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# Impact Investment Strategy: Linking Health & Housing

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IMPACT  
INVESTMENT  
STRATEGY:  
LINKING  
HEALTH &  
HOUSING

**LIBBA MCKINSEY**

**Richmond Memorial Health Foundation**

Mark Constantine, President & CEO |



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Master of Urban and Regional Planning Program  
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Virginia Commonwealth University

Prepared for: Richmond Memorial Health Foundation



## TABLE OF CONTENTS

	<b>Page</b>
LIST OF FIGURES	5
LIST OF TABLES	6
INTRODUCTION	8
Problem Statement	8
Plan Purpose	8
Client Description	9
Plan Implementation	11
Outline of Plan	12
BACKGROUND	12
Plan Context	12
Literature Review	17
Best Practices	23
Assumptions and Approaches	24
METHODOLOGY	27
Research Questions	27
Methods	28
Sources of Information	30
SUMMARY	33
FINDINGS	34
Southern Barton Heights History	35
Local Policies and Programs	39

	<b>Page</b>
Housing Instability	42
Community-Based Networks	49
Access to Education, Resources, and Health	51
RECOMMENDATIONS	52
IMPLEMENTATION	59
REFERENCES	62
APPENDIX	67
GLOSSARY	68

## LIST OF FIGURES

<b>Figure</b>	<b>Page</b>
Figure 1. RMHF 2015-2018 Timeline	13
Figure 2. Race and Health Determinants	15
Figure 3. Investment Continuum	19
Figure 4. Conditions Linking Health and housing	20
Figure 5. Health and housing Impact Investing Strategies	24
Figure 6. MVA Richmond Market Types	33
Figure 7. Percent Change in the Black Population	35
Figure 8. Barton Heights Viaduct	37
Figure 9. “Location of colored population”	38
Figure 10. Black residential areas, 1957	39
Figure 11. Housing Inequality Timeline	40
Figure 12. Southern Barton Heights MVA Map	43
Figure 13. Eviction Rate Comparison	44
Figure 14. Displacement Risk Ratio SBH Analysis	45
Figure 15. Change in Median Income of a Black Household	46
Figure 16. Change in Median Income of a White Household	47
Figure 17. Richmond Region HCV Distribution	49
Figure 18. Social Vulnerability Level in 2016	50
Figure 19. Social Vulnerability Index and Nonprofit Locations	52
Figure 20. Impact Investing Ecosystem Map	63



## LIST OF TABLES

<b>Table</b>	<b>Page</b>
Table 1. Change in Racial Demographics	34
Table 2. Demographic Overview of SBH	44

## RMHF Professional Plan

### Impact Investment Strategy: Linking Health & Housing

#### **Introduction**

##### *Problem statement:*

Across Virginia, there is a shortage of 164,363 rental homes that are affordable and available to extremely low-income households (ELI). The majority of the households in Virginia are severely cost-burdened, spending more than half of their income on housing (NLIHC 2018). These households are likely to sacrifice life necessities such as food and healthcare to pay rent and to experience unstable housing situations such as evictions. Impact investors such as health foundations have the ability to influence the outcomes of individuals and families facing health and housing crises. This plan proposes an impact investment strategy that directly links health and housing for a mid-sized Richmond foundation (Richmond Memorial Health Foundation). Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (GIIN 2018). RMHF's mission lies in racial and ethnic equity, meaning they are dedicated to make the Richmond region a place where everyone has opportunity and can succeed.

##### *Plan Purpose:*

RMHF defines impact investing as a tool for the creation of lending opportunities that lead to positive social change. RMHF's shift from traditional grantmaking in the Richmond region to innovative investing tools shows the commitment the Foundation has to be a part of positive change in the community. In 2017 RMHF identified potential partners and strategy

options that fulfill their investment criteria, those that promote equity and health together (Constantine, Avula, & Nelson, n.d.).

The purpose of this plan is to create an impact investment strategy for RMHF that explicitly links health and housing. The strategy includes target areas in the City of Richmond, the type of investment, and partners in the investment. The strategy will be created using impact investing, an investment strategy that directs capital to enterprises that generate social and or environmental benefits for the surrounding community. One of RMHF's goals is for the investment strategy to offer strategies that address the entrenched racism and inequities in the City of Richmond. Impact investing will enable RMHF to be a contributing partner with Richmond as it moves away from a history of unfair housing policies that negatively impact countless citizens to a healthier, more equitable region.

*Client Description:*

Richmond memorial Health Foundation (RMHF) is one of the leading health legacy foundations in the Southeast and is committed to fostering an equitable and healthy Richmond region. Health legacy foundations, also known as health conversion foundations, are created when a nonprofit hospital gets acquired by, merges with, or otherwise converts into a for-profit entity (NIMISHAKAVI, 2017). The assets of Richmond Memorial Regional Medical Center were transferred to RMHF in 1998, which disposed of the former hospital properties and redefined its mission as a grantmaker. Since RMHF's inception in 1998, the community health foundation has focused its programs not only on access to healthcare, but also on the social determinants of health in communities in the Richmond region.

RMHF's Board of Trustees adopted a four-point strategic framework in 2016 that preserves its commitment to access to health care while refocusing its vision more broadly to address deepening inequities in health outcomes and the socioeconomic conditions that feed those divisions in the Richmond Region. The four-point strategic framework includes:

1. Access to health care
2. Equity and health
3. Health Equity and the Built Environment
4. Impact investing

“Access to health care” focuses on four areas: health services, oral health, behavioral health, and new populations. “Equity and health” works towards reducing health disparities with a focus on the social determinants of health, and racial and ethnic equity. “Invest Health RVA”, now known as “Health Equity and the Built Environment” is a program that addresses health and racial equity in Richmond's built environment. The program includes a research and data analysis portion (Market Value Analysis), a policy and education portion, and a community engagement and outreach portion. The last point in the strategic framework, “impact investing”, is a new tool to RMHF that will create new lending opportunities that lead to positive social change.

Two points within the 2016 strategic framework are closely aligned with the purpose of this plan; Invest Health RVA, funded by Robert Wood Johnson Foundation and concluded in 2018, and impact investing. Invest Health RVA, now known as Health Equity and the Build Environment, is a Richmond regional project that brought together public, private, and nonprofit organizations to transform housing policies. Impact investing is a relatively new strategy for

foundations where investments are made into the community with the intention of generating a positive and measurable social impact.

RMHF's assets total about \$230 million; those assets include RMHF's 17 percent interest in Bon Secours Richmond Health System (BSRHS), which is a program-related investment and not part of RMHF's grant making resources. RMHF's investment funds used for grants total about \$75 million (Constantine et al., n.d.). RMHF invests primarily in Chesterfield County, Goochland County, Hanover County, Henrico County, Powhatan County, and Richmond City, but is open to regional and statewide investments that align with and advance their equity mission (Axel-Lute & Simon, 2018). RMHF's impact investment strategy within this plan includes analysis and recommendations in the City of Richmond, Henrico County, and Chesterfield County.

*Plan Implementation:*

The 2016 RMHF strategic framework guides the implementation of the recommendations within this plan. In addition to introducing a new strategic framework in 2016, RMHF Board of Trustees committed to align the Foundation's investment capital with its mission of racial and ethnic equity. The Robert Wood Johnson Foundation (RWJF) and Reinvestment Fund continue to act as partners of RMHF as the Foundation develops its impact investment strategy. RWJF and Reinvestment Fund have supported RMHF in the past through research and program-related grants. Depending on the recommendations for the impact investment strategy plan, RMHF may collaborate with other Richmond-based foundations, local governments, financial institutions, health and housing nonprofits, neighborhood organizations and of course, community members.

A large part of the implementation piece of this plan includes building relationships with the long list of stakeholders listed above.

*Outline of Plan:*

The plan includes the following components: review of the nexus between health and housing, an introduction to impact investing, best practices of foundations utilizing impact investing to create positive impact in health and housing, a case study, RMHF investment strategy, and impact investment recommendations.

**Background**

*Plan Context:*

RMHF fully embraces the vision statement included in its strategic plan, which states, “all residents of the Richmond Region should have the opportunity to live in neighborhoods with affordable housing and access to resources necessary for good health, economic well-being, education, and transportation.” (Constantine 2017). It is important to discuss why and how housing matters in the Richmond region. More and more organizations, governments, etc. are acknowledging that housing is the backbone to a healthy and opportunity-filled life. From the ethnography *Evicted*, “it is hard to argue that housing is not a fundamental human need. Decent, affordable housing should be a basic right for everybody in this country. The reason is simple: without stable shelter, everything else falls apart.” (Desmond 2017, pg. 149). According to the Kaiser Family Foundation, housing is one of the primary social determinants of health. RMHF realizes that in order to have a healthy and equitable community, there not only has to be sufficient and affordable housing in place, but also housing that is structurally sound and safe for

residents living within. The Richmond region currently faces multiple barriers to ensure housing access and stability for all. The vast rental housing deficit for low-income populations, high eviction rates, lack of tenant protection laws, and no inclusionary zoning policies are examples of the challenges the region currently faces. Local governments, nonprofits, researchers and community organizers and members are working together on these barriers but more needs to be done. “The region faces challenges, but there are solutions within reach if we work together on planning, policies and investments that generate maximum benefits for our community.” (RMHF 2017).

In 2016, RMHF refocused their mission and goals as a foundation. The Foundation’s Board identified a new strategic framework, declared that they would approach all projects through a racial and ethnic equity lens, and embarked on multiple regional health and housing projects. RMHF identified impact investing as one of their four focus points in the 2016 strategic framework plan. RMHF’s focus on racial and ethnic equity influences the partners they choose to collaborate with and the type of work they choose to include in their strategy. RMHF’s goal is to be a key player in dismantling institutional barriers and offering solutions for Richmond’s disparities in race and income. In order to create equitable and affordable housing options in the Richmond region it is necessary for public and private partners to collaborate on policy, investments and programs.

In fall of 2016, the City of Richmond was selected to participate in the “Invest Health Initiative”. The Invest Health Initiative, led by the Robert Wood Johnson Foundation and Reinvestment Fund, explored the intersection of equity and the social determinants of health, built environment and social development finance in 50 mid-sized cities across the US. The Invest Health RVA team consisted of members from RMHF, Bon Secours, the Richmond City

Health Department (RCHD), VCU Health System, Richmond Redevelopment and Housing Authority (RRHA), and the Office of Community Wealth Building (OCWB).

Shortly after the Invest Health RVA designation, RMHF invested in a Market Value Analysis (MVA) led by Reinvestment Fund, which included thorough data collection and analysis on the Richmond region’s housing market. Ultimately the MVA demonstrated the direction that Richmond’s housing market is moving and what is required to promote equitable development (Axel-Lute & Simon, 2018). In 2018, Richmond was selected as one of six cities in the US to participate in Connect Capital, an initiative through the Center for Community Investment and funded by the Robert Wood Johnson Foundation that assists communities to attract and deploy capital at scale to improve residents’ health and increase their access to opportunity. The City of Richmond’s goal with Connect Capital is to help reduce health and economic disparities that plague the city’s low-income residents by accelerating the development of affordable housing and increasing access to opportunity (“Six Communities Selected for Connect Capital | Center for Community Investment,” 2018).

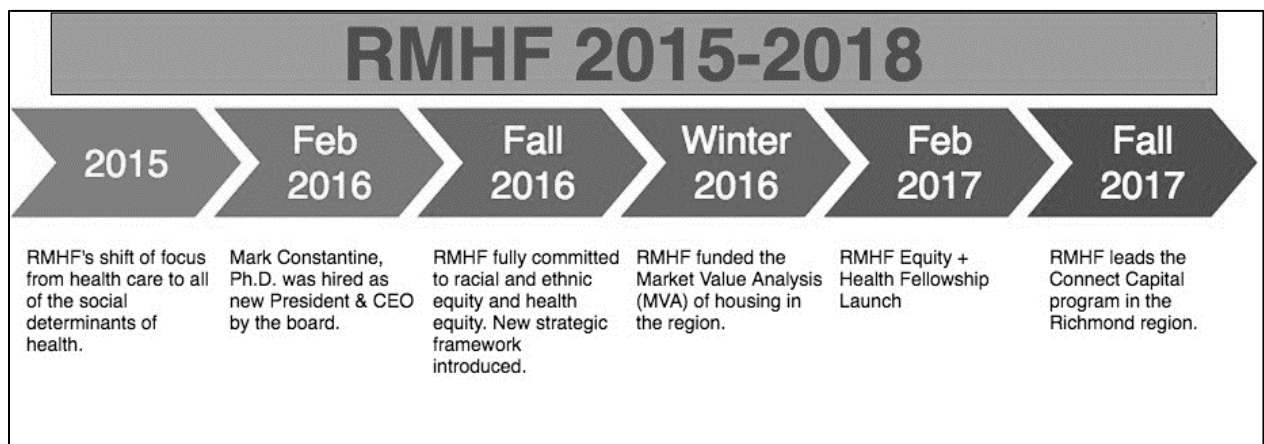


Figure 1. RMHF 2015-2018 Timeline



The Foundation’s refocus has created new opportunities for RMHF to engage with and create impact in the Richmond region. The Virginia Medicaid expansion and the City of Richmond’s public housing redevelopments are both timely and relevant to the context of this plan.

*Racism and Health*

One of RMHF’s long-term goals in the Richmond Region is to promote and foster racial and other social diversity, equity, and inclusion (DEI). Similar to Susan Fainstein’s Just City theory, RMHF ranks DEI on a scale from diversity to inclusion to equity. According to RMHF Health Fellows of 2017, “Equity moves from a framework of that which is “equal” to that which is “fair and just”, taking into account the historical discriminations and structural barriers that shape the experiences of specific groups or populations” (RMHF DEI 2017). Working towards a diverse, inclusive, and equitable Richmond region is not possible without acknowledging and directly addressing racism and the effects that racism has on health and housing outcomes.

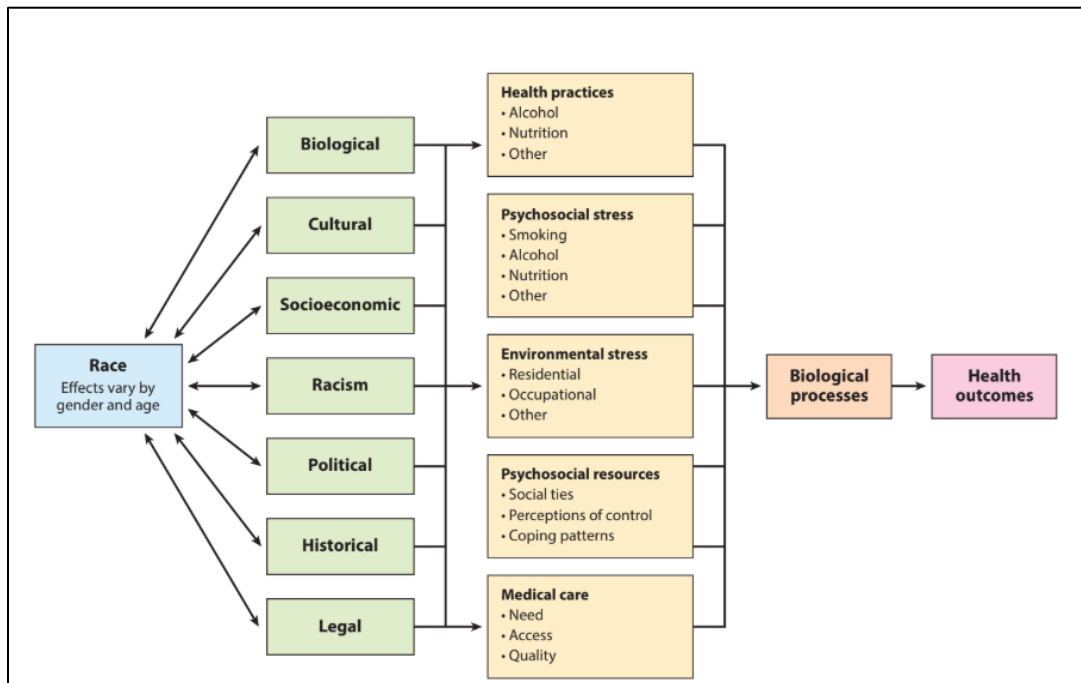


Figure 2. Race and Health Determinants

Racism functions on multiple levels - structural, cultural, and individual. As a structured system, racism interacts with other social institutions, shaping them and being reshaped by them, to reinforce, justify, and perpetuate a racial hierarchy. Examples of societal systems in which racism exists include the housing, labor, and credit markets, and the education, criminal justice, economic, and health care systems. “Racism is adaptive over time, maintaining its pervasive adverse effects through multiple mechanisms that arise to replace forms that have been diminished (Williams, Lawrence, and Davis 2018). More and more scientific research is highlighting racism as a driver of multiple upstream societal factors that perpetuate racial inequities in health for multiple nondominant racial groups around the world.

Williams, Lawrence, and Davis (2018) argue that structural racism is the most important way through which racism affects health. Institutional racism refers to the processes of racism that are embedded in laws (local, state, and federal), policies, and practices of society and its institutions that provide advantages to racial groups deemed as superior, while differentially oppressing, disadvantaging, or otherwise neglecting racial groups viewed as inferior. Racial segregation, a mechanism of institutional racism, has been identified as a fundamental cause of racial health disparities due to the multiple ways through which it operates to have pervasive negative consequences on health. Racial segregation was enforced in the United States by federal, state and local policies and programs such as redlining, discriminatory zoning, restrictive covenants, and mortgage discrimination (Rothstein, 2017).

### *Health Industry Enlightenment: Housing as a Social Determinant*

Though it may seem obvious, many health care leaders have only recently acknowledged that conditions in which people live, learn, play, and work have a huge impact on health. Public

health trends have come together to engage the healthcare sector's attention to the importance of social determinants of health such as housing (Sally, Waxman, Gourevitch, & Adeeyo, 2017). RMHF shifted its definition of health in 2015 when the foundation began to explore how to address the intersection of health and housing and serve the needs of the Richmond region. RMHF began to explore how addressing housing can improve a community's health outcomes and overall well-being.

One can argue that healthcare's awakening of housing as a social determinant of health arrived just in time. Lead actors in the industry are now filling in the gaps where federal housing policies and programs formerly resided. Organizations such as community development financial institutions (CDFIs) are filling the gap to leverage federal resources and programs that increase housing stability and housing conditions. It is important to note the significant impact that the Affordable Care Act (ACA) has on policies directly addressing health and housing. The ACA has increased the policy and programmatic tools available to state Medicaid programs and to providers. (Sally et al., 2017). Virginia's 2019 Medicaid expansion is also worth noting as it has direct effects on not only health, but also housing. The expansion serves an additional 400,000 people with targeted population being caretaker adults, childless adults, Good Agricultural Practices (GAP), Supplemental Nutrition Assistance Program (SNAP), pregnant woman, and incarcerated adults (Scott, 2018). Medicaid's expansion in Virginia offers a wide array of new initiatives and expanded and enhanced services. One of the expanded services is "addressing social determinants of health and providing supportive services". The Virginia Medicaid expansion is an immense help in supporting health and housing equity in the Richmond region not only by improving physical health of thousands of Virginians, but also by reducing costs for low-income populations which in turn lessens the burden of housing affordability.

## **Literature Review**

### *Impact Investing*

The main purpose of this plan is to use the linkages of health and housing in the Richmond region to create positive impacts for historically marginalized communities. It is essential to understand the tool that is used throughout this plan. Impact investing is defined as an investment that seeks to create both positive financial return as well as positive social or environmental impact that is actively measured. Cogent Consulting, an impact investing consulting firm, describes impact investing as “Doing good, well” and “Putting your money where your mouth is”. Core characteristics of impact investing include intentionality, investment with return expectations, and a range of return expectations and asset classes (GIIN 2018). Common challenges with impact investment strategies include disparate funding sources, immature markets, variations in fund economics, and the need to generate and report social impact, all of which complicate the industry even further, creating a barrier for curious investors (Allman, 2015). Despite the numerous challenges, more and more nonprofits, foundations, banks, government agencies, etc. are making the decision to use impact investing to better their communities.

It is important to distinguish impact investing from other forms of investing. Traditional investing or mainstream investing seeks competitive returns with no consideration of impact. Responsible investing also known as socially responsible investing (SRI) or environmental social governance (ESG) investing uses a negative screen to filter out potential investments that would have a negative impact on communities, while seeking a financial return. Impact investing on the other hand uses a positive screen and actively seeks out investments that would have a positive social and or environmental impact on communities while seeking a financial return.

Philanthropy is fully oriented to positive impact, disregarding financial returns in favor of positive social and environmental impact.

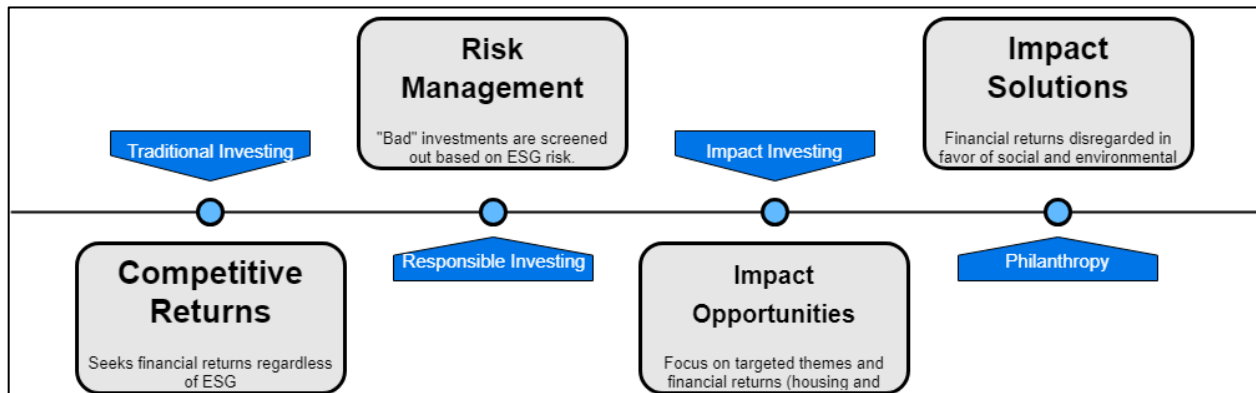


Figure 3. Investment Continuum

### *Housing & Neighborhoods: Social Determinants of Health*

The nexus between housing conditions and health have been evident for hundreds of years but only recently have experts begun exploring the relationship between health and housing affordability. Building codes were introduced in the 19<sup>th</sup> century after it was proven that poor ventilation and inadequate light promoted the spread of tuberculosis, cholera, and that overcrowding and physically unsound housing posed severe fire hazards (Schwartz 2015). More recently, the relationship has been more explicit. Corallo and McKinnon’s report “Connecting Health and housing” uses three broad categories to describe the relationship through which housing impacts health in the Richmond Region: housing conditions, the neighborhood environment, and affordable housing stock (Corallo and McKinnon 2017). Housing conditions apply to the physical structure of the home and the conditions within the home (lead exposure, mold, overcrowding, general disrepair). The neighborhood environment can be viewed two-fold: the built environment, which includes physical features of the surrounding community, and the social environment, which encompasses social networks, social unity, and culture. The

affordable housing category includes availability of housing for low-income community members, housing instability, and homelessness.

Health & Housing		
<b>Housing Conditions</b> <ul style="list-style-type: none"> <li>• What: overcrowding, mold, inadequate heating, animal infestations, lead exposure, unsound structure</li> <li>• Impacts: neurological and developmental problems for children, respiratory and immunological problems, physical injuries, asthma, depression, insomnia</li> </ul>	<b>Built Environment</b> <ul style="list-style-type: none"> <li>• What: Walkability, access to parks, recreational spaces, health foods. Social networks, neighborhood unity, culture.</li> <li>• Impacts: Depression, hypertension, obesity, diabetes, sense of safety, sense of belonging.</li> </ul>	<b>Affordable Housing</b> <ul style="list-style-type: none"> <li>• What: Housing stock for low-income populations, housing instability, housing support services, affordable housing policies</li> <li>• Impacts: Displacement, evictions, frequent moves, homelessness. Anxiety, stress, depression.</li> </ul>

*Figure 4. Conditions linking health and housing*

The majority of the research that links poor housing conditions to health outcomes includes examples of exposure to lead paint, rodents and cockroaches, mold, and inadequate heat (Schwartz 2015). A 2011 study from the U.S. Department of Housing and Urban Development (HUD) found that 23.2 million homes have a lead-based paint hazard and that the majority of these homes were occupied by low-income families. Exposure to lead is directly linked to cognitive and behavioral problems in children, and hypertension and kidney disease in adults (Bashir, 2002). This example is important because it not only shows a nexus between health and housing, but also highlights the vulnerability of low-income populations.

The location of housing and the surrounding amenities, or lack thereof, has the potential to affect life expectancy outcomes. VCU’s Center on Society and Health (CSH) “Mapping Life Expectancy” tool shows that babies born within five miles of downtown Richmond face up to a 20-year difference in life expectancy. The starkest contrast in the map shows life expectancy of

83 years in Westover Hills, a predominantly White, affluent neighborhood in south side, to life expectancy of 63 in Gilpin Court, a predominantly African American, poor neighborhood disconnected from downtown Richmond by I-95 and I-64 (Mapping Life Expectancy 2015). Characteristics of built environments that could negatively influence health outcomes include lack of transit options, limited walkability, food deserts, lack of green space, and concentrated poverty.

Americans spend over two-thirds of their lives in their homes, which regularly affects their physical, emotional and mental health. Schwartz' research on health and housing affordability in New York City shows that higher rent burdens are directly associated with worse self-reported health conditions and a higher likelihood to postpone medical services for financial reasons (Schwartz 2015). Some specific examples of collateral costs of housing instability are mental health impacts, negative effects on children and families such as educational delays and low birth weights, homelessness, long commutes, air quality, congestion, and health.

### *Measuring Impact*

When housing is unaffordable, overcrowded, or unhealthy, it affects the financial, educational, and emotional well-being of individuals and families (Tighe 2010). “Decreased environment harm”, “increased housing stability” and “reducing financial barriers to service” are highlighted strategies within this plan. Each strategy's goals, targeted populations and context within the Richmond region is discussed in this section.

Affordable Housing Strategies	Health Strategies
<ul style="list-style-type: none"> <li>● Decreased environment harm</li> <li>● Improvement in Housing Quality</li> <li>● Increased Housing Stability</li> <li>● Reduced Homelessness</li> <li>● Increased Resources Available after Housing Payments</li> <li>● Fewer Families in Abusive Homes</li> <li>● More Accessible Housing Linked to SS</li> </ul>	<ul style="list-style-type: none"> <li>● Improving Access to High-Quality, Affordable Essential Medicines and Vaccines</li> <li>● Improving the Health Workforce</li> <li>● Reducing Financial Barriers to Health Services</li> <li>● Improving Health Systems Policy</li> </ul>

*Figure 5. Health and housing Impact Investing Strategies*

The goal of the “decreased environment harm” strategy is to decrease environmental harm from affordable housing units by increasing unit and building energy efficiency, increasing environmental sustainability, and reducing the presence of airborne pollutants and harmful chemicals (Navigating Impact 2018). Targeted populations would be individuals suffering from asthma, lung diseases, and certain cancers. These populations are even more vulnerable to the negative health impacts of poor quality housing. In a 2015 study, the Asthma and Allergy Foundation of America ranked Richmond as the second-most challenging city in America in which to live with asthma. Over one third of the risk factors and triggers for asthma are directly correlated to housing environment (mold, secondary tobacco smoke, irritants in air, air pollution, animal hair, dander, chemicals in air or food, cockroaches) (Asthma Burden Report 2017). Socio demographics of Asthma in Virginia show that asthma affects women significantly more than it affects men, communities of color suffer higher rates of asthma, the least wealthy populations have higher asthma rates, and those who have not graduated from high school have higher prevalence rates (Asthma Burden Report 2017).

The goal of the “increased housing stability” strategy is to strengthen the quality of housing, add renter protections to reduce risk of eviction, and increase access to resources such



as schools, healthcare, grocery stores, and public transportation (IRIS 2018). The most vulnerable populations experiencing housing instability are typically children and very-low income groups. Since the New York Times (NYT) featured Richmond, Virginia on the front page of an eviction crisis article in April 2018, the Richmond region has been particularly attentive and focused on the problem of the housing instability crisis. The Campaign to Reduce Evictions (CARE) is a statewide policy-drive group in Virginia that is proposing added tenant-protection laws, inclusionary zoning policies, and increased funds for affordable housing trust funds (statewide and local).

The goal of the “reducing financial barriers to health services” strategy is to introduce prepaid, pooled mechanisms for spreading risk across populations (e.g., insurance), fight rising health care costs through innovative service delivery methods, and implement technologies to facilitate payment for services (IRIS 2018). Targeted populations include communities living in poverty and those without access to formal financial services. The Virginia Medicaid expansion helps lower barriers and access of health services to extremely low-income populations.

*Best Practices:*

There are several innovative leaders within the impact investing industry that dedicate their work towards bettering health and housing in the US. These leaders range from impact investing networks like Mission Investors Exchange (MIE) to housing nonprofits such as Enterprise, to large foundations such as The MacArthur Foundation. Several US cities are leading the way by investing into both health and housing outcomes for the better of their communities. There is no one way to do impact investing. The best practices chart below shows that impact investing can occur in a number of different ways, through cross-sector relationships,

private-private agreements, etc. There are few examples of impact investing strategies that link health and housing, hence few examples that include outcome data.

Mission Investors Exchange (MIE) is the leading impact investing network for foundations dedicated to deploying capital for social and environmental change. MIE published a guide *Essentials of Impact Investing: A Guide for Small-Staffed Foundations* in 2015 that addresses common challenges of impact investing and highlights a wide-range of opportunities. According to the guide, impact investing in affordable housing financing has the potential to impact local investment, affordable rental, senior or other demographic focus, spillover empowerment, health and community vitality effect, and homeownership for poor populations (Arabella Advisors & Exponent Philanthropy, n.d.). The best practices chart represents a variety of asset classes, sectors, and financial return goals. The examples show the multitude of ways that foundations are using impact investing to achieve equity in health and housing (Arabella Advisors & Exponent Philanthropy, n.d.).

The foundations chosen to observe for the best practices are similar to RMHF in that they have an equity lens. The foundation's challenges with impact investing prove the most helpful in the research process. General themes among the discovered challenges include; lack of unified impact investing language among sectors, lack of universal metric system to measure social and environmental outcomes, foundations new to impact investing and lacking stakeholder support, and building bridges between investors looking for high-impact opportunities and organizations tackling the most difficult problems. Foundations across the US appear to be taking initiative in terms of addressing racial and ethnic equity and health equity in their targeted investments.

*Assumptions and Approaches:*

Planning theory helps determine how to merge all of the differing needs of and desires of a healthy community; social justice, housing for all, economic development, environmental, and transportation simultaneously. The Just City theoretical framework is used to frame the process and outcomes of RMHF's impact investing project. RMHF's plan is based in the Just City theory of planning with an impact investing strategy designed to produce an equitable and healthy Richmond region. The Just City includes three general principles that characterize a just urban policy: equity, diversity, and democracy. According to Susan Fainstein, the most pressing and important principle is equity. "If planners wish to promote a better world, social equity ought to be the number one value in urban planning; when it clashes with the values of diversity and democracy, planners are called upon to prefer equity" (Fainstein 2013). The Just City theory proceeds with the understanding that ideas require support of social forces to gain purchase but also that movements for justice require a more specific agenda than simply a call for democratic participation. Fainstein argues that the combination of social mobilization, community support and public engagement do not always produce just outcomes.

RMHF's commitment to health equity through a racial equity lens works to address agenda and health equity values are working to overturn Richmond's history of racism, classism, and exclusivity. The City of Richmond has a history of rational planning, meaning the processes were goal, objective, and implementation-driven and the outcomes were oftentimes inequitable, unjust, and exclusionary. Marginalized voices, such as communities of color, were typically excluded in rational planning processes. An example of rational planning in the City of Richmond is the infamous urban renewal program. This federal, state and local funded program led to the displacement of roughly 800 African American residents in just one neighborhood in

Richmond, Fulton (Silver 1984). Massive displacements occurred through urban renewal in other Black communities in the City of Richmond, like Carver and Jackson Ward.

Although the concept of "social justice investing" itself is still quite nebulous, it offers the opportunity for new stakeholders with anti-racist intentions to enter the philanthropy field and create positive social change. Professionals argue that impact investing is the merging of philanthropy and investing. Bryan Montenegro, impact investor, challenges this viewpoint, "The traditional view is that, on the one hand, you make investments to make money, and on the other hand, once you're rich, you donate, and you do charity. However, what you're doing to make money, a lot of times, is causing the problems that you're later donating to solve." (Montenegro 2018). There is no doubt that impact investing requires that RMHF and potential partners to rethink conventional capitalism and shift the mindset of ways to create positive social impact.

RMHF recognizes that Richmond is a diverse city (extreme wealth and poverty, white and black, young and old, etc.) but it is not a fair nor equitable city. This is why the justice framework aligns with RMHF impact investing plan. The foundation sees equity not solely as a noun, dialogue, but as a verb, action. RMHF's commitment to ethnic and racial equity aligns with Fainstein's opinions on equity, "If we're going to have more equitable policy, it's going to be because people made a moral commitment to it." (Fainstein 2015). Matthew Desmond ethnography *Evicted* explores the injustices and inequities that exist in housing stability across the United States, "But equal treatment in an unequal society could still foster inequality. Because black men were disproportionately incarcerated and black women disproportionately evicted, uniformly denying housing to applicants with recent criminal or eviction records still had an incommensurate impact on African Americans." (Desmond 2017, pg. 30).

In 2016, 40,000 (44% of total population) Richmond households were cost burdened, meaning they spent more than 30% of their gross household income on housing costs (Cost Burden: Households Paying More than 30% for Housing 2018). Extremely low income to 50% AMI renter households were 78% cost-burdened in 2016. The National Low Income Housing Coalition (NLIHC) reported an affordable and available rental unit deficit of 28,000 for households at or below 50% AMI and a unit deficit of 33,000 for households at or below extremely low income (Gap Report: Virginia. NLIHC 2018). The development of thousands more affordable housing units is not the only hurdle facing the City of Richmond.

## **Methodology**

### *Research Questions:*

The overarching research question in this plan is how an impact investing strategy can address health and housing and lead to a more equitable Richmond Region. What approach is best for the Richmond region? In order to answer these big questions, it is necessary to identify the following.

- What initiatives are already in play within identified neighborhood and public housing communities?
- Analyze quantitative data on the Richmond region and focus in on Southern Barton Heights for a case study of health + housing impact investing strategy.
- What role RMHF can play to further the goal of an equitable and healthy region?
- Which foundations that have successfully incorporated impact investing into their organizational models and have measured the impact of successful investment projects?

*Methods:*

This plan uses one case study to understand how RMHF can utilize impact investing strategies to better health and housing conditions in the City of Richmond. A mixed methods approach incorporates community engagement as well as high-level quantitative data. The case study area, Southern Barton Heights, was chosen using the Richmond region's MVA data report. RMHF was interested in focusing on a neighborhood in the City of Richmond that was identified as a Market F or G through the MVA. RMHF preferred that the neighborhood have a high level of diversity (racial, economic, housing stock), so that their impact investing strategy may be to preserve that diversity.

In order to create an impact investment strategy for RMHF, it is necessary to identify the most pressing challenges within the health and housing sectors in the Richmond region. In addition to identifying the health and housing challenges, it also important to consider the scale of the problem, what attainable and positive outcomes might be, and how impactful the social change would be to the communities experiencing it (IRIS 2018). Affordable health and housing impact investing strategies were identified using the GIIN and IRIS networks as well as incorporating the Richmond region's most critical challenges. Three strategies were chosen to use as case examples of potential impact investing opportunities for RMHF. The three strategies include decreased environment harm, increased housing stability, and reducing financial barriers to health services. Each of these strategies incorporate the intersection of health and housing and offer many positive outcomes that can be applied to the Southern Barton Heights neighborhood case study.

To follow the Just City framework, both the process and the outcome of the plan have to be equitable. According to Campbell, the Just City model encourages representative democracy,

supported by deliberation, practical judgment, and equity-oriented expertise (Campbell 2014). Quantitative methods include utilizing the housing market data pulled from Reinvestment Fund for the Richmond Region's Market Value Analysis. Examples of data includes within this research are median household incomes, vacancy rates, and renter v. homeowner occupied (Market Value Analysis 2017). Additional quantitative methods include US Census data and Virginia Department of Health data. The plan includes an analysis of best practices that include information on foundations with experience in health equity impact investing. These best practices highlight foundations' definitions of success for impact investing, direct links made between health and housing, and forthright challenges and recommendations to foundations new to the impact investing process.

#### *Southern Barton Heights:*

Southern Barton Heights is a prime neighborhood for social impact investing strategies because it is at the beginning stages of a demographic overhaul. SBH was initially chosen using TRF's MVA research findings because RMHF wanted to focus in on a neighborhood experiencing housing instability, gentrification, and involuntary displacement of communities of color. RMHF preferred that the neighborhood have a high level of diversity (racial, economic, housing stock), so that their impact investing strategy may be to preserve that diversity. Markets F and G, including SBH, include a high percentage of vacant buildings and homes, a high percentage of renters receiving public rental subsidies, and a typical home sale price that is slightly below half of the regional average (MVA 2017). The neighborhood has been a focal point for revitalization and targeted reinvestment strategies over the last 25 years. Local government, private, and public investment over the last 25 years has led to the rapidly changing

neighborhood. Data showing SBH's demographics from before and after the revitalization plans and NiB program can be misleading and one-sided. Yes, SBH is now more racially diverse than it was in 2000. Yes, the local area median-income has risen from 1995 to 2015. Yes, there are fewer vacant parcels now than there were in 2010. It is important to look closely at these data points and understand what they mean and how they changed. SBH is rapidly gentrifying, individuals and households of color are moving out of the neighborhood, and some property values have doubled since 2000. SBH's decrease in poverty rate does not mean that fewer people are living in poverty or that formerly poor people have experienced a rise in come; it likely means that the people living in poverty have left SBH and are therefore not included in the count. It is within RMHF's mission to address the voluntary or involuntary displacement of SBH's community of color. The SBH case study highlights the area's vulnerabilities and strengths and assesses how impact investing can contribute to health and housing equity. Creative, thoughtful and bold policies and programs are required to directly address this detrimental phenomenon. Organizations across multiple sectors must collaborate on this issue of racial displacement to prove that black communities are not dispensable and subject to this type of change.

*Sources of Information:*

This plan uses a variety of data sources to determine the health and housing impact investing strategy for Richmond Memorial Health Foundation. The plan context and literature review provide an overview on targeted investment strategies, impact investing included, research that links health and housing, and an overview to some of the leading organizations involved in health and housing impact investing. Reinvestment Fund's MVA data is used to identify one of the neighborhood case studies for the plan. The CSH report, "Regional Scan and



Strategies for Community Engagement in Health, Housing and Community Development” is used to guide community engagement efforts and strategies. The existing conditions of the neighborhood case study requires significant data collection on the current housing market, housing conditions, street conditions, public spaces and amenities, demographics, land use and zoning, and current network of organizations already on the ground and involved. Census/ACS data, City of Richmond data and in-person observations support the existing conditions research.

*Outreach Methods:*

Outreach methods within this plan include interviews, observations, and participation. The observation and participation portion of this plan are guided by the Just City theoretical framework as well as the Center on Society and Health’s report, “Regional Scan and Strategies for Community Engagement in Health, Housing and Community Development”.

*Interviews:* Interviews with key players in Richmond such as RMHF staff and board members, local nonprofits, city officials, hospitals, financial institutions such as Community Development Finance Institutions (CDFIs), are used to understand the existing collaborations and networks. Key informant interviews with foundations and CDFIs outside of Richmond are used to collect data on case examples and highlight impact investment successes and challenges dealing with affordable health and housing.

*Observation & Participation:* Attending meetings and conferences focused around affordable housing, health, equity and impact investment help define the nexus between the two and provide an update on the latest projects and trends.

Community voices are integrated and amplified into this plan through the support of organizations on the ground level who have already built trust. This plan uses the CSH report, “Regional Scan and Strategies for Community Engagement in Health, Housing and Community

Development” is used to guide community engagement efforts. The report includes a community-driven needs assessment of the Richmond region, with an emphasis on incorporating the voice of marginalized members of predominantly African-American, low-income areas in the urban core of Richmond. Each community engagement effort offered a list of requests following their interaction with CSH. For example, Residents of Public Housing against Mass Evictions (RePHRAME), requests included 1-1 replacement of any public housing units lost through public housing redevelopment, resident’s right to return to newly developed public housing without additional screening or requalification process, newly created public housing units should increase employment, education, and other opportunities for public housing residents, etc. (Zimmerman et al., 2018). Each case study also includes “sustainability and future funding needs” of the community organizations. These lists include palpable impact investing opportunities for RMHF.

The MVA included the following housing market characteristics at a block group level; median sales price 2015-2016, sales price variance, percent bank sales, owner occupancy, percent subsidized rental, percent vacant residential, housing units per acre, residential parcels built 2008-up, and residential parcels with permits 2015-2016 (Reinvestment Fund, 2017). The region’s 461 block groups were categorized into market types A-I based on the indicators or housing market characteristics included in the analysis.

	Number of Block Groups	Median Sales Price 2015-2016	Sales Price Variance	Percent Bank Sales	Owner Occupancy	Percent Subsidized Rental	Percent Vacant Residential	Housing Units per Acre	Residential Parcels Built 2008-up	Residential Parcels w/Permits 2015-2016
<b>A</b>	32	\$ 501,292	0.39	2.6%	90.1%	0.4%	0.4%	1.9	5.9%	11.6%
<b>B</b>	23	\$ 425,851	0.47	3.3%	32.9%	10.3%	1.5%	17.2	4.7%	5.0%
<b>C</b>	82	\$ 274,479	0.34	5.5%	83.2%	3.4%	0.6%	3.2	2.7%	7.2%
<b>D</b>	53	\$ 195,175	0.35	9.4%	28.8%	6.9%	1.2%	9.8	3.4%	5.7%
<b>E</b>	103	\$ 182,686	0.32	13.3%	79.8%	2.7%	0.9%	2.8	2.6%	5.5%
<b>F</b>	30	\$ 140,358	0.38	20.5%	48.4%	77.3%	1.8%	4.0	2.5%	4.0%
<b>G</b>	62	\$ 117,611	0.39	29.1%	58.9%	6.5%	3.0%	4.2	2.7%	4.9%
<b>H</b>	31	\$ 63,465	0.61	32.8%	41.0%	12.0%	8.5%	5.6	1.9%	3.7%
<b>I</b>	18	\$ 53,597	0.60	37.3%	30.1%	88.9%	3.2%	7.2	2.0%	2.0%

Figure 6. MVA Richmond Market Types

*Summary:*

Housing impacts health in multidimensional ways: substandard housing conditions contribute to health issues like asthma and lead poisoning, inadequate investment in housing leads to neighborhoods without access to healthy amenities like grocery stores and parks, high housing costs divert dollars from medical care, nutritious food and other expenses that support health. Impact investing offers the Richmond region a chance to shift traditional power dynamics between key stakeholders, for example the investors and the investees. Unlike traditional grant making, impact investing leads to social and financial benefit for both parties making it a more balanced and mutual exchange. Impact investing also leads to stronger community bonds as the investments last for years and requires consistent communication and transparency between partners. Collaborating directly with grantees-- blending capacity building with discovering investment opportunities: By fostering collaboration among grantees, impact investing can encourage knowledge sharing and create partnerships. These partnerships may generate investment ideas and may highlight opportunities for thoughtfully constructed impact investments that would benefit grassroots organizations. Through this work impact investing can,

according to one candidate, “create a virtuous cycle of learning and connecting stakeholders across disciplines to help inform and advance the work of others.” (Bylander, 2014).

## Findings

Southern Barton Heights (SBH) is a historically and culturally rich neighborhood located in Richmond’s north side that is currently undergoing extreme and rapid change. This change is being defined in a number of ways depending on the tools of analysis, the source of data, perspective and understanding. According to the research completed within the scope of this project, the change occurring in Southern Barton Heights is defined as gentrification and involuntary displacement of the African American community.

*Table 1. Change in Racial Demographics*

<b>Race</b>	<b>2000</b>	<b>2010</b>	<b>2013-2017</b>	<b>% of Population (2013-2017)</b>	<b>% of Population (2013-2017) (VA)</b>
White	114	171	359	20.50%	68.37%
African American	1,799	1,593	1,287	73.50%	19.19%
Asian	0	12	19	1.09%	6.22%
Native Hawaiian or Pacific Islander	0	3	0	0%	0.07%
American Indian or Alaskan Native	0	6	4	0.23%	0.27%
Some Other Race	14	11	4	0.23%	2.39%
Two or More Races	87	44	78	4.45%	3.49%

Between 2000 and 2013-2017, the White population in Southern Barton Heights increased by 215% while the African American population decreased by 28.46% (US Census 2000, 2013-2017). From 2000 to 2013-2017 in the City of Richmond, the White population

increased by 29.55%, the African American decreased by 5.54%, and the Asian population decreased by 88.72%. The number of Hispanics increased by 173.77% (US Census 2000, 2013-2017). This rapid increase and decrease of racial demographics is abnormal and outpaces the changes occurring elsewhere in the City of Richmond.

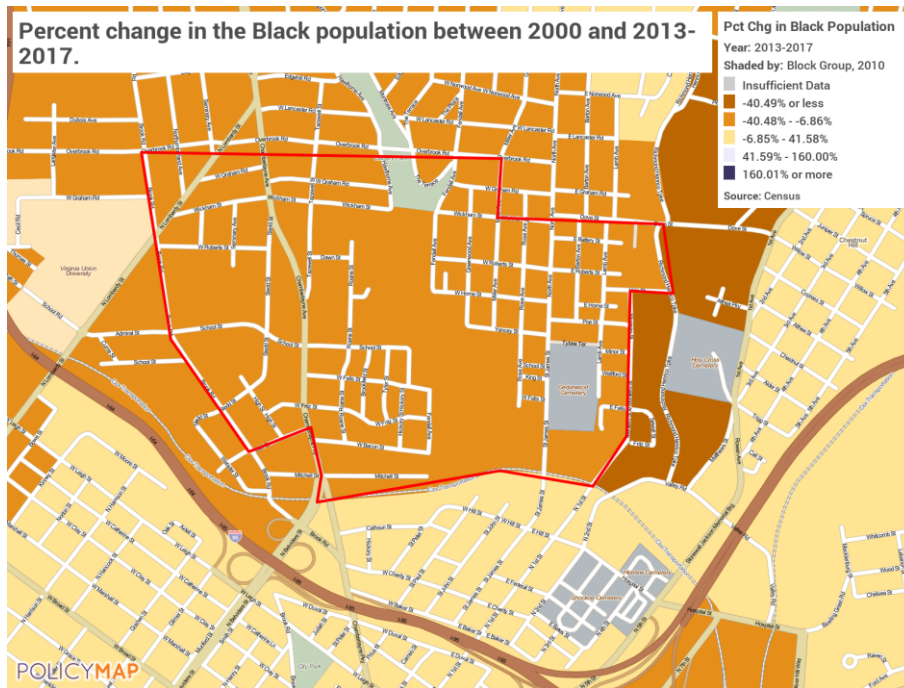


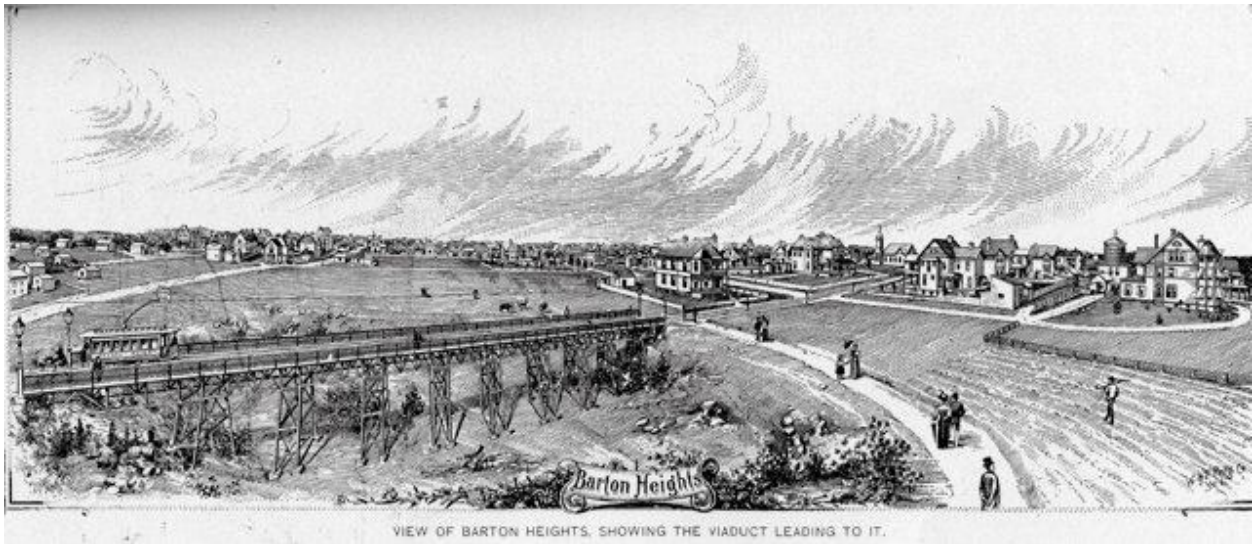
Figure 7. Percent Change in the Black Population between 2000 and 2013

The research findings for this project revolve around three themes, housing instability, community-based networks, and access to health, resources, and education. The research findings also provide an overview of the history of Southern Barton Heights, which supports the argument that structural racism was and still is a component to the involuntary displacement and housing instability of communities of color. Housing instability is directly and negatively correlated with physical, emotional, and mental health. In Southern Barton Heights, housing instability is largely affecting the communities of color.

### *Southern Barton Heights History*

Barton Heights, formerly known as the “heights” was founded in 1890 by White businessperson James H. Barton. The area remained an independent Henrico town until its 1914 annexation by the City of Richmond (Kollatz 2015). Long before James Barton arrived in Virginia in the late 1800’s, there was a strong African American presence and culture in the neighborhood. The Burying Ground Society for the Free People of Color established the Phoenix Burial Grounds, now known as Cedarwood Cemetery, is located in southeast Barton Heights and is recognized as a national historic site. Gabriel Hunt, a prominent African American blacksmith and hero of the 1811 Richmond Theatre fire, is buried in Barton Heights at the Union Mechanics Burial Ground (Valentine 2012). The Barton Heights Cemeteries are six contiguous burial grounds that African American churches and fraternal organizations established beginning in 1815. Although the early histories of the Barton Heights neighborhood are most commonly known as an all-White streetcar suburb, it is essential to also recognize the presence and cultural impact from the African American community.

James Barton initiated the construction of the First Street Viaduct in 1890. The purpose of the viaduct linked Richmond’s downtown to the Barton Heights neighborhood, making commutes feasible from the center city to the suburb. The neighborhood saw substantial growth due to the electric streetcar line opening in 1888 and bringing new white landowners to and from the new suburb (Kollatz 2004).



*Figure 8. Barton Heights Viaduct*

Barton Heights remained a middle-class white neighborhood for the majority of the first half of the 20<sup>th</sup> century due to restrictive covenants banning persons of color and property values too high for persons of color (Chen, Kim, Sadler, Mary, & Witt, Peter, 2003). The racial barrier was broken when the first black resident moved into Barton Heights in 1942 (Taylor 1994). By the 1960's, Brookland Park Boulevard had become the street that separated the southern black area from the northern white area. In the 1950's the City of Richmond experienced major demographic shifts with the city's population dropping from 230,310 in 1950 to 219,958 in 1960. Although the total population of the city declined, the percent of African American residents in the city dramatically increased and the white population decreased. Despite residential segregation still being the norm, the black population began to move into the formerly all-White neighborhood of Barton Heights.



*Figure 9.* "Location of colored population", City of Richmond 1923

White flight occurred at a rapid pace as black individuals and families began moving into Barton Heights in the 1940's, 1950's and 1960's. Edgar Duncan moved to Barton Heights with his family in 1947 and described the fears of white neighbors as he and other African Americans moved into the neighborhood, "When I moved over here, white people lived over here. When blacks started coming, they vanished" (Richmond-Times Dispatch 1991). Lawrence Charity, a retired black Richmond City Public Schools counselor, moved to Barton Heights in 1955 and described his perception of white flight, "A black family moved in on the next street and white people got jittery about property values." (Richmond-Times Dispatch 1991). In 1953, the black civic group "Barton Heights Civic Association" was formed with the goal of development, improvement and preservation of the North Side area (Taylor 1994). The Barton Heights Civic Association still exists today and has partnered with local government on multiple major planning efforts, including a neighborhood revitalization plan and the Neighborhoods in Bloom program in the late 1990's and early 2000's.



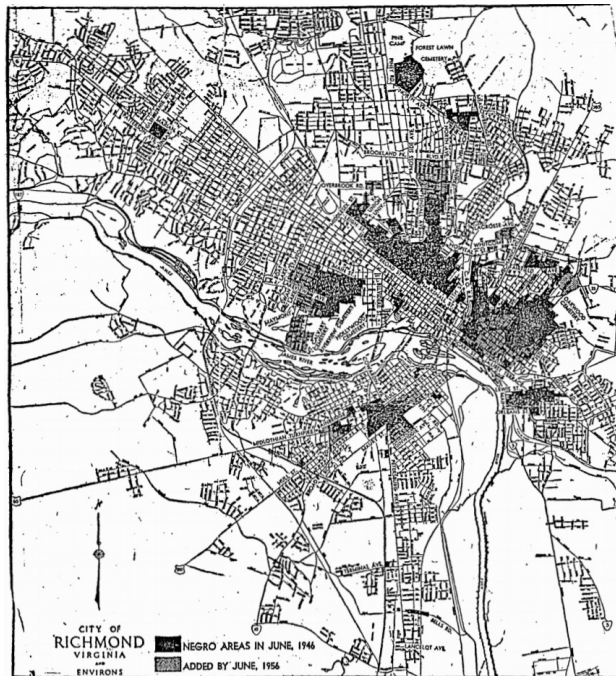


Figure 10. Black residential areas, City of Richmond 1957

### *Local Policies and Programs*

The City of Richmond has a long history of racism, classism and exclusivity that were supported by government policies and programs. When analyzing the existing conditions of Barton Heights, it is important to look to those unjust government policies and closely examine the negative effects they had on communities of color. This section will provide a brief overview of the City of Richmond’s housing inequality timeline.

In 1911, the City of Richmond adopted a residential segregation ordinance. This was during the time that the all-White neighborhood of Barton Heights was experiencing rapid growth and economic success due to the electric streetcar providing direct and convenient transportation from the suburb to downtown. Between 1935 and 1940, one of the New Deal’s agencies, the Home Owners’ Loan Corporation (HOLC) created “security maps” across the US that color-coded credit worthiness and risk on neighborhood levels (Nelson, Winling, Marciano,

& Connolly, 2017). HOLC is known today as one of the most important factors in preserving racial segregation, intergenerational poverty, and the continued wealth gap in the U.S. (Nelson et al., 2017). The majority of the security maps in Richmond were created in 1937, when Barton Heights was all White. Barton Heights received scores A, B, and C which meant they were deemed “safe for investment” because they had “very little Negro population”. The areas within Barton Heights that received lower scores were located in Southern Barton Heights and were given “C” scores because they were “located close to Negro neighborhoods”.

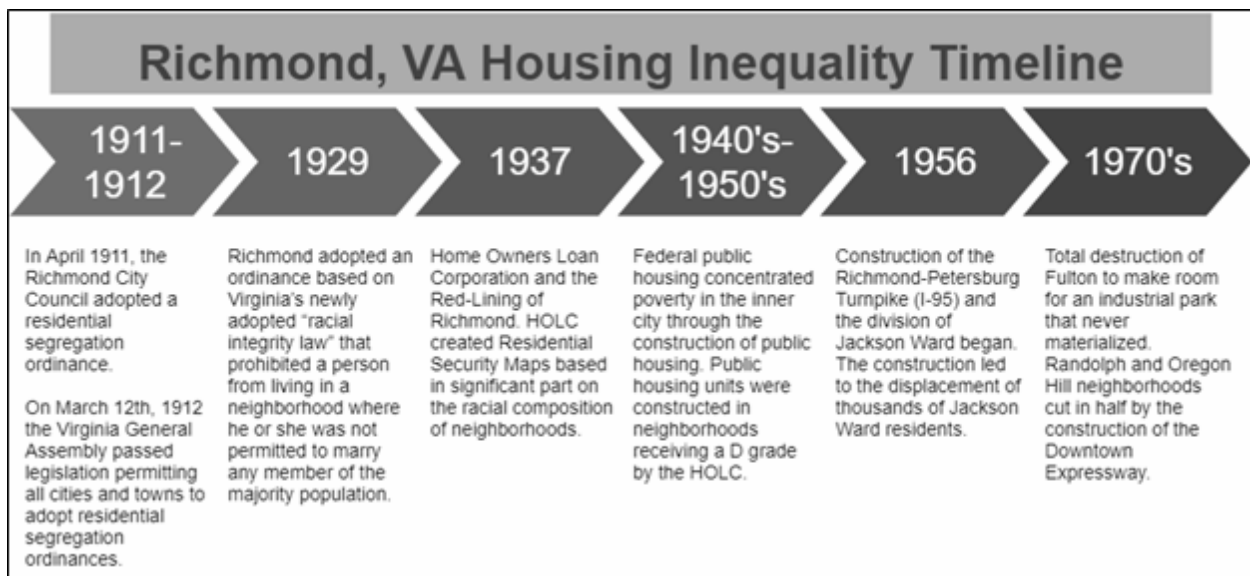


Figure 11. Richmond, VA Housing Inequality Timeline

The housing inequality timeline illuminates the City of Richmond’s rational planning history. These planning policies, programs, and interventions were goal, objective, and implementation-driven and the outcomes were usually inequitable, unjust, and exclusionary. Oftentimes the goals and outcomes of these rational planning programs were reduced to a unified notion of the public interest, meaning the interest of the White population. Marginalized voices, such as communities of color, were either excluded in these rational planning processes or negatively affected by the government policies. An example of rational planning in the City of

Richmond is the infamous urban renewal program. Urban renewal occurred in other Black communities in Richmond, like Carver and Jackson Ward. Despite the widespread recognition and acknowledgement of urban renewal failures in 20<sup>th</sup> century Richmond, rational planning's presence lives on in the Richmond region today with planning initiatives such as the public housing redevelopments.

Barton Heights has been a focal point for the City of Richmond Planning and Review Department for over 30 years. In 1995, the City of Richmond Planning and Development Review agency worked with the Southern Barton Heights neighborhood association to create the "Southern Barton Heights Revitalization Plan". The purpose of the plan was to address the substantial amount of deteriorated housing, a loss of population, an increasing elderly population, drug-related crimes, and poor maintenance of publicly owned neighborhood infrastructure ("A Land Use and Revitalization Plan for Southern Barton Heights" 1995). The incorporation of the Barton Heights Revitalization Plan into the citywide master plan showed a slight shift from the traditional top-down approach because the City of Richmond collaborated with the Barton Heights neighborhood association to create and implement the plan.

In 1999, Southern Barton Heights was one of seven neighborhoods chosen to participate in the City of Richmond's Neighborhoods in Bloom (NiB) program. The goal of NiB was to disburse limited funds for neighborhood redevelopment to a target set of seven neighborhoods, a form of targeted reinvestment strategy (Federal Reserve Bank of Richmond 2017). A 2005 impact measurement report revealed that the highly focused reinvestments through the NiB program resulted in accelerated housing price appreciation in the targeted neighborhoods (Accordino, Galster and Tatian 2005). Housing prices in the seven NiB neighborhoods appreciated 9.9 percent faster per year than the citywide average. Hinting at NiB's side effects of

gentrification in Southern Barton Heights the impact report describes, “NiB attracted small, for-profit developers who rehabilitate a couple of houses at a time, and they have attracted real-estate speculators... average housing prices have doubled in recent years and property assessments have gone off the charts” (Accordino, Galster and Tatian, 2005, pg. 47).

The recent planning initiatives in Southern Barton Heights have inched away from the rational planning interventions of the past towards a more diverse and democratic planning process. Susan Fainstein however argues that the incorporation of democracy and diversity into planning processes does not lead to equity or even equality, “even though public decision making has become more participatory than in the past and authority is increasingly decentralized, we have seen inequality grow, at least in part as a consequence of governmental actions” (Fainstein, 2010, pg. 35). Fainstein’s argument guides us to question what the true impact of the revitalization plan and the NiB program were for the residents of Southern Barton Heights. The City of Richmond government led and controlled the process for both the neighborhood revitalization plan and the NiB targeted reinvestment program.

### *Housing Instability*

The history of Barton Heights combined with the neighborhood’s existing conditions highlight the common trends of white flight from inner-ring suburbs leading to government disinvestment and economic hardship. The rapid gentrification occurring in tandem with the high eviction rates is alarming. The findings show that although African Americans still make up most of the racial demographics in the neighborhood and are deeply ingrained in the Barton Heights community, the high occurrence of displacement and gentrification pose as threats for the current residents. Private and public intervention is necessary to protect Barton Heights

residents from displacement and protect the historic Barton Heights character. Housing instability affects SBH residents directly through high eviction and displacement rates for black residents and the lack of property owners who accept housing choice vouchers.

Reinvestment Fund's MVA provided an in-depth analysis on the Richmond region's housing market and further, on housing instability. Key findings from the regional analysis include; HCVs are concentrated around public housing developments rather than being dispersed across the region, a significant portion of owners and renters are cost-burdened in the region, particularly in middle and stressed markets, and households with incomes as high as \$72,000 (120% of regional AMI), are locked out of most neighborhoods by high housing costs.

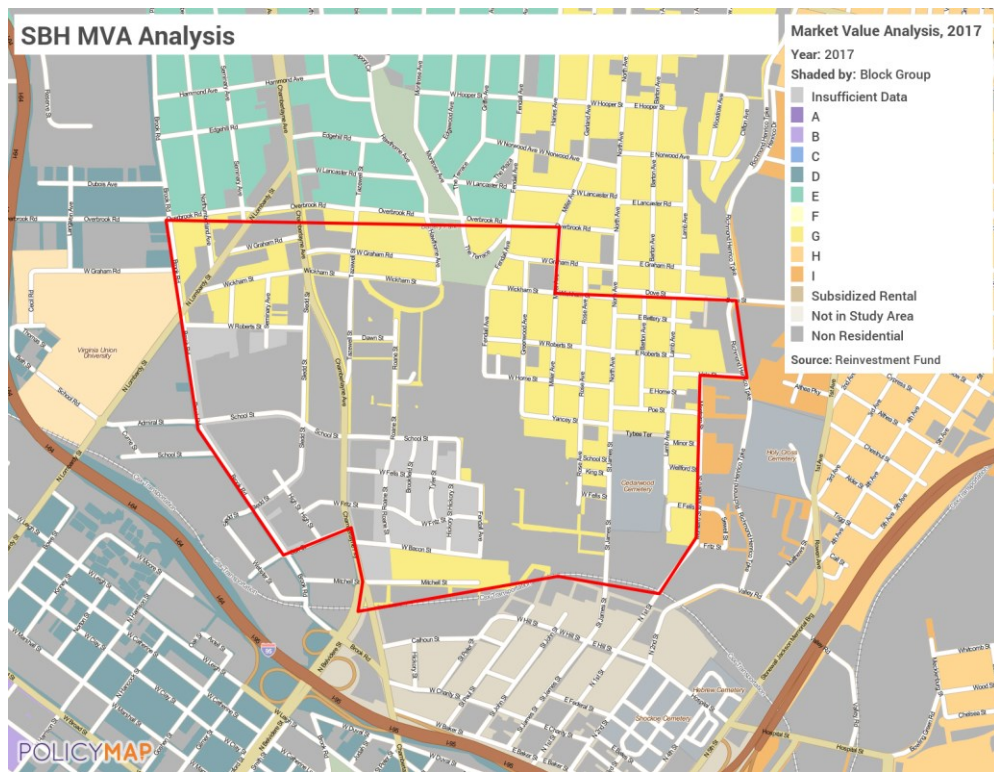


Figure 12. Southern Barton Heights MVA Map

Data from the Princeton Eviction Lab and the US Census support the argument that there is widespread housing instability in Southern Barton Heights due to the extreme rate of eviction. Southern Barton Heights has an eviction rate of 33%. This number is three times that of the City

of Richmond’s already high average eviction rate of 11% and nearly six times that of the Virginia average eviction rate of 6%. One third of the residents in Southern Barton Heights are evicted each year, which is a clear indicator of severe housing instability.

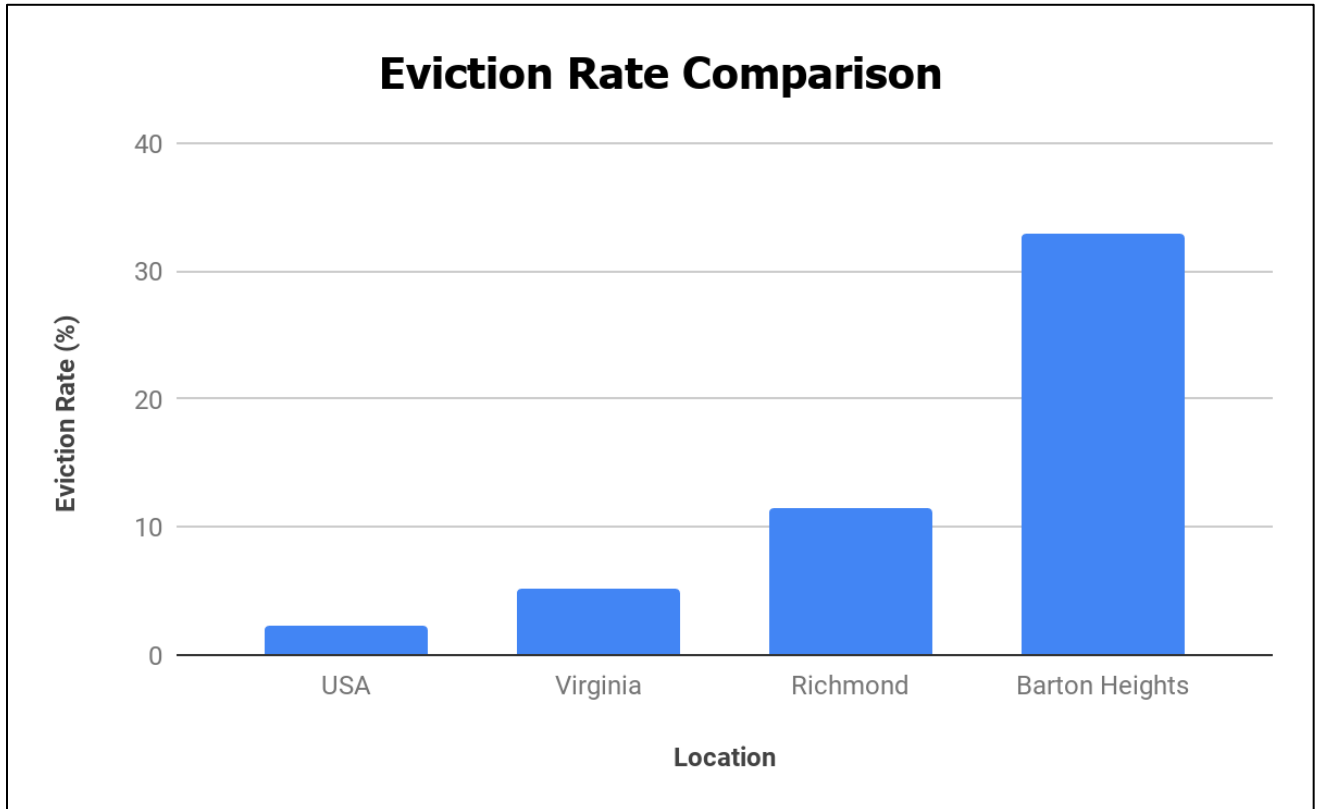


Figure 13. Eviction Rate Comparison

Table 2. Demographic Overview of the City of Richmond and SBH

Overview Data	City of Richmond	Southern Barton Heights
Eviction Rate	11.44%	33%
Poverty Rate	19.33%	23.56%
Population	213,735	2,963
% Renter Homes	57.72%	56.40%
Median Gross Rent	\$896	\$887
Median Property Value	\$193,700	\$153,000
Rent Burden	33%	40%

Median Household Income	\$40,758	\$37,330
% White	39.92%	22.4%
% African American	48.36%	70.8%
% Hispanic/Latin	6.35%	1.3%

This research utilized an algorithm created by Ira Goldstein at TRF called the Displacement Risk Ratio (DRR) to determine the risk of involuntary displacement and gentrification in Southern Barton Heights. The algorithm argues that areas where home sale prices rise at a rate similar rate to income, there is no concern about involuntary displacement. However, if prices rise faster than income, displacement or the inability of households of similar economic circumstances to live in the neighborhood is a potential concern worthy of further inquiry (Goldstein, Dowdall, Weidig 2017).

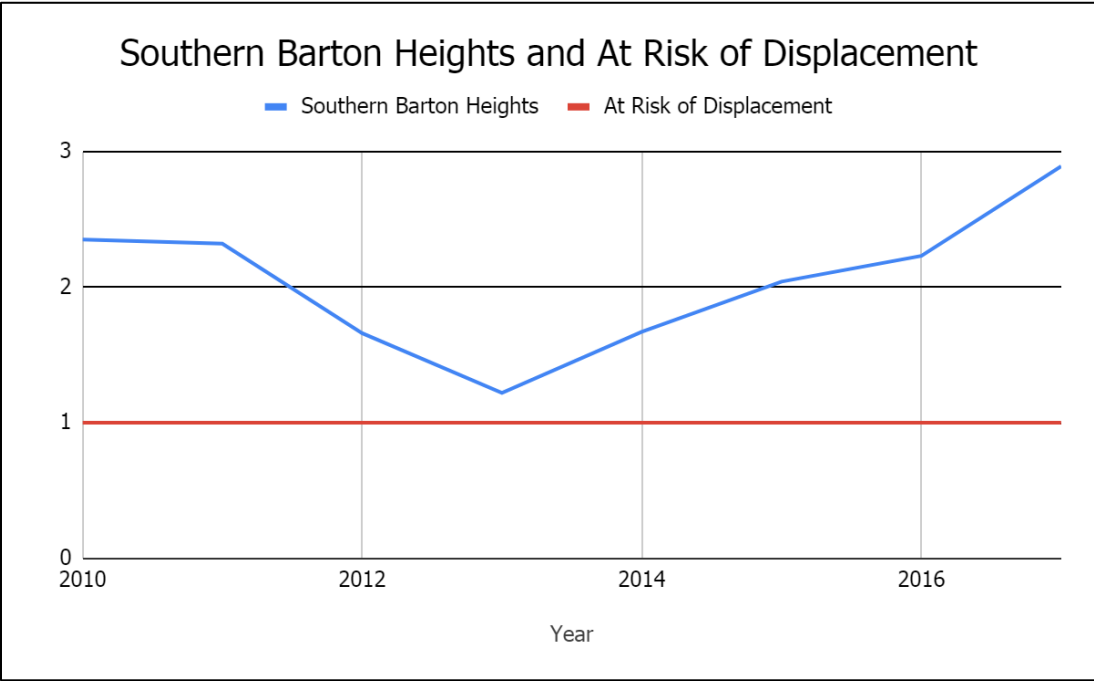


Figure 14. Displacement Risk Ratio for Southern Barton Heights

A DRR analysis was completed on the Southern Barton Heights neighborhood between the 2010-2017 and the results concluded that there has been and still is a high risk of

displacement in the neighborhood. A result of 1.0 or higher on the DRR shows a risk of displacement. Southern Barton Heights' displacement risk has been well over 1.0 since 2010 and the rate has steadily risen since 2013. The rise in home sales price is outpacing the rise in median family income in the neighborhood, which determines the displacement risk. Although the DRR provides a manageable algorithm that can be applied to any geography, it does not include or recommend breaking the median income data down by race. Between 2008-2017, the median income of a Black household in Southern Barton Heights increased by 3% while the median income of a White household increased by 70% (US Census 2008-2012, 2013-2017). Black households in eastern Southern Barton Heights experienced a decrease of median income between 2012 and 2017. The median sale price of homes sold between 2012 and 2017 in Southern Barton Heights increased by 94%. It is important to note that TRF' DRR does not incorporate new income (associated with new residents of the community). Instead, it fixes the incomes at the initial measurement point, in this case 2010. This is one of the benefits of the DRR because it references long-time occupants, not the new residents.



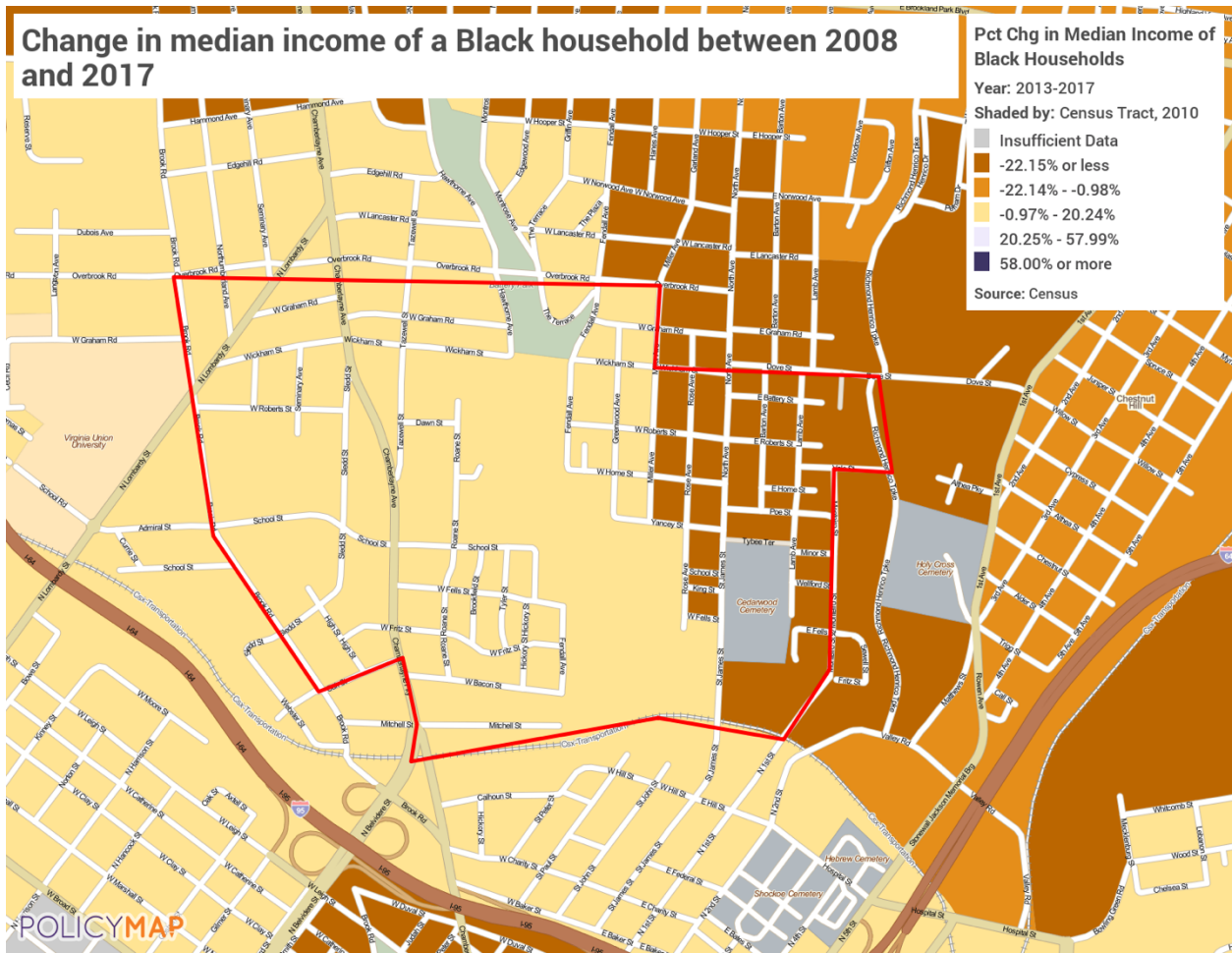


Figure 15. Change in Median Income of a Black Householder between 2012 and 2017

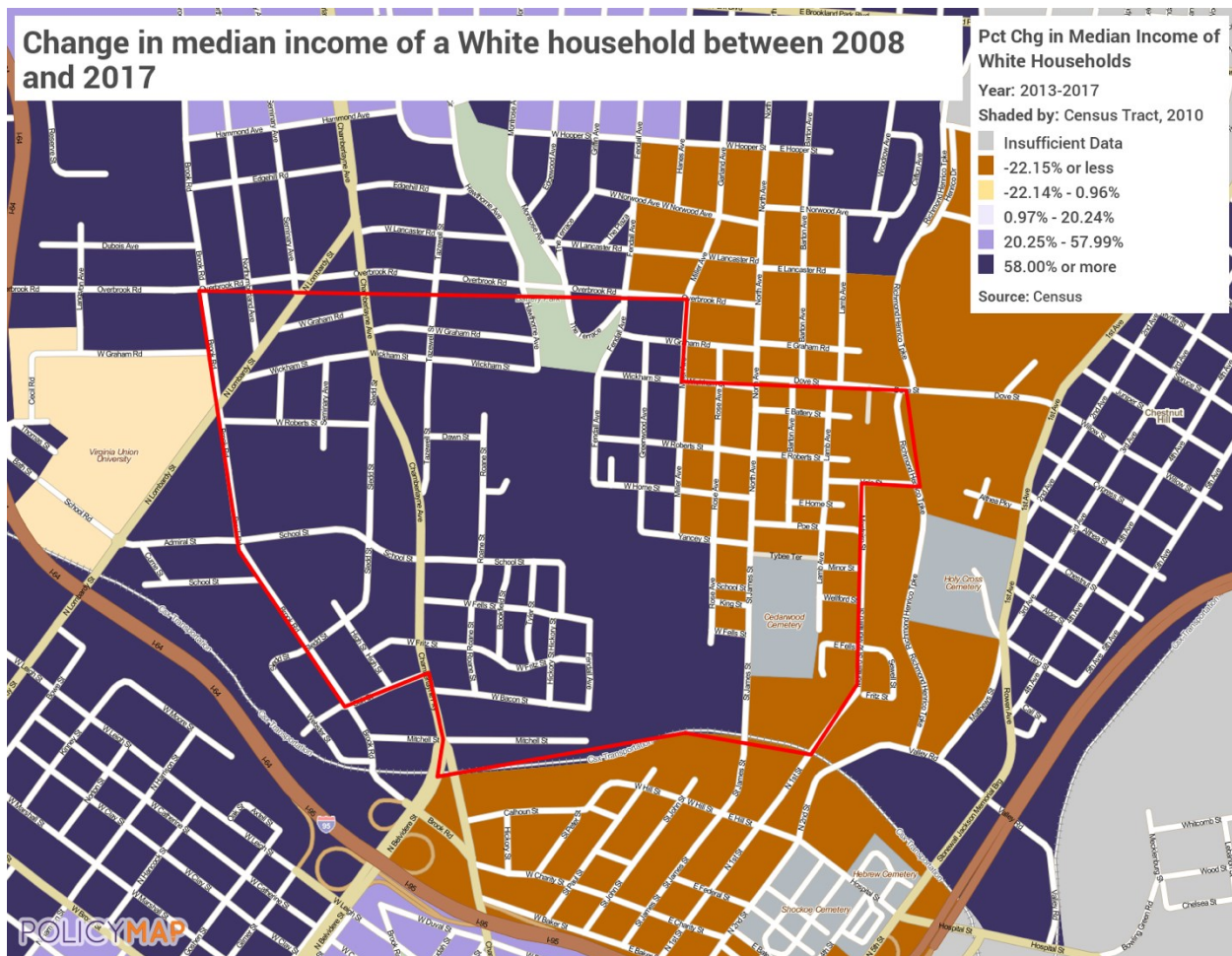


Figure 16. Change in Median Income of a White Householder between 2012 and 2017

Overall, the median household income in Southern Barton Heights has increased steadily, although it has not increased at the same rate as the price of home sales. However, analyzing the percent change in median income by race, it is clear that the overall increased percentage is weighted heavily by the newer White population. According to the displacement risk results, one can argue that the gentrification in Southern Barton Heights is positively affecting the increasing White community and negatively affecting the Black community.

Another key characteristic in the theme of housing instability relates to housing mobility and housing choice. An analysis of housing choice vouchers (HCV) in the Richmond region relates to this project because HCVs uplift the intersection of health and housing, concentrates

poverty and encourages income and racial diversity, and centers racial equity. The Virginia nonprofit Housing Opportunities Made Equal (HOME) recently conducted an analysis of HCV in the Richmond metro. The study provides an update to existing HCV research on voucher utilization in the Richmond metro region. The demographics analysis of the study found that in the Richmond metro, black households account for approximately 88% of voucher households. This is a much higher rate than both the national rate of just 48% and the Virginia rate of 70%. Additionally, HOME found that females head 84% of voucher households and 42% of households utilizing vouchers in the region consist of female-headed households with children. A key takeaway from HOME's HCV study is that block groups with apartment complexes that accept vouchers are approximately 59% black, 27% white, and 8% Hispanic. Conversely, those block groups that have apartment complexes that do not accept vouchers are 47% white, 32% black, and 8% Hispanic.

HCVs are integral to the mission of advancing health and housing in the Richmond region because they expand opportunities for individuals and families. HCVs are the largest rental assistance program in the US and help over 5 million people afford housing in the private market. HOME's HCV study results show that fewer apartments in the Richmond region are accepting HCVs in 2018 than they were in 2014. Figure 19 demonstrates the location of the 139 surveyed apartment complexes in the City of Richmond, Henrico County, and Chesterfield County in relation to the percentage of black renter households by census tract. The City of Richmond's northside neighborhoods, Southern Barton Heights included, with the highest percentage of black renter households have a small number of apartment complexes in general and an even smaller number that accept HCVs.

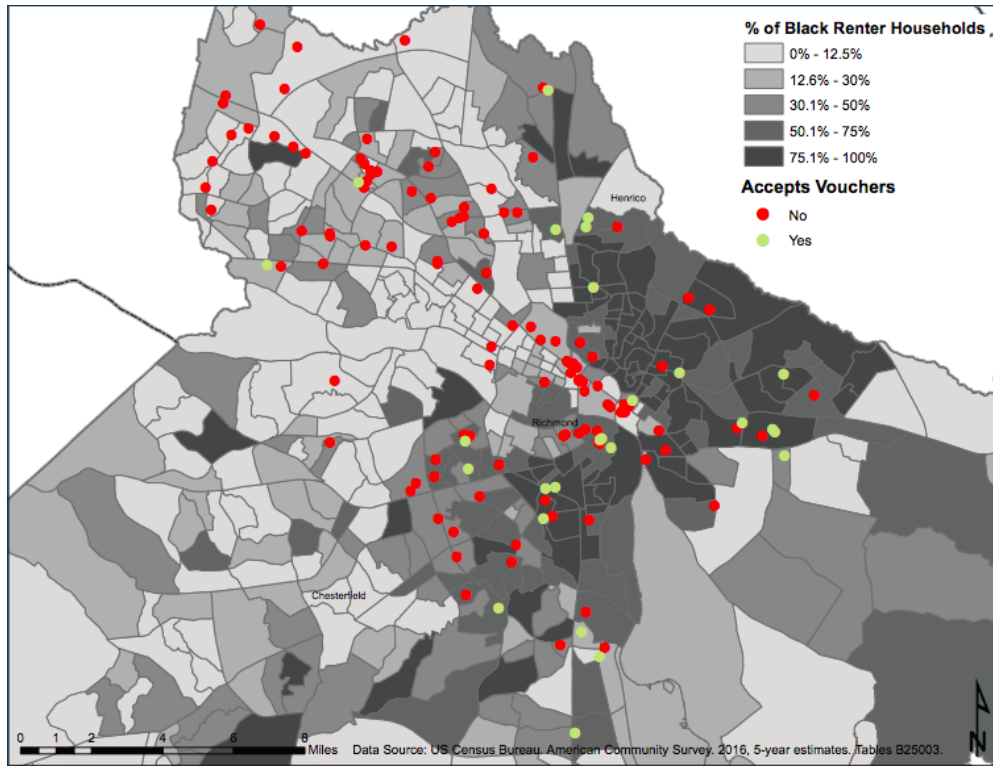


Figure 17. Richmond Region Housing Choice Voucher Distribution

*Community-Based Networks*

Although Southern Barton Heights is facing challenges like displacement and high evictions, the neighborhood holds many strengths. The neighborhood has a strong community base and a rich history. There is a strong network of CDCs, nonprofits, and service providers that are based either in SBH or in close proximity to SBH. Highland Park is a northside historic neighborhood located northeast of SBH. Highland Park is undergoing similar changes as SBH with rising home values, racial displacement, gentrification, new development, etc. Several nonprofits, CDCs, business owners and organizers and community leaders have convened together to address these changes. The group self-identifies as the “Highland Park Development Group”. The team consists of members from Richmond’s Local Initiatives Support Coalition (LISC), Community Preservation and Development Corporation (CPDC), Lewis Ginter Park, St. Elizabeth’s Catholic Church, Thriving RVA, City of Richmond’s Housing and Community

Development Agency, local business owners, and local nonprofits. The Highland Park group meets monthly to discuss pipeline developments, gaps and challenges, and the potential implications of those developments on the community.

Non-profit organizations that are physically based in the communities that they serve can lead to more trusting, beneficial and closer relationships. Within the census tract boundaries of SBH, there are eight functioning nonprofits. Seven of the eight nonprofits work with health and housing related issues. The Conciliation Project is an advocacy group, which promotes, through active and challenging dramatic work, open and honest dialogue about racism and oppression in Richmond, Virginia. Partnership for Families is a community organization that provides a wide array of social support services to Richmond residents ranging from extremely low income to high income. If boundaries are expanded to include all of Northside, there are a total of 40 nonprofits organizations. The “Highland Park Development Group” model can be applied to the SBH neighborhood if stakeholders are willing to organize, share and participate. Transparency with development pipelines in tight knit neighborhoods like Highland Park and Southern Barton Heights is increasingly important as more and more longtime residents are displaced and evicted from their homes.



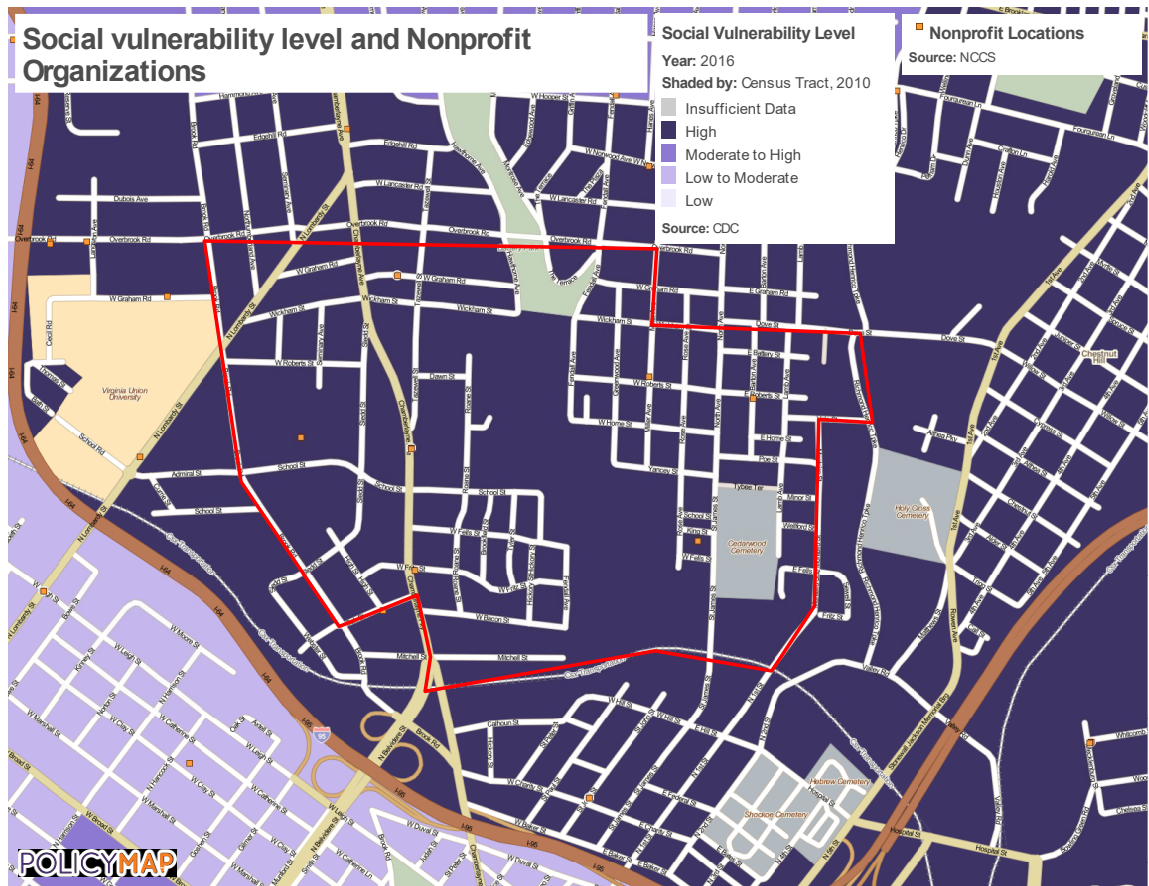


Figure 18. Social Vulnerability Index and Nonprofit Locations

Key informant interviews with local stakeholders were requested with all nonprofits located in Southern Barton Heights apart from the Richmond Animal Welfare Foundation. The interview format including project introduction and questions can be found in Appendix A. In addition to the interviews requested with the above organizations, stakeholder meetings with Lee Alford, CPDC, and Shekinah Mitchell and Schirra Hayes from LISC took place to discuss the Highland Park Development team. CPDC and LISC are both well-established and trusted affordable housing nonprofit organizations in the Richmond region. During the Highland Park Development team workgroup meeting, each participant or organization shared an overview of their development pipeline and expressed the challenges, successes, and questions they have regarding their projects and the impact that their projects have or will have on the Highland Park

community. Each organization shared how they have partnered with the community so far and how they will continue to engage with the community in the future.

### *Access to Education, Resources, and Health*

Social vulnerability is a measure of how well communities may respond when confronted by external stresses on human health, natural or human-caused disasters, or disease outbreaks. Reducing social vulnerability can decrease both human suffering and economic loss. The ATSDR's Geospatial Research, Analysis & Services Program (GRASP) created SVI as a tool to help public health officials and emergency response planners. SVI can help to identify communities that may need the most support before, during, and after a hazardous event (CDC 2018). The index is comprised of four categories of vulnerability, socioeconomic status, household composition and disability, minority status and language, and housing and transportation. The SVI tool ranks census tracts on 14 social factors such as poverty, education, race, housing structure lack of vehicle access, and crowded housing (Wick, Thomas-Trudo, Samuels, & Cole, 2017). According to the 2016 analysis of CDC's SVI indicators, Southern Barton Heights neighborhood is highly vulnerable. Effectively addressing social vulnerability decreases human suffering and reduces post-disaster expenditures for social services and public assistance (CDC 2016).

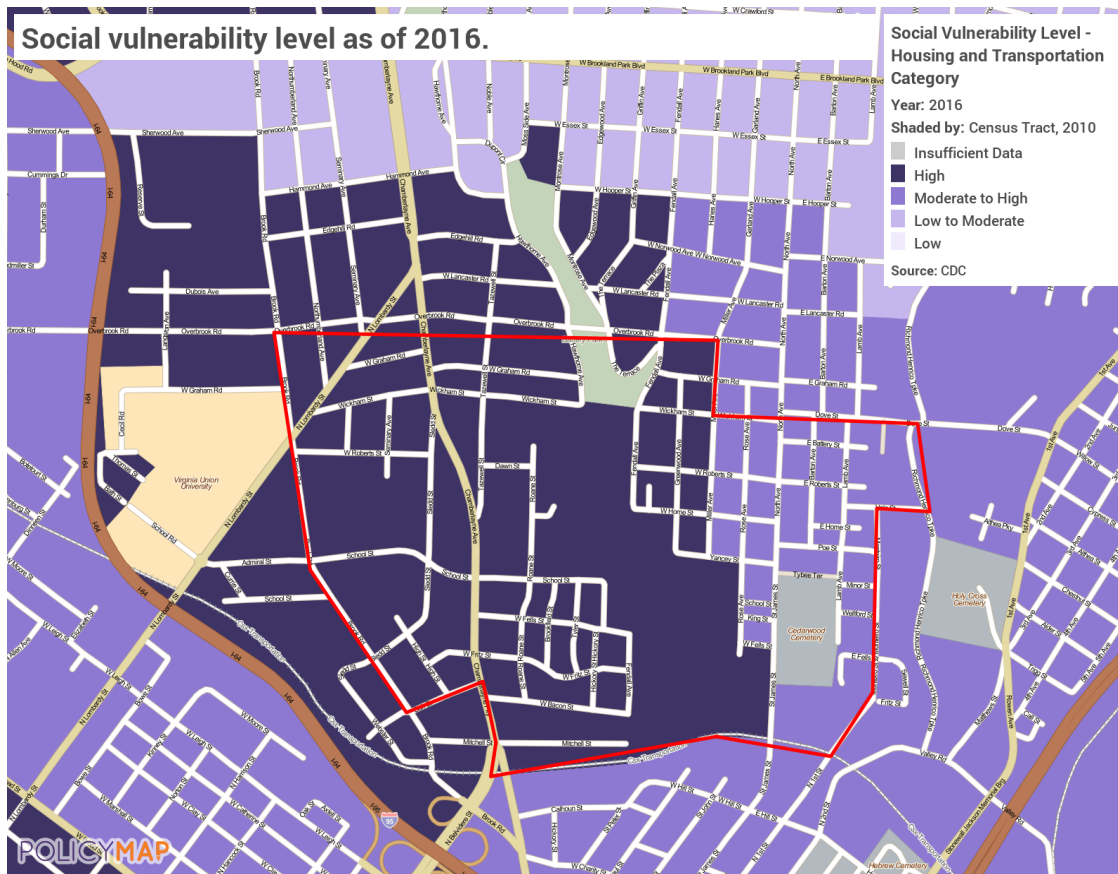


Figure 19. Social Vulnerability Level in 2016

## Recommendations

RMHF’s vision statement included in its strategic plan states, “all residents of the Richmond Region should have the opportunity to live in neighborhoods with affordable housing and access to resources necessary for good health, economic well-being, education, and transportation.” (Constantine 2017). These recommendations are meant to support and align with the aspirational goals set forth in Richmond Memorial Health Foundation’s strategic framework.

*Goal 1. Partner with local communities to ensure that RMHF’s strategic investments prioritize racial and ethnic equity*



- Objective 1.1 - Leverage and build upon existing community assets and capacity to ensure the project highlights the community's existing strengths
  - Action 1.1.1 – Connect with community leaders, advocates, long-time residents by leaning on the Southern Barton Heights Community Association to forge connections
  - Action 1.1.2 - Create a database of active nonprofits organizations specifically in Southern Barton Heights and in the City of Richmond. Gather these organizations from the National Center for Charitable Statistics, United Way's 211, Homeward, and Plan RVA
  - Action 1.1.3 – Establish regular contact with neighborhood associations, faith-based groups, local government agencies, volunteer organizations through quarterly meetings
- Objective 1.2 – Form a direct and personal connection with the community
  - Action 1.2.1 - Partner with nonprofits, business leaders, community members, etc. to host an input session to name community concerns, desires, needs. Model existing structures such as the “Highland Park Development Group” meetings that are hosted by LISC Richmond.
  - Action 1.2.2 – Invite the community to voice challenges, concerns, hopes, and wishes regarding their community's past, present and future during the community meetings and outside of the meetings. Share contact information from RMHF so that the community can express themselves through safe and trusting partners.
- Objective 1.3 - Build trust with the community

- Action 1.3.1 – Provide transparent reports to community regarding investments and pipeline. Share RMHF’s visions and goals of the projects with the community from the beginning of the process. These reports can be shared through local government community meetings, public health neighborhood meetings, Richmond Community Development Alliance meetings, etc.
- Action 1.3.2 – Review goals and purpose of project throughout process. Explicitly express why RMHF is committed to the community.
- Action 1.3.3 – Communicate candidly and authentically with residents
- Action 1.3.4 – Document conversations with community to comply with mission to communicate authentically

*Goal 2. Decrease black displacement in the Richmond Region*

- Objective 2.1 - Partner with communities of color and low-income residents to better understand the displacement risks
  - Action 2.1.1 – Collaborate with RMHF’s Health Equity Fellows, Connect Capital RVA, the Center on Society and Health’s Empower Richmond, and LISC’s Leaders of Color to ensure that the partners involved in the project are an even reflection of the partnering community
  - Action 2.1.2 – Work with experts in community engagement to hold listening sessions with residents of color to document their personal stories of displacement, gentrification, eviction, and mental health challenge
  - Action 2.1.3 – Encourage beneficiaries of impact investments to compensate residents of color who are participating in process

- Objective 2.2 – Prioritize the preservation of affordable housing
  - Action 2.2.1 – Promote the creation of a preservation program or task force that is hosted within the City of Richmond’s Housing and Community Development agency. The program or task force will look to Washington DC’s “Preservation Strike Force” for best practices and policies.
  - Action 2.2.2 – Participate in the market-rate affordable housing research study led by the Partnership for Affordable Housing, and Plan RVA
  - Action 2.2.3 – Support the RVA Eviction Lab in the creation of a Richmond housing database. The database will serve multiple housing preservation purposes including highlighting the number of units of public and assisted housing units in the community
  - Action 2.2.4 – Identify the location of vacant and or affordable units in the community and share with the Maggie Walker Community Land Trust, the City of Richmond Land Bank, UrbanHope, Southside Community Development & Housing Corporation, project:HOMES, etc. to acquire and maintain affordability
  - Action 2.2.5 – Educate the community on housing preservation options during community meetings and listening sessions. Provide contact information for affordable housing nonprofits in the case that a family or individual is interesting in selling their home.
  
- Objective 2.3 – Support programs for those who are homeless and those with extremely low to very low income (0-60% area median income)
  - Action 2.3.1 – Attend Homeward’s public meetings, Point-in-time count, and Project Homeless event. This will ensure that RMHF leaders have a broad

understanding of the housing and health challenges facing Richmond's no-income, extremely low-income populations.

- Action 2.3.2 – Engage with, support and fund affordable housing organizations such as Virginia Supportive Housing that consistently serve the lowest income populations, those in the most need of housing.
- Objective 2.4 - Expand access to opportunity using the Assessment of Fair Housing (AFH) and federal, state and local fair housing practices
  - Action 2.4.1 – Use the housing choice voucher research study completed by Housing Opportunities Made Equal, to identify geographies where housing choice is further hindered by the utilization of housing subsidies
  - Action 2.4.2 – Connect and inform community residents to the resources and programs within Housing Opportunities Made Equal. Resources and programs include housing discrimination support, transition counseling, down payment assistance, foreclosure prevention, and fair housing education courses
  - Action 2.4.3 – Learn and leverage successful models in the City of Richmond's public housing transition coaches. Discuss the opportunity for RCHD to expand their coaches' geographic focus on public housing to other communities in Richmond that are experiencing high rates of black displacement.
- Objective 2.5 - Expand communication and messaging of housing options in neighborhoods
  - Action 2.5.1 – Brainstorm with RVA Eviction Lab ways to share their housing database with residents in need of housing options

- Action 2.5.2 – Learn about Homeward and Virginia Housing Development Authority’s affordable housing search database. Each year at Homeward’s annual Project Homeless Connect event VHDA’s affordable housing search engine helps over 200 Richmond residents identify safe, affordable housing

*Goal 3. Model long-term relationships with communities and stakeholders*

- Objective 3.1 - Share health, housing, and impact investing knowledge with Virginia’s philanthropic, nonprofit, and public sectors
  - Action 3.1.1 – Organize a workshop with foundations in Virginia who are committed to health and housing challenges. Coordinate the workshop alongside the Virginia Impact Investing Forum (VIIF), Virginia’s leading organization on social impact investing
  - Action 3.1.2 – Meet with local government officials and agencies to discuss the opportunity of creative, cross-sector collaboration utilizing impact investing.
  - Action 3.1.3 – Attend and participate in the Virginia Impact Summit 2019: Accelerating Virginia’s impact economy through catalytic philanthropy, impact investing and cross-sector collaboration
- Objective 3.2. – Request community and stakeholder participation in investment projects
  - Action 3.2.1 – Require that recipients coordinate multiple workshops, listening sessions, and community meetings to emphasize that the project is a collaborate process that requires input and perspective from all parties involved
- Objective 3.3. – Offer support and guidance with future community projects

- Objective 3.4 - Measure health and housing disparities before, during, and after investments
  - Action 3.4.1 - Identify indicators of health status, major determinants of health, and healthcare that are suitable for assessing gaps between more and less-advantaged social groups
  - Action 3.4.2 - Describe current patterns of avoidable social inequities in health and housing
  - Action 3.4.3 - Produce an inclusive and public process of considering the policy implications of the patterns and trends. Include all stakeholders.
- Objective 3.5 – Affirm RMHF’s commitment to the community through routine check-ins with residents and stakeholders
  - Action 3.5.1 – Follow up with community participants after meetings or workshops in the same manner that one follows up with clients or coworkers after meetings

*Goal 4. Lead, learn, and share impact investing model throughout Virginia*

- Objective 4.1 – Build an impact investing ecosystem map
  - Action 4.1.1 - Create a comprehensive list of impact investors, intermediaries and investees based RMHF’s current knowledge and the help of the impact investing advisory committee. Cogent Consulting successfully created an impact investing ecosystem map in 2017 to accelerate the amount of impact investing stakeholders and investments in the Twin Cities.

- Objective 4.2 - Promote innovative financing programs to provide affordable housing and health services
  - Action 4.2.1 – Meet with CDFIs, Community Loan leaders, and Investment Impact leaders to brainstorm applicable creative financing programs in the Richmond region
- Objective 4.3 - Encourage partnerships with Community Development Financial Institutions (CDFIs), financial institutions, and long-term affordability programs
- Objective 4.4 – Offer mentorship to likeminded, mission-driven foundations who are new to impact investing

## **Road to Implementation**

The recommendations laid out in this plan cannot and should not be boxed into a short-term implementation schedule. The goals, objectives and actions within this plan are meant to alter perspectives, create a new ecosystem of stakeholders, and change values and approaches. Because the recommendations are so large and impactful, this plan take the long view approach for implementation. The recommendations support and align with the goals included in RMHF’s strategic framework and mission. The foundation is currently working with an advisory impact investing committee to discuss the future of impact investing in health and housing in the Richmond region. The advisory committee will receive the recommendations laid forth in this plan and have the option to incorporate entire goals or individual actions into their long-term investment strategy for RMHF.

The goals in this plan focus on equitable and just community partnerships, the reduction of black displacement, exemplifying long-term relationships with stakeholders, and leading the impact investing movement in Virginia and beyond. Fortunately, RMHF is already committed and working towards many of the objectives included within the four goals. Leaning on and building off past and ongoing initiatives will benefit all aspects of this plan. Reinvestment Fund's MVA research, the Center on Society and Health's community engagement report, the foundation's Equity + Health fellows' research, and the Connect Capital RVA's research and work are invaluable assets to RMHF's impact investing implementation strategy.

The below chart shows a list of potential partners for this impact investing plan. The chart provides a brief overview of the long list of organizations who could collaborate on impact investing in health and housing in the Richmond Region. A few of these organizations are mentioned within the recommendations section and some are not. The third goal in this plan is "Model long term relationships with communities and stakeholders". The more organizations and sectors involved in impact investing to better health and housing in the region, the better the plan, implementation, and long-term outcomes will be. The Center on Society and Health's (CSH) "Regional Scan and Strategies for Community Engagement in Health, Housing and Community Development" report includes an extensive inventory of health, housing and community development organizations in Virginia. RMHF can consult the CSH report as they progress through their impact investing strategic plan for additional resources and contact information.

RMHF has a unique opportunity to situate itself as an innovative and passionate leader in the impact investing world not just in Virginia, but nationwide. Equity in health and housing in the Richmond region will benefit from more multi-sector and regional collaborations, capacity



building for local leaders and organizations, and funding that supports community engagement. Should they pursue the recommendations outlined in this plan, RMHF will continue to move the Richmond region to be a more equitable and just city. They will change the environment in which stakeholders engage in health and housing issues by creating impact investing models that represent balanced partnerships - through authentic engagement and collaboration.

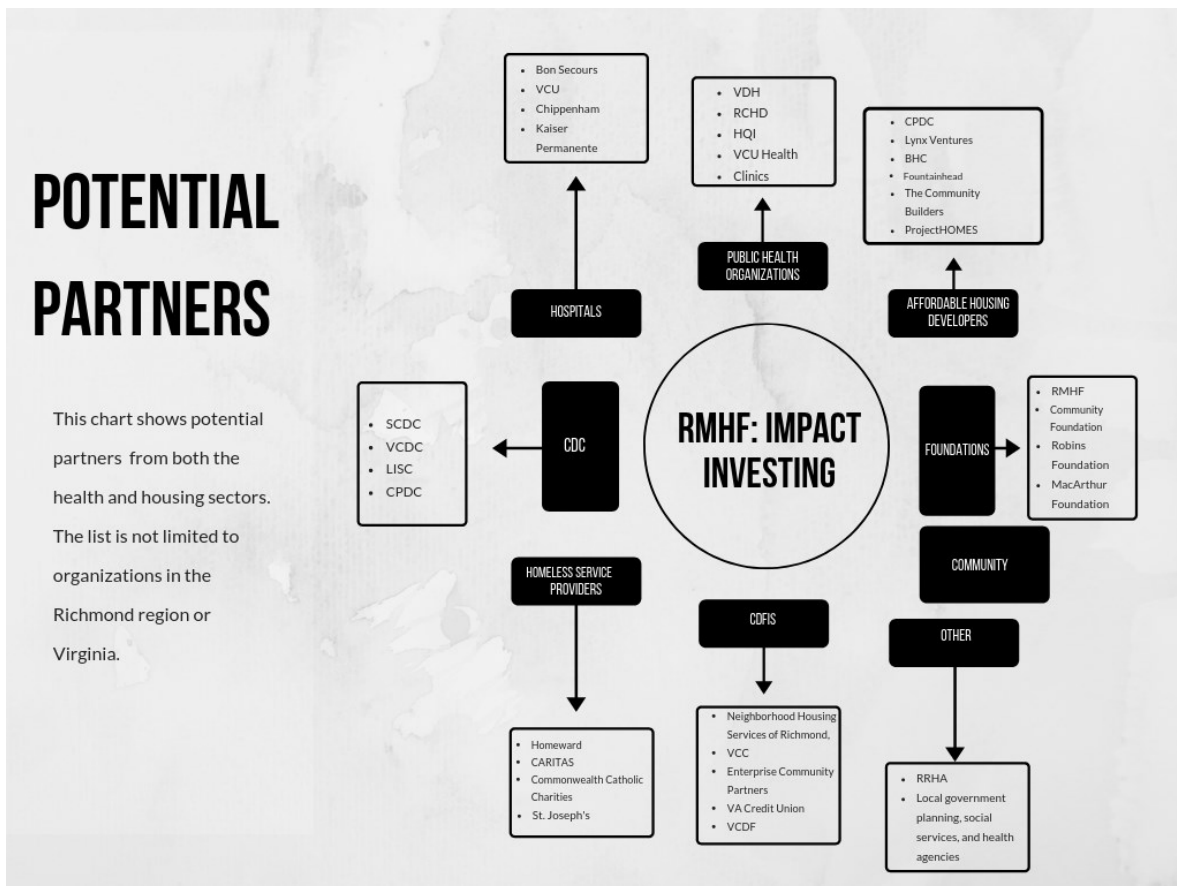


Figure 20. Impact Investing Ecosystem Map

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## Appendix

	<b>Richmond Memorial Health Foundation (RMHF)</b>	<b>Jessie Smith Noyes Foundation (JSN)</b>	<b>Baltimore Community Foundation (BCF)</b>	<b>MacArthur Foundation</b>	<b>Annie E. Casey Foundation</b>	<b>Foundation for the Carolinas (FTC)</b>
Mission	Ethnic and racial equity	The Jessie Smith Noyes Foundation supports grassroots organizations and movements in the United States working to change environmental, social, economic and political conditions to bring about a more just, equitable and sustainable world.	To improve the quality of life in the Baltimore region through grantmaking, enlightened civic leadership and strategic investments.	Committed to building a more just, verdant, and peaceful world.	Improve educational, economic, social, and health outcomes for children.	To inspire philanthropy and empower individuals to create a better community.
Inception	1998	1947	1972	1970	1948	1958
Assets	\$233,679,117 in 2016	\$51,160,000 in 2013	\$174,322,998 in 2017	\$6.2 billion in 2016	\$2.6 billion in 2016	\$2.48 billion in 2017
Housing + Health	Linking housing and health is included in their 2016 strategic framework as a top priority.	A Affordable Housing and Healthcare are two of JSN's social justice impact investing themes. They use capacity-building and community/collective management systems as investment models to empower stakeholders.	Invested in an Enterprise Community Loan Fund to support development of multifamily affordable housing in Baltimore, with Healthy Neighborhoods, Inc. Also invested in the form of a bridge loan that will help make improvements related to the Baltimore Regional Neighborhood Initiative and Project C.O.R.E. grants.	Housing and health are their two focal points with impact investing. They invest in building CDFI's network capacity, affordable housing trusts, affordable housing preservation, energy efficiency programs, etc.	100% of their investments are dedicated to programs that improve housing and or health outcomes for kids and families in low-opportunity neighborhoods.	In 2018 they announced a \$5 million Housing Opportunity Investment Fund to increase the number of homes available for people living in poverty in Charlotte, NC
Investment Strategies	Impact investing is one of four goals included in their 2016 strategic framework plan.	JSN's investment strategies differ from social justice theme.	In 2018 they introduced the "Invest for More" program: making focused, carefully selected investments into companies, organizations, and funds with the intention of generating a measurable, beneficial social impact, as well as a financial return.	Investments in below-market loans, equity, guarantees, and other instruments, with a focus on additionality—meaning the underlying activities would not take place "but for" their investment.	They started a mission investing strategy by creating a dedicated social investment program (the SI program). The program includes program-related investments (PRIs), mission-related investments (MRIs) and mission-related deposits (MRDs).	FTC does not have an official impact investing strategy, though they have completed a few impact investments in the past two years.
Target Areas	Richmond region	New York, NY	Baltimore region	Global	Nationwide	13-region area in North and South Carolina
Definition of Success	Contributing to make the Richmond region a place where everyone has opportunity.		Baltimore boasts a growing economy where all have the opportunity to thrive. Our action agenda organizes grants, initiatives and advocacy around this vision.	Ad hoc data collection processes may lead to inconsistencies and data quality issues in assessing impact.	When the outcomes for kids and families in high-poverty neighborhoods have improved.	
Challenges	Relatively new and small foundation that does not have experience in impact investing strategies.	Impactful opportunities and strategies are often small and remain a niche approach.	Building bridges between investors looking for high-impact opportunities and organizations tackling the most difficult problems is a challenge.		Impact investing lacks a single agreed-upon approach to impact measurement.	Creating accurate impact targets is a challenging practice that affects investor's ability to monitor investment performance.

## Glossary

*Below-Market Investment:* An investment made with an agreed upon rate of return that is less than the current market rate. Program-related investments (PRIs) are often referred to as below-market or concessionary investments given the requirement that no significant purpose of the investment can be the production of income or appreciation of property

*Bridge Loan:* Temporary financing to a borrower who has secured a grant, loan or other forms of funding at a point in the future but who needs financing before such funds are received.

*Collective Impact:* Collective impact is the commitment of a group of actors from different sectors to a common agenda for solving a complex social problem.

*Community Development Financial Institutions (CDFIs):* Financial institutions such as a community development corporation, bank, credit union, or loan or venture capital fund, that has as its primary mission to provide credit and financial services to underserved markets and economically disadvantaged populations.

*Environmental, Social and Governance (ESG):* Environmental, Social and Governance (ESG) factors are those which social investors may consider as part of their investment analysis as a way to evaluate whether their investments promote sustainable, fair and effective practices and mitigate potential risks. ESG may be referred to as "ESG investments" or "Responsible investing."

*Equity:* Cash invested by owners, developers, or other investors in a project. Equity investments typically take the form of an owner's share in the business and return on equity involves a share in the profits. Evidence of business equity is usually in the form of shares of stock.

*Fixed Income:* These securities, commonly in the form of Treasury bonds, corporate bonds, CDs and preferred stock, provide periodic income payments at predictable intervals and an interest or

dividend rate known in advance by the holder. The relatively low risk of fixed income securities generally translates into relatively lower returns.

*Guarantee:* An agreement to perform the obligations of a third party if that party defaults. When a third party guarantees a loan, it promises to pay in the event of default by the borrower.

*Mission-Related Investment (MRIs):* Mission investing is the practice of foundations who invest to advance their missions and programmatic goals. A mission investment can be either a program-related investment (PRI) or a mission-related investment (MRI). Private foundations make PRIs as part of their annual distribution strategy. MRIs are risk-adjusted, market-rate investments made from the foundation's assets. MRIs are not an official IRS designation and are conventionally distinguished through the explicit advancing of the foundation's mission and programmatic goals. Opportunities for MRIs exist across asset classes and issue areas.

*Impact Investing:* Our partner the Global Impact Investing Network defines impact investing as investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending upon the circumstances. Impact investors actively seek to place capital in businesses and funds that can harness the positive power of enterprise.

*Impact Plan:* A standardized impact plan that documents intent and impact statement that tracks performance. Social impact measurement provides benchmarks and mechanisms to assess, monitor and track the social impact of an investment.

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*Program-Related Investment (PRIs):* A term of art from Internal Revenue Code Section 4944 that refers to foundation investments (i) the primary purpose of which is to accomplish one or more of the foundation's exempt purposes, (ii) in which production of income or appreciation of property is not a significant purpose, and (iii) influencing legislation or taking part in political campaigns on behalf of candidates is not a purpose. A program-related investment (PRI) can take the form of equity, debt, guarantees, linked deposits, etc., and must be charitable in nature. PRIs are counted toward part of a private foundation's annual distribution requirement (a 5% minimum). In the event repaid, investment returns are treated as PRIs, but the corpus is added back to the qualifying distribution requirement. Because PRIs are generally expected to be repaid, they can then be recycled into new charitable investments, increasing the leverage of the foundation's distributions.