

# Housing *is* Healthcare: Now What?

September 2025



**HOUSING and  
HEALTH INITIATIVE**



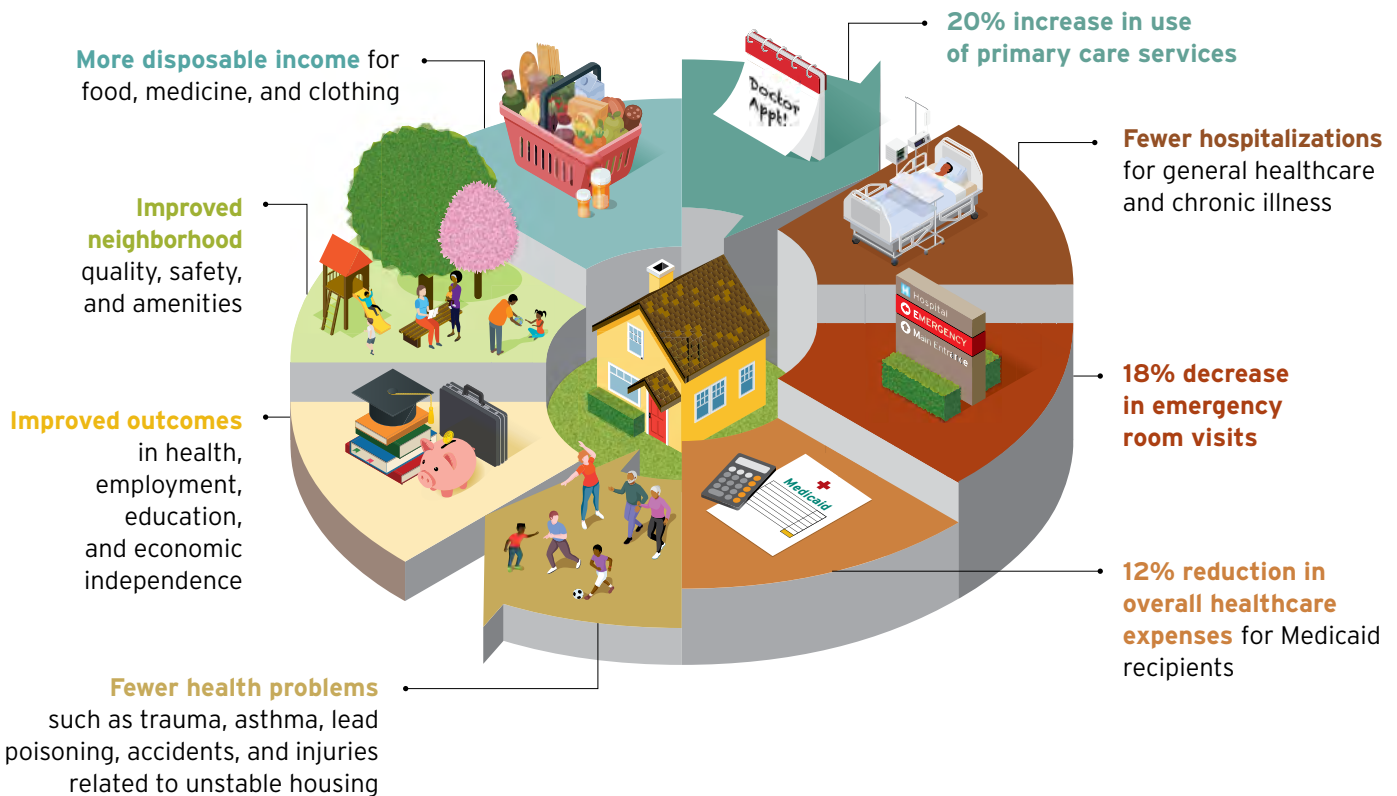
## Housing is Healthcare: Now What?

Greater Minnesota Housing Fund (GMHF) has a strong 30-year track record of investing in and financing affordable housing in Minnesota, with a substantial focus on connecting housing to health and the human services that individuals and families need to thrive in their communities. In 2021, GMHF doubled down on its efforts with the Housing & Health Initiative to forge deep and trusting relationships with multiple healthcare systems and learn together how our collective work can expand housing and health impact.

GMHF offers a new opportunity for aligned investment, a **\$30,000,000 Healthcare for Housing Fund** to expand access to housing and improve access to healthcare for thousands of people in communities throughout Minnesota.

## The Evidence: Housing Improves Health Outcomes

A significant body of research links housing stability with improved individual and population health outcomes. Housing stability can also lead to more efficient and effective utilization of healthcare and potentially create cost offsets to healthcare. *Health Affairs*, a respected health journal, dedicated an entire issue in 2024 to housing and health ([healthaffairs.org/housing-and-health](https://www.healthaffairs.org/housing-and-health)). It highlighted equitable, evidence-based strategies to prevent homelessness and improve housing stability and population health outcomes in the years ahead. The research shows housing stability improves other social determinants of health outcomes like a child's education, employment stability, mental health, and many others.



## Why Do It? Benefits for Healthcare

Six different but complementary value propositions collectively provide a compelling case as to why healthcare systems and payors should engage and invest in affordable housing:



**ACHIEVING MISSION:** Investing in affordable housing aligns well with the mission of most healthcare systems: to

improve the health and well-being of patients, members, and people in the communities they serve. Leveraging regulated capital and balance sheets to invest in affordable housing can strengthen and complement their clinical and operational efforts.



**ENHANCING COMPETITIVENESS:**

Health systems and managed care organizations (MCOs) compete for government contracts for Medicaid and other healthcare services. For Medicaid, investments in affordable housing provide a key differentiator in request for proposals (RFPs) with the state and counties in many parts of the application process where competitors are otherwise equal. A portfolio of housing investments demonstrates an MCO's commitment to the health and well-being of the communities they serve in a way that is "plan agnostic" benefiting the entire community rather than plan members specifically. This includes workforce housing options needed to attract and retain employees of healthcare systems, which also enhances competitiveness.



**REWARDING FINANCIAL AND INSTITUTIONAL RETURNS:**

Investing in affordable housing is a smart, sound financial investment that provides strong risk-adjusted returns with extremely limited exposure to risk of financial loss. A study by CohnReznick (a leading tax credit advisory and accounting firm) found that the **cumulative foreclosure rate for Low-Income Housing Tax Credit properties is less than 0.7%** over the life of the program.



**HEALTHCARE VALUE PROPOSITION**

**& OUTCOMES:** Substantial evidence

demonstrates that access to a stable, affordable place to live has a positive impact on health outcomes and can reduce costly utilization of healthcare services, emergency rooms, and hospitalization.



**REPUTATIONAL CAPITAL WITH CUTTING**

**EDGE STRATEGY:** Health systems benefit when they are seen as leaders in their field.

Shifting toward investment and practice in addressing social determinants of health is cutting edge. Systems that invest in upstream health solutions demonstrate creativity and boldness and attract attention from peers, government regulators, and the community.



**EXCEEDING COMPLIANCE EXPECTATIONS:**

To maintain their tax-exempt status, hospitals and health systems are required to make annual investments in the communities they serve through "community benefits" investments. Affordable housing is almost always one of the top needs identified by the Community Health Needs Assessment, conducted to identify and guide their investment and grantmaking.

"These (investment) activities offer us a new toolbox to align, expand our leadership, and complement our impact with strategic partnerships in the surrounding community for the health of our neighbors and community."

*Kevin Boren, CFO, Essentia Health*

## How to Do It? Affordable Housing Investment Options for Healthcare

Healthcare can invest in affordable housing in their communities in a number of ways including, but not limited to, GMHF's Healthcare for Housing Fund. An MCO can **leverage** its **"regulated capital"** — capital required by states to have on its balance sheets. Other stakeholders can **leverage** their own **balance sheets to invest**. Healthcare stakeholders **do not need to allocate "new" money to invest**. Options include:

**GMHF'S HEALTHCARE FOR HOUSING FUND:** Greater Minnesota Housing Fund has established a Healthcare for Housing Fund with an aim to aggregate \$30 million from healthcare institutions and others to expand the supply of affordable housing across communities in Minnesota. The fund allows investors to pool funding with other partners to maximize leverage and impact and mitigate risk. The fund provides concessionary financing to fill critical gaps and catalyzes the development of more affordable housing in communities throughout the state. Flexibility in the fund allows investors to target investments in priority communities they serve.

**LAND OWNERSHIP AND DONATION:** Some healthcare and hospital systems own land that is currently not utilized or is underutilized. Setting aside excess land and/or buildings and granting it (or executing a 99-year ground lease) creates an enormous opportunity. This option can expand the supply of housing proximate to their facilities by eliminating or reducing site acquisition costs.

**DIRECT INVESTMENT & PARTNERSHIP:** Minnesota is blessed with a strong affordable housing system and developer capacity to create more affordable housing. Direct project investment and partnership with a trusted and experienced development partner offers another avenue for investment in specific projects of interest to healthcare. GMHF can help navigate this system and foster these partnerships using our statewide network.

**LOW INCOME HOUSING TAX CREDITS (LIHTC):** For-profit entities have an opportunity to invest equity (cash) in affordable housing in exchange for receiving federal tax credits to offset tax liabilities. LIHTC has a very strong track record as a safe investment with solid risk-adjusted returns. Minnesota also has a State Housing Tax Credit program. Contributors can receive an 85% state tax credit against their state tax liabilities.

**FOR ADDITIONAL OPTIONS:** refer to information on the GMHF website ([gmhf.com/programs/housing-health/](http://gmhf.com/programs/housing-health/)) or consult with GMHF staff.

## Key Impacts of a \$30 Million Aligned Fund

**YOUR INVESTMENT IN THE HEALTHCARE FOR HOUSING FUND WOULD HAVE GREAT IMPACT OVER 10 YEARS.**



units of housing created and preserved



people housed



additional funds leveraged (public/private)




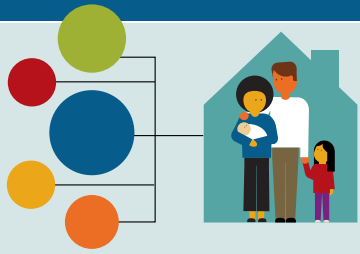



Target geographic regions and investment priorities for proximate impacts



# Busting Myths about Affordable Housing Investment

A number of healthcare institutions (and others) believe they are not a good fit as investors in affordable housing. This is usually not the case. Common misperceptions organizations have are:

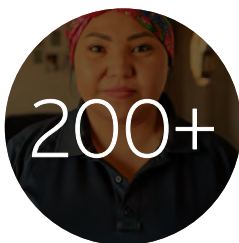
1	MYTH	<b>My organization is a nonprofit and cannot benefit from investment through tax credits.</b>	
	FACT	While nonprofits cannot benefit from federal tax credits, they can provide critical gap financing (debt) to supply catalytic capital needed to finance affordable housing.	
2	MYTH	<b>Investing in affordable housing is a risky financial proposition.</b>	
	FACT	Investing in affordable housing is NOT risky. The default rate on investments is less than 1%, and GMHF has invested \$3M of its own equity in the Fund as a “guarantee” in the capital stack. Healthcare would be almost entirely protected from loss of principal.	
3	MYTH	<b>I do not have “new” money to invest.</b>	
	FACT	Health plans and health systems do not need “new” funding. They (you) can leverage balance sheet capital and regulated capital for managed care plans to invest in affordable housing.	
4	MYTH	<b>My organization does not have the resources of big national players.</b>	
	FACT	Maybe not, but you can invest in affordable housing at a scale that works for your organization’s size and priority geographies. Investing in a fund like GMHF’s enables you to invest a smaller amount that is aggregated with other investors for greater impact.	
5	MYTH	<b>My health plan does not have enough density of membership in communities for it to make sense for us.</b>	
	FACT	Investments in affordable housing are made in a “plan agnostic” way — focusing on individuals and families that meet specific low-income criteria regardless of health plan. This approach enables plans and health systems to invest in a way that provides broader impact and benefit to the communities they serve.	

## Why Invest with GMHF?

GMHF is Minnesota's leading nonprofit funder of affordable housing and a Community Development Financial Institution (CDFI) with:



invested in  
affordable  
housing



Minnesota  
communities  
served



homes financed  
for individuals  
and families with  
children from low-  
to moderate-income  
households



mobilized and  
leveraged



Robust research  
and innovation

### GMHF deploys capital to finance affordable and supportive housing and seeks to address housing as a social driver of health. GMHF:

- Is a certified CDFI with an Aeris rating of ★★★★★ AA+ Policy Plus, with strong operating systems, sound corporate governance, actively managed loan loss reserves, and best-in-class underwriting and asset management. GMHF's loss rate is less than 1%.
- Is Minnesota's largest statewide nonprofit housing intermediary with 30 years of impact lending and investment expertise.
- Has a strong equity position in the Fund that secures repayment.
- Tracks housing outcomes and reports quarterly to investors.
- Consistently maintains a pipeline of projects exceeding 2,000 affordable units.
- Supports the development of 1,000+ affordable units per year, with 2,240 created or preserved in 2024.

#### UTILIZE GMHF'S HEALTHCARE FOR HOUSING FUND TO SIMPLIFY INVESTMENT

**CONTRIBUTE** to creating and preserving affordable housing as a critical Social Determinant of Health

**POOL** funds from multiple investors to advance affordable housing and catalyze new housing opportunities in your geography

**ACHIEVE** positive aggregated impact and double bottom line returns

**GENERATE** positive public relations by sharing success stories and showing tangible community benefits.

**UTILIZE** GMHF's existing relationships to catalyze housing impact in targeted geographies

## Practical Steps for Taking Action

DEFINE VALUES AND RETURN ON INVESTMENT EXPECTATIONS	Engage your treasury and/or corporate finance team and build support for the financial and other benefits of investment.
ASSESS YOUR PROJECTED SCALE OF INVESTMENT	Identify your initial scale of investment to start with as you build out an investment strategy.
IDENTIFY YOUR GEOGRAPHIC AND POPULATION PRIORITIES	Identify priority communities that align most with your service area, membership, and/or business values.
PARTNER WITH EXISTING IMPACT INVESTMENT AND HOUSING STAKEHOLDERS	Partner with GMHF to leverage expertise and capacity for investing in housing.
USE COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNAs)	Leverage CHNAs to capture community input and set priorities for housing investment.

## The Road Ahead

**Housing is Healthcare.** Now is the time for healthcare institutions to engage, invest, and benefit from the numerous value propositions that investing in affordable housing provides.

### And GMHF is the right partner.

Together we can finance and build housing in communities across Minnesota. And while we do it, **we can provide strong risk adjusted returns, differentiation for RFPs and other state/county contracts, mission alignment, stronger healthcare outcomes and enhanced reputational value.** In changing and challenging times, housing and healthcare can partner to invest in a brighter, healthier future.

### FOR FURTHER INFORMATION, QUESTIONS, AND INVESTMENT OPPORTUNITIES CONTACT:

**Andrea Brennan**, President & CEO, [abrennan@gmhf.com](mailto:abrennan@gmhf.com)

**Eric Muschler**, Director of Housing & Health Initiative, [emuschler@gmhf.com](mailto:emuschler@gmhf.com)

**Angie Johnson**, Director of Capital Development and Investor Relations, [ajohnson@gmhf.com](mailto:ajohnson@gmhf.com)

For further information on the Housing & Health Initiative visit [GMHF.com](http://GMHF.com) ([gmhf.com/programs/housing-health/](http://gmhf.com/programs/housing-health/))

The mission of Greater Minnesota Housing Fund is to **support the creation of strong communities and affordable homes** by making strategic investments and forming effective partnerships.



2550 University Avenue West  
Suite 201-S  
Saint Paul, MN 55114

651.221.1997 main  
800.277.2258 toll-free  
651.221.1904 fax  
**[www.GMHF.com](http://www.GMHF.com)**

