

# HOUSING AND COMMUNITY BENEFIT: WHAT COUNTS?

MARY AYALA and JULIE TROCCHIO, MS

**A**ffordable, stable and quality housing has been linked to improved chronic disease management; improved child, adolescent and adult physical and mental health; reduction of infectious diseases, asthma, depression and injuries; and other positive health outcomes.

The impact of housing is especially significant among vulnerable populations, including low-income families, seniors and the physically or mentally disabled. When households devote more than half of their income to housing, there may be insufficient resources available for preventive health care, insurance, healthy food or prescriptions. Unaffordable housing also drives families to seek out low-quality housing alternatives, thereby increasing their exposure to toxins such as lead and mold.<sup>1</sup>

Recognizing the linkage between housing and health, hospitals and health systems increasingly are seeking to improve community health through housing-related activities. The Catholic Health Association and Enterprise Community Partners, a low-income housing organization in Atlanta, Georgia, have teamed together to develop guidance on the housing-related activities that a hospital can report as community benefit and those it should not. These recommendations do not constitute legal or tax advice.

## REPORTING HOUSING AS A COMMUNITY BENEFIT

Tax-exempt hospitals report their community benefit activities each year to the Internal Revenue Service on Part I of IRS Form 990 Schedule H. “Physical improvements and housing,” along with certain other social, environmental and economic activities, are listed separately in Part II as “Community Building,” implying that housing-related activities should not be reported as community benefit. However, the IRS has clarified that some housing activities and other activities addressing determinants of health are to be reported as com-

munity benefit. In 2011, the IRS amended instructions to Schedule H to say:

*Some community building activities may also meet the definition of community benefit. Don't report in Part II community building costs that are [reportable] ... as a community health improvement service...*

IRS further clarified in a December 2015 IRS Executive Order Update, which stated:

*Some housing improvements and other spending on social determinants of health that meet a documented community health need may qualify as community benefit for the purposes of meeting the community benefit standard.<sup>2</sup>*

Based on these clarifications, a housing-related activity provided primarily to address an identified community health need (as opposed to benefiting the hospital or for purposes unrelated to health) qualifies as a reportable community benefit. Community need may be identified through a community health needs assessment or by a request from, or partnership with, government or community organizations. The IRS instructs hospitals to report qualifying activities as community benefit, not as community building.

## DOES IT COUNT AS COMMUNITY BENEFIT?

Based on this IRS guidance, CHA and Enterprise recommend that the following housing-related programs or activities be reported as community

benefit activities. The list is based on successful housing programs that have been implemented by hospitals to address community health needs. It is not an exhaustive list; other activities may meet the definition of community benefit as well.

#### COMMUNITY HEALTH IMPROVEMENT SERVICES

**Health Promotion:** Providing health education, community-based clinical services (mental health counseling, for example), support groups, Medicaid enrollment assistance or offering self-help programs in a low-income or affordable housing setting.

**Supportive Housing Services:** Providing supportive housing services to formerly homeless or incarcerated, disabled or low-income persons to ensure they become and remain stably housed. These services may include case management, mental health services, substance abuse services, independent living classes, vocational services, health or medical services or peer-support services.

**Screening:** Screening during patient visits for housing-related needs, such as housing instability or exposure to toxins.

**Health Assessments:** Partnering with affordable housing developers to analyze resident health needs and the impact of the housing development on those needs.

**Legal Aid:** Facilitating access to legal aid for low-income persons to help them address poor-quality housing conditions that are harmful to their health.

**Housing Quality Improvements:** Mitigating housing conditions that can cause elevated blood lead levels, such as peeling paint, remediating housing-based asthma triggers, weatherizing homes, or remodeling homes or units for older persons.

**Accommodations During Treatment:** Providing free or subsidized accommodations for patients or family members if the household is low income (Medicaid or financial assistance recipients, for example). Accommodations for higher-income individuals should not be counted.

**Housing Subsidies:** Subsidizing housing for individuals who are low income, chronically homeless, formerly incarcerated, disabled or frequent emergency room users to help them remain stably housed after an acute care episode. These subsidies should not include temporary housing

provided to facilitate patient discharge in order to reduce hospital costs.

**Short-Term Rental Assistance:** Providing short-term rental assistance or subsidies to community members experiencing a health and housing crisis.

#### HEALTH PROFESSIONS EDUCATION

**On-site Training:** Costs associated with placing medical residents, nurses or other health professionals in supported/low-income housing settings, including on-site clinics, if the on-site training is part of receiving a degree, certification or license.

#### RESEARCH

**Community Health Research:** Supporting or conducting research that further connects housing interventions to health outcomes. This might include conducting and publishing evaluations of housing-related activities that improve community health.

#### CASH AND IN-KIND CONTRIBUTIONS

**Contributions to Housing Organizations:** Contributing funds to housing organizations such as an affordable housing developer, owner or management organization to address housing problems or needs, so long as such contributions are restricted to community benefit purposes (delivering health services, removing toxins, or increasing physical activity, for example).

**Contributions to Homeless Shelters:** Contributing restricted funds or providing in-kind assistance to homeless shelters for health-related activities or needs.

**Capital Grants:** Providing restricted grants toward the acquisition or construction of affordable housing anticipated to improve health.

**Administrative Support:** Providing in-kind hospital staff support (accounting staff, legal counsel, for example) to an organization focused on affordable housing.

**Operational Capacity:** Staff time devoted to coalitions, grant writing, partnerships or advocacy that furthers housing as a means to improve health.

#### NOT COMMUNITY BENEFIT

The following should *not* be reported as community benefit:

- Development of market-rate housing, equity investments or other housing-related development or investments that generate revenue for the hospital.

- Community development investments or loans where the hospital expects a return or repayment in full.

- Housing-related activities limited to hospital employees.

- Housing-related activities focused on general economic development and lacking reasonable evidence that investments will improve community health.

- Temporary housing provided to facilitate patient discharge in order to reduce hospital costs.

- Post-acute care, including recuperative and respite care provided to reduce hospital costs.

Although some housing-related activities and investments cannot be reported in Part I of Schedule H, space is provided in Part VI for any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community. For more examples of what can be reported as community benefit, see the publication *Housing and Community Benefit: What Counts?*<sup>3</sup>

**MARY AYALA** is a program officer with Enterprise Community Partners in Atlanta, Georgia.

**JULIE TROCCHIO** is senior director of community benefit and continuing care, the Catholic Health Association, Washington, D.C.

#### NOTES

1. Nabihah Maqbool, Janet Viveiros and Mindy Ault, "The Impacts of Affordable Housing on Health: A Research Summary," *Insights from Housing Policy Research*, April 2015. [www.rupco.org/wp-content/uploads/pdfs/The-Impacts-of-Affordable-Housing-on-Health-Center-forHousingPolicy-Maqbool.etal.pdf](http://www.rupco.org/wp-content/uploads/pdfs/The-Impacts-of-Affordable-Housing-on-Health-Center-forHousingPolicy-Maqbool.etal.pdf).

2. Internal Revenue Service, "Inclusion of Certain Housing Improvement Expenditures That Provide Community Benefit for Reporting on Form 990, Schedule H," *Exempt Organizations Update Archive*, website, Dec. 18, 2015. [www.irs.gov/charities-non-profits/exempt-organizations-update-archive](http://www.irs.gov/charities-non-profits/exempt-organizations-update-archive).

3. Enterprise Community Partners and Catholic Health Association, *Housing and Community Benefit: What Counts?* January 2018. [www.enterprisecommunity.org/download?fid=8868&nid=6230](http://www.enterprisecommunity.org/download?fid=8868&nid=6230).

JOURNAL OF THE CATHOLIC HEALTH ASSOCIATION OF THE UNITED STATES

[www.chausa.org](http://www.chausa.org)

# HEALTH PROGRESS®

---

Reprinted from *Health Progress*, May - June 2018  
Copyright © 2018 by The Catholic Health Association of the United States

---