How Much Do Healthy Communities Cost?

Nancy Andrews, Low Income Investment Fund*

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Today, most agree that achieving substantial improvements in population health and medical costs will require a greater focus on the upstream social determinants of health. I count myself among the converted, and I believe the community development sector's work at the intersection of people and place offers many promising solutions. But we must ask ourselves what achieving impact at scale would look like, and what it would take to get there.

At a recent Institute of Medicine (IOM) roundtable workshop on resources for population health improvement,[i] I was asked for an on-the-spot dollar estimate to provide full coverage for critical community development supports to help vulnerable children and families achieve better health and economic mobility. I quickly narrowed to two vital areas of upstream investment: housing and education, particularly early learning and child development programs. My organization, the Low Income Investment Fund, has invested hundreds of millions of dollars in these areas, leveraging private capital at a 7:1 ratio. For many years, research has linked both to a range of positive social outcomes—including improved health—and each is a critical platform for addressing health disparities.

On stage at IOM, I did some quick math in my mind and leapt forward with an answer: "About $100 billion per year!" Let's see how that hot-seat guesstimate stands up to the cold light of morning (and some serious analysis). The short answer is as follows: To serve 100 percent of poor families and kids in these two critical areas, the price tag is around $90 billion per year (see table below). Here is how I developed this estimate.

Affordable Housing. There are several ways to make rental housing affordable to poor families, but the most common and possibly cheapest way to do so is with rental assistance—such as with the federal Housing Choice Voucher (HCV) program, formerly known as Section 8.[ii] Under the HCV program, the government fills the cost gap between the rent that is affordable to a family and what a landlord charges for a unit on the open market. Meeting the need for affordable housing among the poor population could thus be quantified as what it would cost to provide rental assistance to all poor households who are "rent-burdened," meaning they pay more than 30 percent of their incomes on rent. Only around one in four families who currently qualify for rental assistance get it, and often only after years of being on a waiting list.

Type of Support	Annual Cost
Housing Subsidy	$56.7 billion
Early Childhood Education	$33.5 billion
Total	*$90.2 billion*

*Participant in the activities of the IOM Roundtable on Population Health Improvement.

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Commentary

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[vi] See http://febp.newamerica.net/background-analysis/head-start (accessed December 2, 2014). These calculations also do not account for Temporary Assistance for Needy Families dollars spent directly on child care, nor does it account for the range of state and local subsidies for child care that serve poor children. Accounting for these additional funding streams is complicated and difficult, but doing so would lower any calculation of a funding gap to serve poor children four years old and younger.

[vii] Ludwig, et al. 2011. Neighborhoods, Obesity, and Diabetes—A Randomized Social Experiment. *New England Journal of Medicine* 365:1509-1519. October 20.