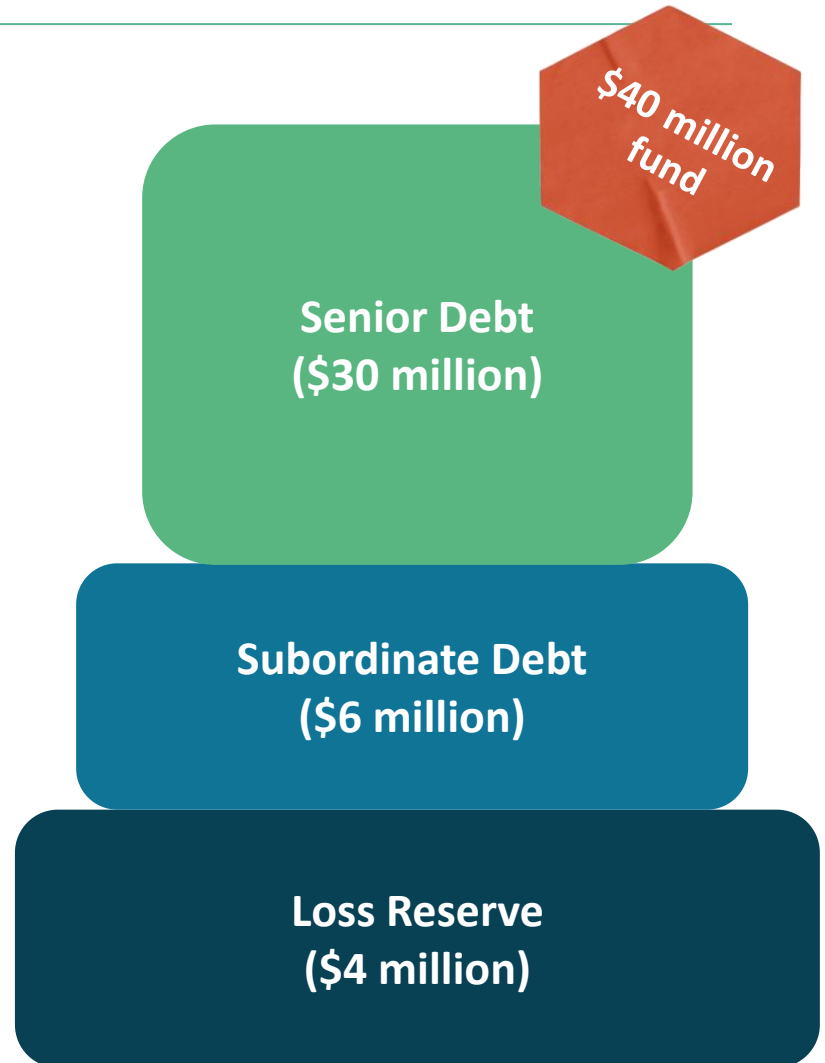


Be community-driven— “nothing about us - without us.”

Reducing Risk using a Capital Stack

A capital stack is a structure that layers together capital from investors with different risk and return expectations to finance a particular project or group of projects.

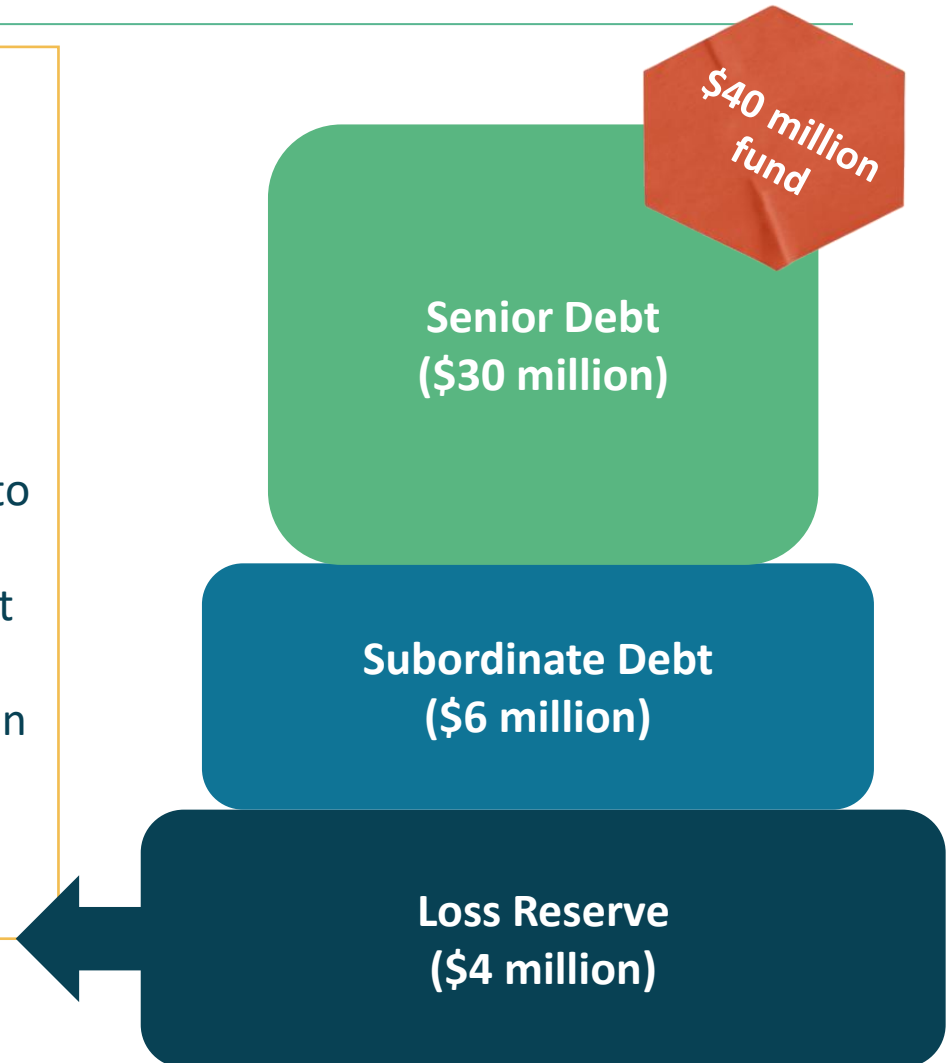
- This includes capital from multiple sources that is pooled and organized by a third party – like a CDFI.
- Investors can participate in different ways and at different risk levels.
- Often, but not always, the pool is anchored by credit enhancement, a bottom layer that absorbs the first losses.



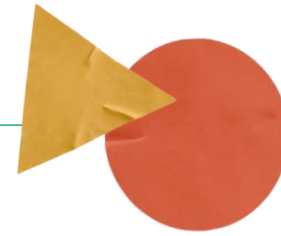
Reducing Risk using a Capital Stack

Credit Enhancement

- Often, but not always, the pool is anchored by credit enhancement, a bottom layer that absorbs the first losses.
- Credit enhancement can be done in different ways. A third party may provide a guarantee or loss reserve to help reduce the risk of the transaction, reassuring investors that they will be repaid.
- Illustrated here as a Loss Reserve, can encourage other investors to participate in transactions where they might not otherwise.



The Icing on the Capital Stack



Think of a capital stack like a layer cake. Each layer is equally as important as the others. However, external observers only see the whole cake.

The same is true if your institution participates in a loan fund, homeless shelter, or any other form of community investment project. The public won't see a \$2 million loss reserve from the hospital. They will see a \$20 million new housing program capable of preserving 2,000 affordable rentals.

Options for Investment in Housing

	Level				
	Individual	Project	Enterprise	Intermediary	System
Invest for Impact Expectation of at least return of principal		Invest in specific projects that develop or preserve of affordable housing using debt, equity, or tax credits	Invest (equity or long-term debt) in developers of affordable housing or a CDFI	Invest in capital pools, funds, or other structured agreements	
Mitigate Risk Provide guarantees or other credit enhancements		Fund loss reserves or provide guarantees (aka letters of credit) to individual projects		Fund loss reserves or provide guarantees to a specific capital pool or fund	
Subsidize Provide grants or subsidies	<ul style="list-style-type: none"> · Provide “Live Local” incentives to employees · Remediate mold, pests, lead 	<ul style="list-style-type: none"> · Provide gap funding to priority projects · Fund resident services · Pay for remediation 	Provide capacity building or operating support to neighborhood organizations or CDCs	Provide grants to CDFIs or local governments for capacity building or lending	
Advocate Enabling Environment		Support zoning or other needed approvals for priority projects			Support policies that promote affordable housing production or preservation; create funding sources; or protect tenants

Capital Solutions: A Spectrum

Simplicity

Complexity

Direct Obligation

Your organization makes a loan or credit enhancement directly to a partner or project because it advances your shared priority, and you believe in the credit worthiness of the recipient.

Only need to negotiate agreement between two parties.

Credit Enhanced Obligation

Your organization reaches an agreement to provide a Guarantee to another party (e.g., Bank or Foundation) to reduce risk for the other lender because that investment advances your shared priority, you believe in the credit worthiness more strongly than the other investor, and a larger investment than what you can offer alone is needed.

The underlying agreements will reference each other or be created in coordination.

Open Fund or Capital Pool

Your investment goes to an intermediary (e.g., CDFI or RDA) to manage alongside additional grants, loans, etc. The intermediary does not establish a separate legal entity for all the capital, but it does provide transparent reporting on potential projects, the use of capital, performance of loans made, and impact of the capital pool.

Each Capital Contributor defines their reporting needs and participation independently – but intermediary shows all active capital using GAAP.

Closed Structured Fund

A fund manager creates a separate legal entity to receive and make investments. This is done when multiple lending partners (e.g., > 3) have different risk requirements and commitment sizes. This new entity maintains separate books, accounting. It may even have its own investment committee, or board, comprised of investors or their representatives.

This entity has rules and investment positions predefined by the fund manager.

Capital Solutions: Health Care Examples

Simplicity

Complexity

Direct Obligation

Bon Secours Mercy and CommonSpirit both administer 0% Loans to projects that advance their mission. These funds have been used in many different projects and markets over the year. Typically, the terms extend beyond 10 years.

Credit Enhanced Obligation

Nationwide Children's Hospital utilized a \$1.5 million unfunded loan loss guarantee to support OCFC (a CDFI) in creating a \$15 million revolving loan fund. The result was hundreds of homes near their campus.

Open Fund or Capital Pool

UPMC Health Plan, a CDFI, and National Foundation came together to create a \$7.5 million capital pool for affordable housing. All loans are made Pari Passu (drawn in proportion to the amount of capital committed).

Closed Structured Fund

UPMC Health Plan attracted new CDFI with skills to manage a structured fund and partnered with two local foundations to create a \$10 million revolving fund that offers up to \$2.5 million for preservation projects.

How do I choose a capital solution?

Direct Obligation	Capital Pool or Structured Fund
< \$20 million capital needed (for a pipeline of projects)	> \$20 million (or more) of capital needed (for a pipeline of projects)
<p>1 maybe 2 investors make an investment to:</p> <ul style="list-style-type: none"> • Enterprise (e.g., non-profit developer) • Intermediary (e.g., CDFI) 	<p>Multiple investors place capital with</p> <ul style="list-style-type: none"> • The same Fund Manager/intermediary • May require additional fees for management, legal, or accounting services
Investors have similar feelings about risk and needs for rate of return	Investors have diverse return needs and risk appetites. The structure defines each role and expectations and outcomes are clear.
<ul style="list-style-type: none"> • Straightforward investment agreement • Use of funds highly specific 	<ul style="list-style-type: none"> • Fund Manager needed to coordinate and mitigate risk might • Investments decisions made based on guidelines (and possibly committee process)

Range of Health Sector Investments into Affordable Housing,

so far...

UPMC Health Plan made a long-term (10+years), low-interest loans to two CDFIs for affordable housing preservation and development.	Nationwide Children's Hospital provided a \$1.5 million guarantee to unlock \$15 million for a fund to preserve affordable rentals.	Boston Medical Center, a safety net hospital, made a 20+ year, 0% non-recourse loan to an intermediary to finance three LIHTC projects.	In addition to 105 community investments totaling \$165 million, CommonSpirit made a loan to small nonprofits developing single family homes for purchase.	Several hospitals have made grants to local Community Land Trusts to acquire land and develop/rehab homes.
Kaiser Permanente has invested over \$200 million in funds to develop and preserve affordable and permanent supportive housing.	United Health Group is buying Low Income Housing Tax Credits, investing in pooled funds, and making grants to develop rental housing and pay for on-site services.	CareSource, a managed care plan, is making loans and grants to CDFIs and developers leveraging its FHLB membership. They've committed \$50 million for lending to CDFIs in 5 states.	UPMC leased surplus land in Pittsburgh at \$1/year to a developer of affordable senior rental housing and donated 3 parcels for LIHTCs in Lancaster as part of multi-phase redevelopment.	SBH Health System donated two properties across from the hospital to a developer who built 75% affordable units, including 95 for homeless families.

Case Study: Pittsburgh, PA



UPMC is a \$24 billion world-renowned health care provider and insurer based in Pittsburgh, PA. It operates 40+ hospitals, employs over 92,000 staff, including nearly 5,000 doctors, and operates a health plan that covers over 4 million lives across PA.

- In 2020, “UPMC for You” approved \$15 million dollars to be made available as long-term (10+ years), low-interest (2%) debt to CDFIs (community-development finance institutions).
- First Loan was \$3 million of a \$7.5 million “Affordable Housing Loan Program.” Prior to this Bridgeway Capital did not have an explicit “affordable housing” program, though they had done many loans as part of small business/commercial real estate portfolios. This program has:
 - Grown the fund to over \$10 million dollars through philanthropic and CRA commitments and supported over 500 units
 - Bridgeway is now working to scale this portfolio and has become competitive for US Treasury’s Capital Magnet Funds.
- Second Loan was \$5 million of a \$11 million of “Preserve Affordability Pittsburgh” managed by Cinnaire Lending. This will:
 - Bring another high capacity more housing focused CDFI to the market. This fund is specifically for existing apartments that are occupied by and affordable to low-income families and anticipated to keep 1,000 families in place.
 - Additionally, UPMC for You helped launch a Preservation Working Group that advocated a \$9 million fund for more distressed properties in Pittsburgh and a \$100 million state-wide grant program that emphasizes emergency repairs, preservation, and conversation projects.

Case Study: Columbus, OH

Healthy Neighborhoods Healthy Families—a collaborative public-private partnership among Nationwide Children’s Hospital, a faith-based Community Development Corporation, United Way, and the Mayor’s Office—was founded in 2008 to improve child health in Columbus, Ohio.



- In 10 years, the partnership has produced roughly \$80 million in affordable housing development (completed or in contract) on Columbus’s South Side.
- Utilized a guarantee as a financial incentive to unlock additional investment from partners
- More recently, HNHF expanded its efforts to the Linden neighborhood:
 - invested \$874K through the city Home Repair Program, repairing both owner-occupied homes and homes rented to low-income families
 - Began construction on 20 affordable rental homes; funding committed for 12 home ownership projects
 - Established the Linden Healthy Homes Fund - \$4.4M managed by a local CDFI, included hospital and health plan subordinated investment
 - Opened the Linden Fresh Food Market - provides free produce and groceries to households earning <200% of poverty level

Investing Across a Spectrum of Housing Needs

Target Populations:

People with Disabilities, Behavioral Health Issues

Low-income Seniors

Low-income Adults and Families

Workforce and Moderate Income Households

