



MILKEN  
INSTITUTE

# Market Scan: Models for Financing Affordable and LGBTQ+-Affirming Elder Housing at Scale

Financial Innovations Lab<sup>®</sup>

May 2025

# The Financial Innovations Lab®

Financial Innovations Labs are miniature think tanks in action, designed to devise new business models, policy recommendations, capital structures, and financial technologies that can achieve concrete goals. By bringing together a diverse group of stakeholders, Labs encourage collaboration between parties who may not normally interact.

**\$3B**

## IN NEW INVESTMENT

Helped design over \$3 billion in innovative investment funds focused on bridging financing gaps in various sectors, from biotech to agriculture

**157M**

## CHILDREN IMPACTED

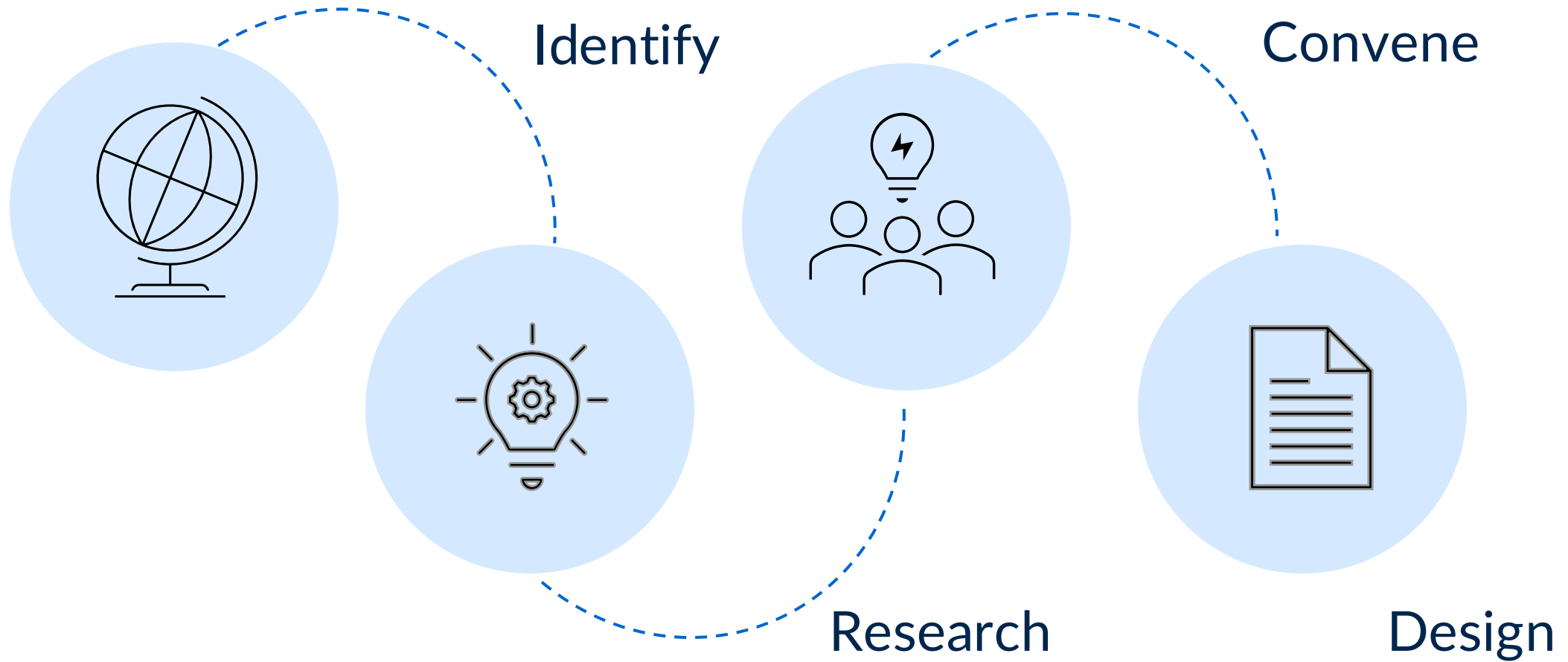
Helped design a pooled donor fund with the Children's Investment Fund Foundation, which improved health outcomes for 157 million children

**98%**

## CROP EFFECTIVENESS

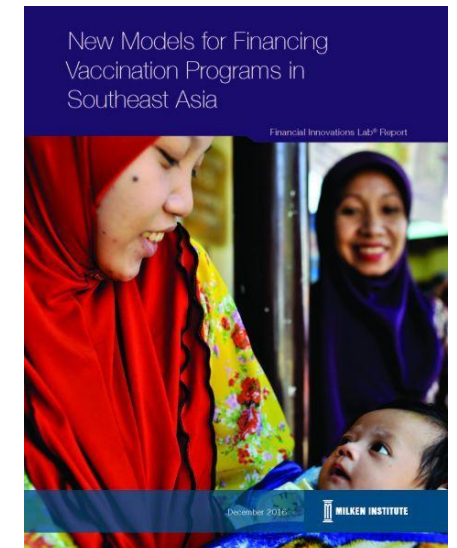
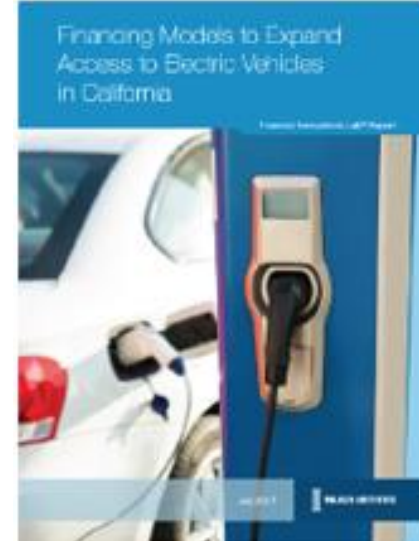
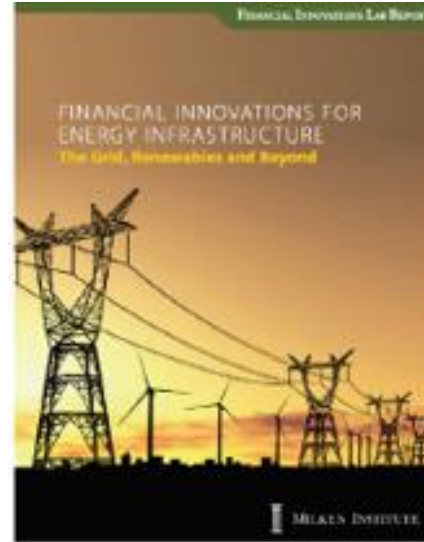
Worked with a coalition of donors, including the Gates Foundation, to spur agriculture improvement in Africa, resulting in reduced aflatoxin contamination of maize crops

# The Financial Innovations Lab Process



# Select Previous Lab Topics

- Renewable energy development
- Transportation infrastructure
- Water revitalization
- Vaccine propagation
- Industrial diversification
- Conservation
- Global health R&D
- Nutrition
- Sustainable business transition



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# Introduction

# Project Mission Statement

In partnership with SAGE, the Milken Institute's innovative finance team identified and engaged key stakeholders and experts to examine the predominant issues surrounding the LGBTQ+ elder housing market, including related costs, funding gaps, and the market forces and key players that will impact the future of LGBTQ+ elder housing.

**The project focused on identifying financing models that increase the supply of LGBTQ+-affirming elder housing by attracting new types of capital and lowering the costs of new development and service integration.**

# Project Overview

Over the course of 6 months, the Milken Institute's Innovative Finance team conducted market research on LGBTQ+-inclusive elder housing.

This work included 38 interviews with key stakeholders and subject-matter experts from many different fields, including academia, financial services, government, health care, sustainability, and philanthropy.

**The research is presented here as a market scan that outlines the overall LGBTQ+ elder housing market, funding and service provision challenges, and potential solutions.**

With projected growth to over 7 million LGBTQ+ older adults (LOAs) by 2030, demand for affordable LGBTQ+ elder housing is set to **more than double**. LOAs face unique challenges that increase their vulnerability to housing insecurity and social isolation, directly affecting their health. They are **2 times as likely** to live alone and **4 times less likely** to have children compared to their heterosexual peers, **leaving them without critical support networks as they age**. Nearly 30% report experiencing housing discrimination based on sexual orientation or gender identity, **limiting access to a safe and affirming living environment**.

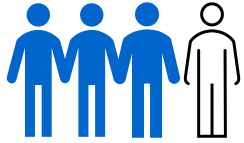
In response, payers and health systems have begun directing investments toward integrated efforts that address social determinants of health on behalf of their members over the past few years. **Despite growing awareness, however, significant funding gaps persist**. The lack of capital that can sustain housing developments and services creates barriers to scaling housing, programming, and services offered by organizations like SAGE into non-LGBTQ+-affirming housing.

**New financing vehicles that leverage private capital can address a pressing public health issue and participate in a growing segment of the market.**





# Insights from the Interviews



Over **three-quarters** of interviewees offered solutions that could bridge persistent funding and service gaps in the affordable elder housing market for LOAs. **They agreed on the need for inclusively designed and culturally competent service provision in new or existing affordable options.**



Although stakeholders acknowledged ambiguity around future federal funding, **60% expressed optimism** for investment opportunities for **state, municipal, philanthropic, and health insurance channels** to continue meeting their communities' needs or social investment objectives.

- Washington, Illinois, Connecticut, Massachusetts, New York, and California were cited as potential starting points.



As stakeholders explored paths for improvement, **measurable impact and market innovation** emerged as priorities.

- 75% agreed that a **replicable playbook with standard data collection protocols** would establish the business case to attract new investment and make it easier for new developers to participate.
- 70% stressed the need for **new financial vehicles or incentives.**



**Service provision and coordination emerged as a cornerstone of LGBTQ+-affirming elder housing.** These included embedding social workers and clinical and non-clinical providers, ensuring access to transportation, and education on health insurance benefits. Questions remained around **how to fund them sustainably** and effectively demonstrate the **cost-benefit analysis to potential investors.**



**Interviewees universally called for building partnerships early in the development process.** They said that these partnerships would ensure coordination between developers, owner/operators, investors, advocacy organizations, service providers (such as SAGE), researchers, and community leaders to align projects with local needs, stay LGBTQ+ affirming, and achieve desired social and financial outcomes.

# Challenges to Scaling Affordable LGBTQ+ Elder Housing

## Market

- **Lack of LGBTQ+-affirming development and design** components in existing housing
- **Lack of incentives for developers to adopt a standard playbook** such as SAGE's Housing Development Toolkit
- **Absence of data** quantifying the health or financial outcome from the addition of services

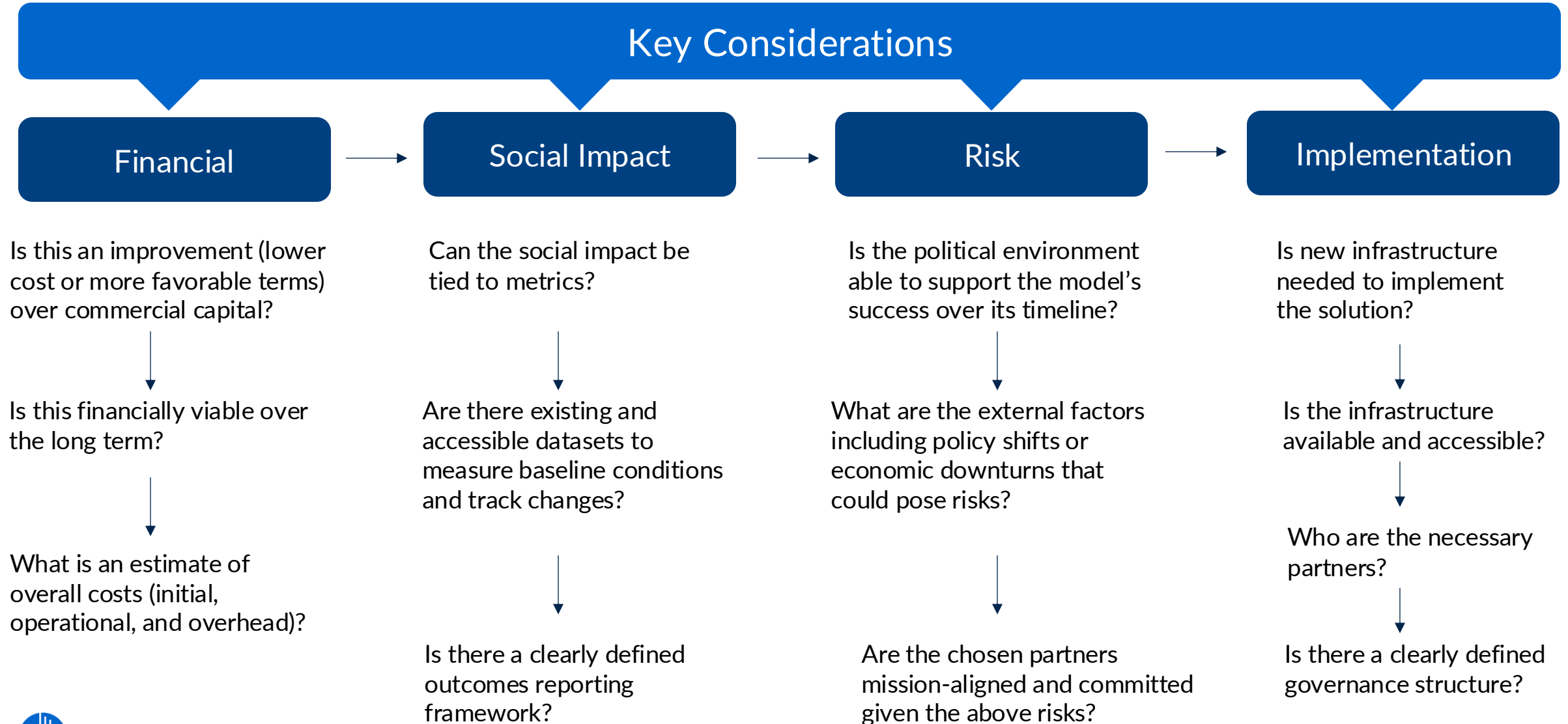
## Financing

- **Added costs** (upfront and ongoing) to build affirming housing and programming for the unique needs of the demographic
- **Challenging and costly to integrate multiple funding streams** for smaller developers
- **Lack of access to ongoing and sustainable capital sources**, especially for smaller developers, such as the BIPOC or Trans-led organizations serving LOAs

## Policy

- With the transition to a new presidential administration, there is funding uncertainty and potential discontinuation of existing social services, especially those serving LGBTQ+ populations
- **Existing Area Median Income (AMI) guidelines exclude very low-income, low-income, and middle-income LOAs** who may not want to spend down.

# Decision Framework for Recommendations



# Proposed Ranking of Recommendations Based on Decision Framework



1

Issue social bonds to fund programs, services, or building LGBTQ+-affirming elder housing.



2

Design an impact investment fund to create an inclusive and affordable living environment for LOAs.



3

Use a social impact bond to attract upfront funding for LGBTQ+ programming, workforce LGBTQ+ training, and inclusive design improvements.



4

Create a best-in-class LGBTQ+ elder housing development prize competition to reward innovation and increase market visibility.



5

Establish financial sector partnerships to incentivize LGBTQ+ services and training integration.

## BARRIERS ADDRESSED

Financing

Financing

Market and Financing

Market and Policy

Market and Financing

Framing the Issue:  
The Need for Affordable LGBTQ+ Elder Housing

# The Facts: A Financially Unprepared Aging Population

## Aging Population

Elders are living longer due to advances in medical care and public health.

By 2030, one in five residents in the US will be age 65 or older.

For the first time in US history, elders are projected to outnumber children by 2034.

## Financially Unprepared

1 in 5 American households over 50 have no retirement savings.

61% of elders are worried they will not have enough money to support them in retirement.

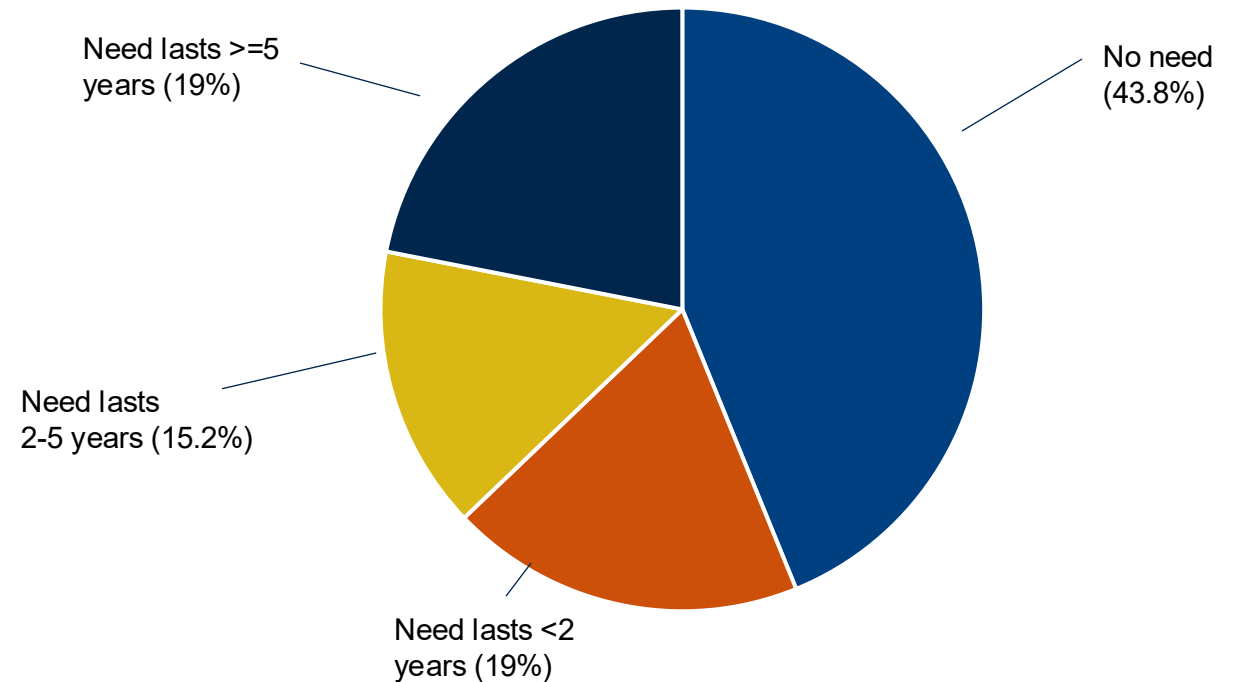
# An Aging Population Implies Growing Need for Services and Support

Long-term services and supports (LTSS): a spectrum of health and social services to serve elders and individuals with disabilities who require support with daily living tasks.

Services are provided either in the individual's home, in the community, or in institutions.

**56% of people turning 65 between 2021 and 2025 will need LTSS in their lifetime.**

Projected Need for LTSS for Persons Turning 65 in 2020-2024



Source: US Department of Health and Human Services (HHS)

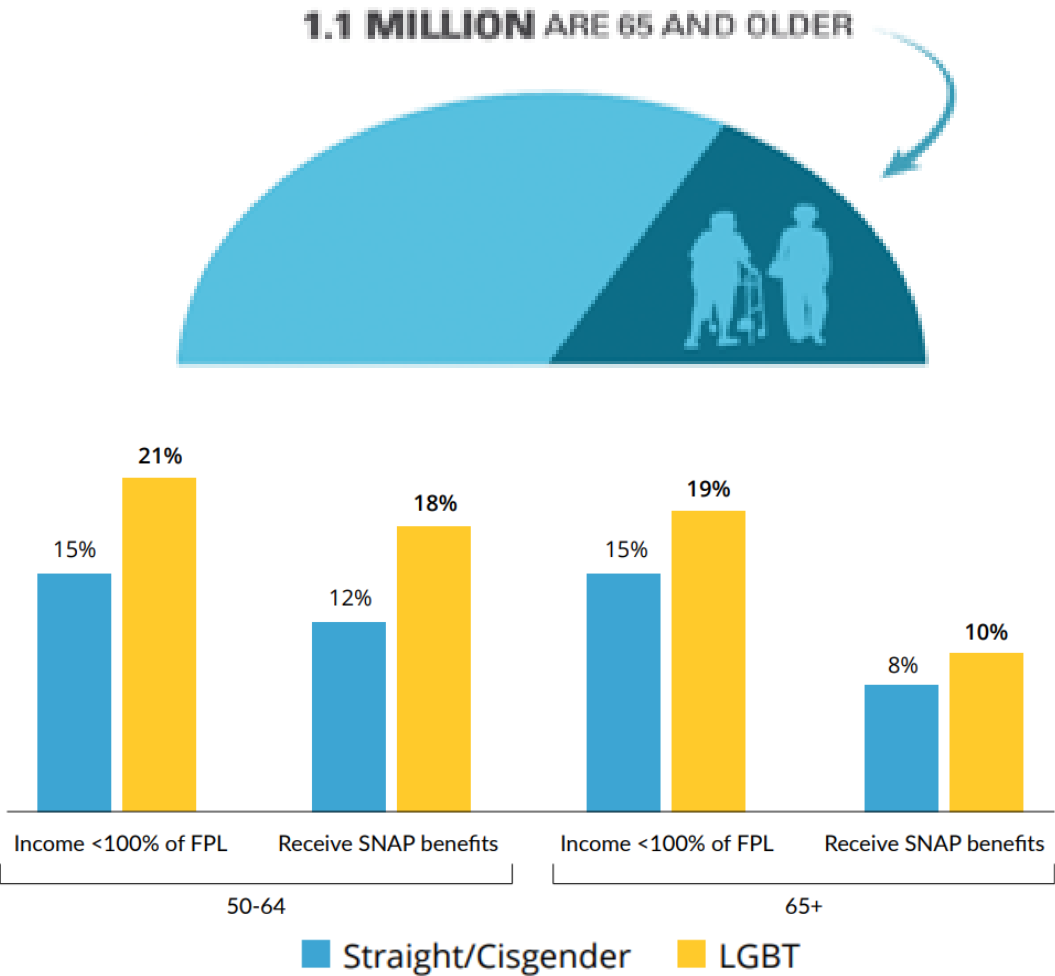
# The LGBTQ+ Community Reflects the National Aging Trend

Aging Population

According to Gallup’s 2024 survey, nearly 8% or 14 million American adults identify as LGBTQ+.

Financially Unprepared

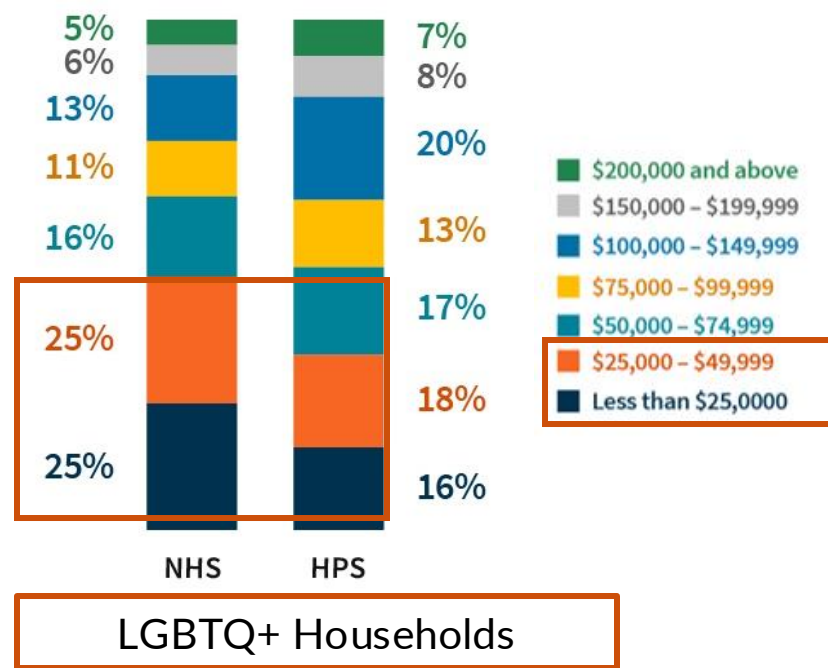
40% of LOAs have an income below 100% of the federal poverty level.





# LGBTQ+ Households Face Greater Economic Disparities

AMIs (Area Median Income) – typically used to determine eligibility for housing assistance programs shows that **50% of LGBTQ+ households fall below the 50% AMI bracket (very low-income) making it difficult to even be able to afford subsidized housing.**



City	40% AMI	50% AMI	80% AMI	100% AMI	120% AMI	Median Home Price
Boston	\$47,240	\$59,050	\$94,800	\$118,100	\$142,560	\$444,000
Chicago	\$35,320	\$44,150	\$70,600	\$88,300	\$105,960	\$252,000
Houston	\$37,640	\$47,050	\$75, 280	\$94,100	\$111,850	\$192,500
Los Angeles	\$33,800	\$42,250	\$80,700	\$84,500	\$94, 300	\$710,000
Miami	\$33,800	\$42,250	\$67,600	\$84,500	\$99,120	\$302,000
New York City	\$46,520	\$58,150	\$93,040	\$116,300	\$139,560	\$450,000
Portland	\$45,760	\$57,200	\$91,520	\$114,400	\$137, 280	\$420,000

Sources: Fannie Mae, US Census Bureau



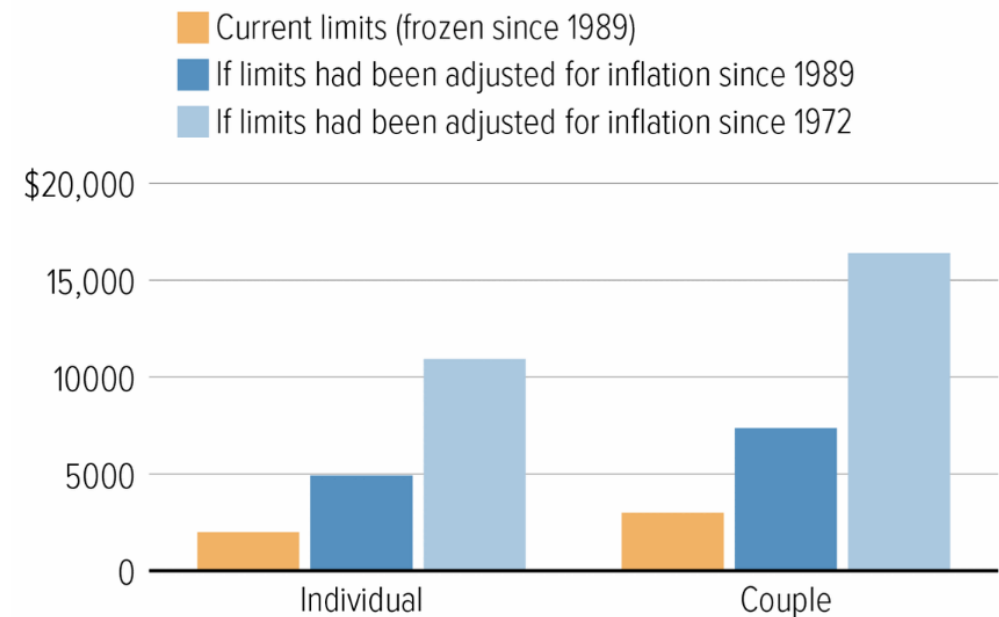
Fannie Mae National Housing Survey, a nationally representative phone survey, polls 1,000 consumers a month.  
US Census Bureau Household Pulse Survey, in collaboration with federal agencies, collects data 4 times a year in 15 metropolitan areas and 50 states

# Limitations in Supplemental Security Income

The federal **Supplemental Security Income (SSI)** program (administered by the Social Security Administration) provides **monthly cash assistance** to people with qualifying criteria, including **elders with little to no income or assets**.

- The share of elders receiving benefits has fallen steadily, because fewer qualify under SSI's increasingly stringent income limits, which **remain outdated**. During 2019–2021, **only 4 in 10 applicants were deemed eligible for SSI**.
- Each state provides a different amount of SSI, creating disparities in benefits and ability to afford quality housing or care.
- Very few elders receive SSI, and even those who qualify for SSI receive insufficient benefits to pay for affordable housing.

## Supplemental Security Income's Asset Limits Are Outdated



Source: CBPP calculations from Social Security Administration and Office of Management and Budget data

Sources: Center on Budget and Policy Priorities

# The Income Disparities are Reflected in Living Challenges

**50%** of LGBT renters do not have—or expect to have within 3 years—savings for a down payment

**Only 16%** have savings to use for down payment

Same-sex applicants were **73% more likely** to be denied a loan than heterosexual couples

**HOME OWNERSHIP RATES**  
**65% National Average**

**49% LGBT**  
Age 22-72

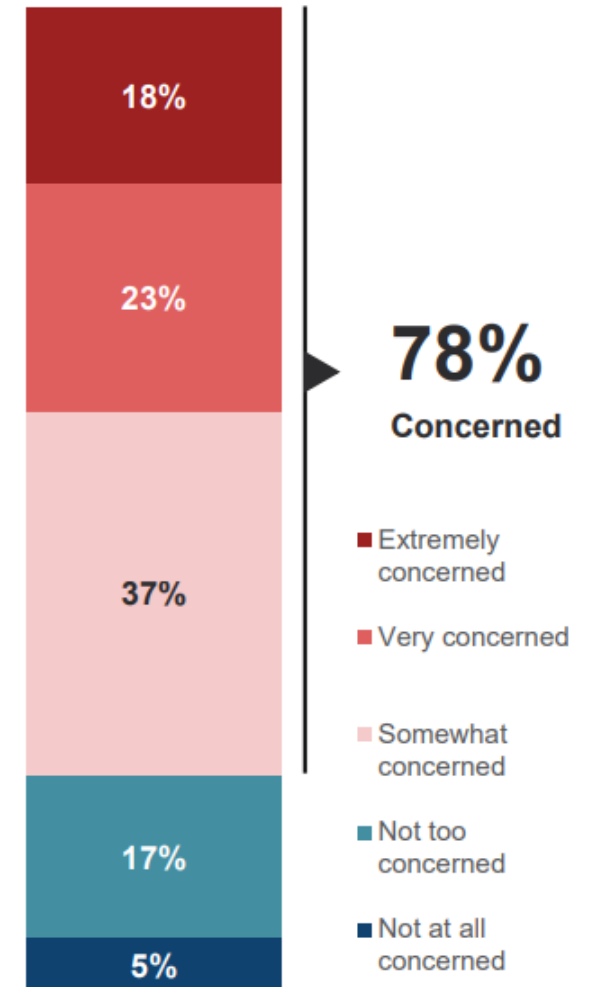
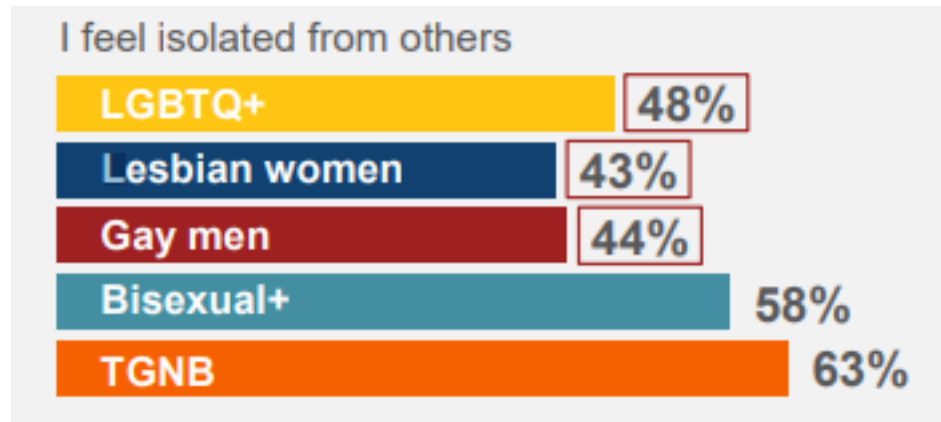
Sources: Freddie Mac, National Association of Gay & Lesbian Real Estate Professionals

# LOAs Disproportionately Face Loneliness and Isolation, Underscoring Importance of Community

50% of all LOAs feel **socially isolated** at times, which is linked to poorer health outcomes.

**Transgender and nonbinary adults (TGNB)** are the most affected, with **6%** reporting feeling isolated.

The AARP Dignity 2024 survey found **4 out of 5 LOAs concerned about having enough social support as they age.**



Sources: AARP

# LOAs Re-Closet For Housing Safety

LOAs that fear going back into the closet to access elder housing or receive long-term care:

- **50%** of LOAs
- **70%** of transgender and gender expansive elders

**90%** of LOAs are extremely, very, or somewhat interested in LGBTQ+-welcoming elder housing developments.

In NYC, **34% of LOAs and 54% of transgender and gender nonconforming** elders—fear having to re-closet themselves when seeking elder housing. This may be more severe in parts of the country more conservative and during different administrations.

*“There was an elderly gentleman who had a home care attendant coming into his home for the first time. He wanted all of the pictures of him and his partner taken down [out of fear]. He used a walker and was able to get the ones down off the shelves and tables himself, but he couldn’t reach some of the ones on the walls. It was heartbreaking to hear that story. And it happens over and over and over again”.*

*– Michael Adams, CEO, SAGE*

# Current Landscape of LGBTQ+ Elder Housing

# National Elders Housing and Care Options

Type of Housing	Who Would Benefit?	Services Commonly Offered
Elder Apartments/55+ Apartments	Active, independent, and healthy elders who are enjoying their retirement years	Social and recreational activities, dining options, transportation
Independent Living/Retirement Communities	Active, independent, and healthy elders who wish to live with other elders in a community setting	Golf course, swimming pool, social activities, gourmet dining services, light housekeeping
Assisted Living	Elders who are independent and social, but need assistance with activities of daily living (ADLs)	Fitness classes, social activities, healthy dining, transportation, assistance with activities of daily living (ADLs), housekeeping
Memory Care/Alzheimer's Care	Elders who have Alzheimer's disease or other types of dementia	Special meal preparation, secured environment, specialized memory support
Nursing Homes/Skilled Nursing Facilities	Elders who require 24-hour medical care	The highest level of care to patients who need 24/7 medical attention
Home Care	Elders who live at home and need help with meal preparation, ADLs and transportation	Meals, assistance with ADLs, and housekeeping
Adult Day Care/Adult Day Services	Elders who need assistance, socialization, and meals during work hours	Meals, assistance with ADLs, and social activities
Programs of All-Inclusive Care for the Elderly (PACE)	Elders certified by the state to need nursing-home care but want to live in the community, and need some help with ADLs to do so safely	Adult day care, meals, primary, care, hospital care, social services, nutritional counseling, prescription drugs, transportation, various types of therapy, more

# National Long-Term Service and Support Models

## Home- and Community-Based Services (HCBS)

- Program for All-Inclusive Care for the Elderly (PACE) is a comprehensive long-term care program for elders through Medicare and Medicaid who would like to age in place.
- Senior centers provide an array of essential services including support programs, seminars, and health and wellness programs to enhance the quality of life for elders.
- Meals on Wheels provides homebound elders with a daily hot meal.

## Facility-Based Care

- Assisted living, skilled nursing, memory care, etc.
- Companionship, basic personal care, licensed nursing/medical care

	Home- and Community-Based Care	Facility-Based Care
<b>What</b> LTSS services can be provided?	Medical and personal services to help with daily living tasks	Medical and personal services to help with daily living tasks
<b>Where</b> does the patient live?	In their own home, or with a family member	In a facility designed to provide LTSS to patients who live there
<b>Where</b> are the services provided?	By caregivers who visit the home, or by going out to visit providers in the community	Many services are provided by onsite caregivers who work at the facility
<b>Who</b> are the paid or reimbursable caregivers?	Family members can sometimes be certified as live-in or visiting caregivers, depending on the state's requirements. Other care can be provided by medical providers in the community	Caregivers are the professional medical staff who work at or visit the facility

Sources: Telligen, Centers for Medicare & Medicaid Services (CMS)



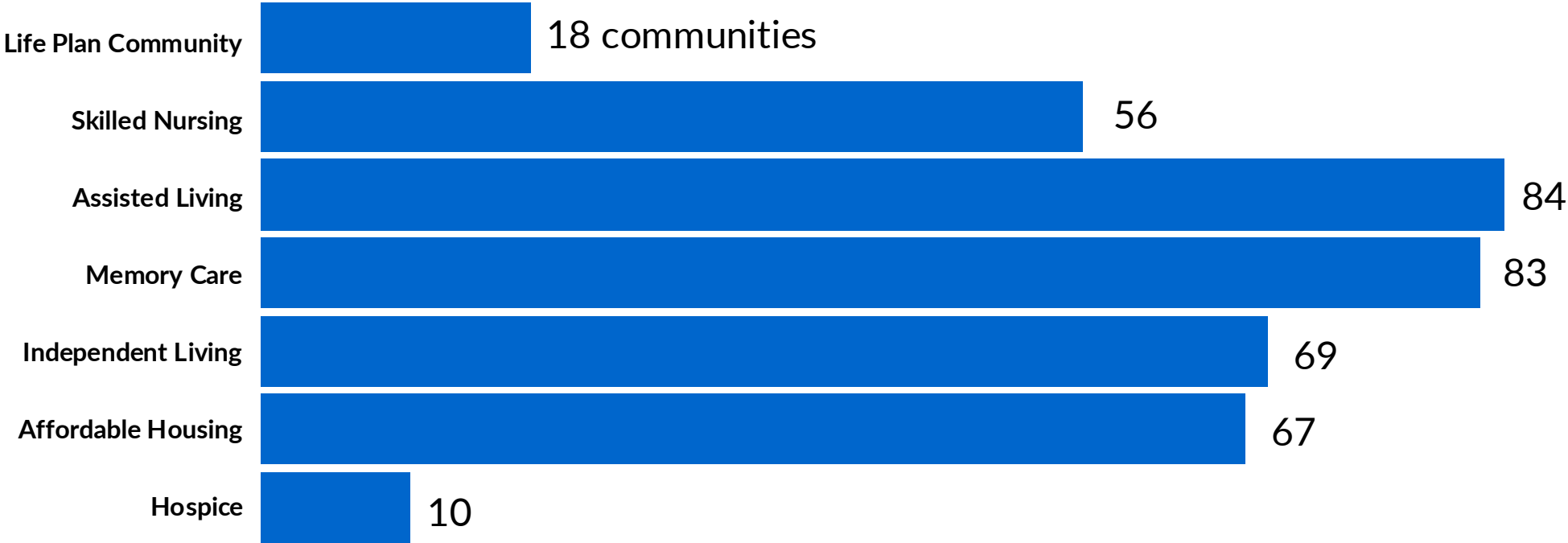
# Traditional vs. LGBTQ+ Friendly/Affirming Housing

Design Aspect/Feature	Traditional	LGBTQ+ Friendly/Affirming Housing**
<b>Unit configuration</b>	Similar quantities of all room types	Variety of room types (1 bedroom, 2 bedroom, studios, etc.) to accommodate families of choice
<b>Community spaces</b>	Limited to maximize number of available units	Several common areas at the expense of more units to foster a sense of inclusion with the chosen family
<b>Outdoor spaces</b>	Limited to maximize number of available units	Several outdoor areas to promote freedom of expression in the development
<b>Programming and events</b>	None or a few events around holidays, non-LGBTQ+-specific health services	Remote and in-person intergenerational programming connecting LOAs across the city, dedicated programming space or community center, recreational activities, community meals, and health services to combat isolation and loneliness and foster connection with the surrounding neighborhood
<b>Workforce training</b>	Not LGBTQ+-specific	LGBTQ+-specific trainings that adhere to the SAGE LGBTQ+ elder care national standard for cultural competency
<b>LGBTQ+ community voice/expert</b>	Not included or only included at certain stages	Members of the community are active participants throughout the design and development phase. Experienced operators are needed to ensure the project remains affirming

\*\*LGBTQ+-friendly housing does not exclude those who are not LOAs. The Fair Housing Act (FHA) prohibits LGBTQ+-exclusive housing. The addition of these design aspects can help to create LGBTQ+-friendly environments, but ultimately, the FHA limits developers' ability to make housing truly LGBTQ+-inclusive.

# Current State of Elder Housing LGBTQ+ Inclusivity

SAGE and Human Rights Campaign’s 2023 survey of 200 communities shows **foundational LGBTQ+ inclusive policies and practices**. **Almost 70% of communities** adopted a minimum of practices in **Resident Services and Supports, Employee Benefits and Policies, and Resident and Community Engagement**.



# LGBTQ+-Oriented Affordable Elder Housing Supply is Insufficient

As of 2023, the national inventory of affordable LGBTQ+ elder housing totals ~1,500 units, in only 20 states. Only 37 developments (ranging from continuing care, retirement, memory care, independent living, and assisted living) are in various stages of development.

Despite projected growth to over 7 million LGBTQ+ adults by 2030, LGBTQ+-friendly elder housing facilities have **waitlists exceeding hundreds of applicants**, and wait times can be 3 to 6 years.

**LGBTQ+ Welcoming affordable Elder Housing in Operation**



**LGBTQ+ Welcoming affordable Elder Housing in Various Stages of Development**



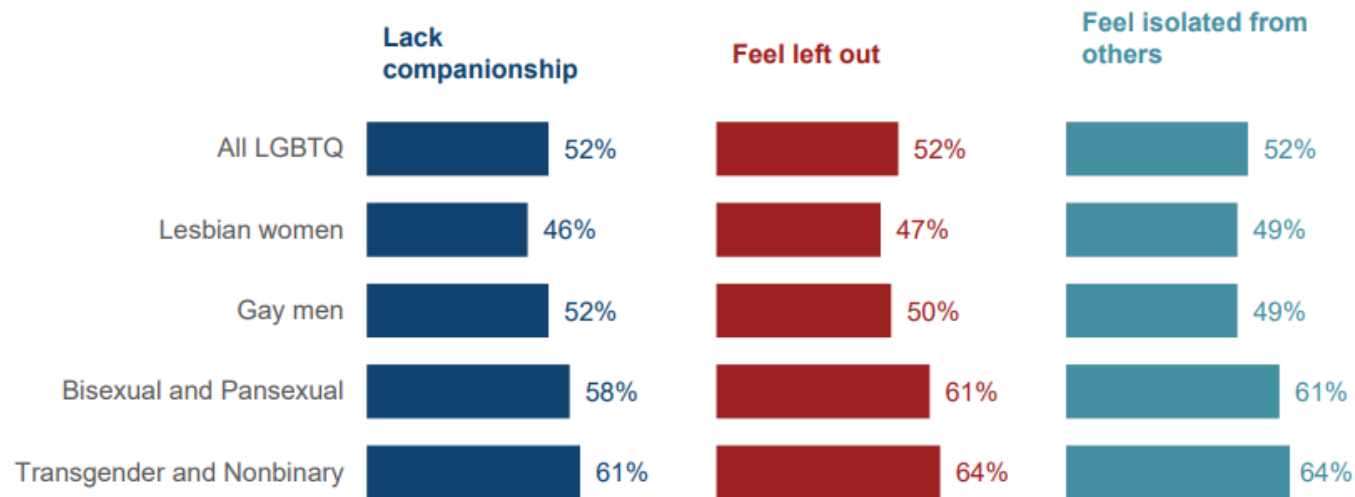
Source: SAGE

# LGBTQ+ Elder Housing Needs Unique Design and Programming

- More than a third of LOAs live alone

- 3 out of 5 are neither partnered nor married

Percent who report they...  
By sexual orientation



## Inclusive developments need:

- **Units that recognize families of choice**, for example, including more 2-bedroom units for households that live together but don't share a bedroom
- **Community spaces and "third places"** for residents without family members to reduce loneliness
- **Intergenerational programming** to foster community and inclusion within the development and the neighborhood

Source: AARP, Rosenwohl-Mack A, Smith D, Greene M, Skultety K, Deutsch M, Dubbin L, Flatt JD. Building H.O.U.S.E (Healthy Outcomes Using a Supportive Environment): Exploring the Role of Affordable and Inclusive Housing for LGBTQIA+ Older Adults. Int J Environ Res Public Health. 2022 Feb 1;19(3):1699. doi: 10.3390/ijerph19031699. PMID: 35162722; PMCID: PMC8834975.

# Services and Support Providers' Crucial Role in Affirming Housing

**SAGE**, headquartered in NYC, is the world's largest and oldest organization dedicated to improving the lives of LOAs, offering services and consumer resources to LGBTQ+ older people and their caregivers. These include:



## Education and Training

- **SAGECare:** educates providers on administering home and residential care
- **National Resource Center on LGBT Aging:** provides training, technical assistance, and educational resources for local and state aging agencies, care providers, LGBT organizations, and LOAs

## Programs/Services

- **SAGECents:** a virtual platform for LOAs to increase financial wellness and reduce economic stress
- **SAGE x HearMe:** 24/7 real-time connection for members to peer support listeners
- **SAGECollab:** a network of local nonprofit groups and organizations engaging in advocacy, service, and programming for LOAs

## For Builders

- **National LGBTQ+ Elder Housing Initiative:** technical assistance to support builders from ideation through lease-up
- Library of resources and toolkits to establish partnerships, education on financing, community engagement, and marketing strategy

# Case Study: The Pryde—Inclusive Design and Programming

A 74-unit affordable LOA housing development in Boston



## Inclusive Design Acknowledging Unique Needs

- Variety of units: studios, 1- and 2-bedrooms to accommodate different partnerships
- Transportation for medical appointments, acknowledging reduced dependence on family members
- Dedicated office space for LGBTQ Senior Housing, Inc. to ensure residents are taken care of
- Increased outdoor space and other gathering places to foster community

## Programs to Foster Community

- 10,000 sq. ft. public community center to provide for meetings, events, celebrations, community lunches, and LGBTQ+-focused activities, including live performances, movies, art exhibits, lectures and readings
- Lounges, an art gallery, a library, classroom space for education, and a general store
- Advanced A/V system incorporating virtual programming to reach LOAs across the country

# Case Study: Stonewall House—Inclusive Design and Programming

The largest affordable LGBT-welcoming elder housing development in the US with 145 units in NYC

## Inclusive Design Acknowledging Unique Needs

- Entry into 6,800-square-foot community space is marked by a cantilevered canopy, allowing residents to connect via a safer and friendlier experience than the sidewalk.
- More than 90% of occupied spaces have a direct view to the outdoors.
- Three setbacks provide common outdoor roof terraces.
- Amenity spaces are congregated on a floor where utilities like the laundry room double as a hub of activity, next to a lounge with an outdoor terrace.
- Location brings new activity to an important corner in the neighborhood and connects it to the broader city.

## SAGE Programs and Services

- Case management—Resident coordinators (RCs) assist with Section 8 (federal rental fee voucher) recertifications, referrals to local resources, advocating on behalf of residents to management, assisting with work orders for residents' apartments, social service navigation, etc. RCs also assist tenants who are in the general population and in need of care management support, though those caseloads are smaller depending on intensity of needs.
- Cultural and recreational programming—museum trips, Broadway shows, bowling, music concerts, Rockettes, and monthly history month-tailored activities (e.g., showing a movie, art classes, poetry)
- Health and wellness—walking club in the summer, smoothie-making classes, cancer prevention and health workshops, community resource tabling (onsite in the community rooms), dancing/exercise classes such as Zumba
- Monthly meeting for all tenants and CPH RCs to discuss issues, concerns, feedback for management, etc.

# Funding and Financing Affordable Elder Housing



# Affordable Housing: Capital-A vs. lowercase-a

A

- Housing that receives some form of subsidy: either its rent is kept below market rate by deed restriction or law, and/or its tenants are income-screened or subsidized with vouchers.
- ‘Capital-A’ affordable operates according to a set of rules and financing mechanisms

a

- Housing that people can naturally afford to own or rent. Housing is considered **affordable** when individuals and households pay no more than 30% of their income for housing-related costs.

# Key Players

## Government

- Ease restrictive land use policies
- Incentivize developers to build new and preserve existing housing
- Support innovative housing models to increase supply at lower costs

*Examples: HUD, NYC Housing Authority*

## Capital Providers

- Predevelopment financing
- Construction/permanent financing
- Community focused lending

*Examples: TD Bank, Enterprise Community Partners*

## Nonprofits/Philanthropy

- Enable community engagement to stabilize and sustain neighborhoods
- Address community-specific needs by supporting efforts at the local level
- Partner with public and private entities to preserve units
- Seed initiatives that encourage and leverage private capital

*Examples: SAGE, Wells Fargo Foundation*

## Corporates

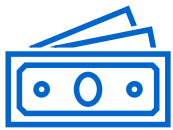
- Provide housing through corporate social responsibility initiatives
- Align long-term cost-savings with social impact through health-care investments in affordable housing

*Examples: SCAN, Kaiser Permanente*

# Financial Tools Available



**Grants** are nonrepayable funds provided to nonprofit service providers and housing developers. They are typically offered by philanthropic funds.



**Concessional loans** are below-market interest rates or more flexible repayment terms compared to commercial loans. They are typically offered by governments, banks, or community development financial institutions (CDFIs).



**Market investments** are made through equity investments, often as venture capital, or through debt financing that integrates corporate and commercial investors.



**Other incentives**, such as tax incentives, credits, deductions, or exemptions, can reduce the overall tax liability for stakeholders and improve their return on investment, making investments more attractive.

# A Snapshot of Public Funding Tools

Competitive programs that may be applied to LGBTQ+-affordable senior housing **but don't have specific allocations for this demographic:**



# HOME Helps State and Local Governments Leverage Private-Sector Capital



GRANT

## HOME Investment Partnerships Program

- This program is the largest federal block grant to state and local governments to create and preserve affordable housing.
- It provides early support to initiate new development or the critical gap financing needed to complete developments.
- States provide at least a 25% match but often go beyond, having, on average, generated more than 4 times public and private funding for every HOME dollar.
- The program has leveraged an additional \$173 billion in resources for a total investment of \$209 billion since inception.
- However, annual allocations have failed to keep pace with inflation and rising demand.

Source: LISC

# Federal Tax Credits Incentivize Private Investment



TAX  
CREDIT

## New Market Tax Credit

- Individual and corporate investors receive an income tax credit equal to 39% of the original investment for equity investments in community development entities.
- For every \$1 invested by the Federal government, the NMTC Program generates over \$8 of private investment.
- Since its inception through 2021, it has awarded \$71 billion total.
- Administered by the CDFI Fund (Department of the Treasury).

## Low-Income Housing Tax Credit

- Provides up to 9% income tax credit to developers and property owners who provide equity to construct, acquire, rehabilitate, and maintain affordable rental housing for low- and moderate-income households
- Developers sell the credits to private investors to obtain funding
- Generated over 3.5 million units since its inception
- Administered by state governments

## Historical Tax Credits

- Provides a 20% income tax credit to private-sector investment for the rehabilitation and re-use of historic buildings
- Mobilized \$132 billion in private investment to preserve more than 49,000 historic properties since 1976
- Administered by the National Park Service, the IRS, and State Historic Preservation Offices

# HUD Concessional Loan Programs Provide Low-Cost Loans

LOAN

## 232/223(f) program

- Long-term, fixed-rate, and non-recourse loans for developers, investors, public entities, and private nonprofit organizations for the development, rehabilitation, and acquisition of senior housing properties \$2 million loan minimum, repaid over 10-40 years
- \$2 million loan minimum, repaid over 10-40 years
- Administered ~\$3.9 million in FY 2024

## Section 202

- Interest-free capital to private, nonprofit sponsors to finance development of supportive housing for elders within or less than 50% AMI
- \$10,000 loan minimum
- Administered by HUD
- Allocated \$913 million in FY 2024, down from \$1 billion in 2023

## Small Business Administration (SBA) 504

- Long-term, fixed-rate loans to improve, build, or acquire an assisted living facility that requires a 10% down payment
- Offers funding for those who cut their facility's energy use by 10% by implementing green options

# Government-Sponsored Entities—Loan Assistance

LOAN

## Fannie Mae and Freddie Mac

- Cover nearly all types of senior housing, including independent living, assisted living, and memory care communities, and some continuing care and skilled nursing communities
- Fannie Mae offers 5- to 30-year terms and amortizations of 30 years, fixed and variable rates, and up to 75% loan-to-value ratio (LTV)—depending on the property type
- Freddie Mac offers 5- to 10-year terms for adjustable-rate loans and up to 30 years for fixed-rate loans with LTVs of up to 75%, and are non-recourse with standard carve-outs
- Borrowers required to include new protections for renters, including a 5-day grace period for late rental payments, a 30-day notice for rent increases, and a 30-day notice of a lease expiration



1. Bank originates a home loan



3. Loans are bundled into securities



2. Loans are bought from banks



4. Securities are sold to investors



# State-Level Financial Tools—The Illinois Affordable Housing Tax Credit

TAX  
CREDIT

IAHTC expands the investor pool by incentivizing contributions.

## Illinois Affordable Housing Tax Credit

- This program allows individuals and organizations to claim tax credits on donations to participating nonprofit housing developers with a mission to construct or rehabilitate affordable housing.
- It provides a \$0.50 state income tax credit for each \$1 contributed.
- Donations, in cash, securities, or real or personal property, must total at least \$10,000.
- The donor can choose to transfer the credits to the project, which creates additional project financing.

# City-Level Initiatives—NYC

These incentives act as subsidies for senior housing developers in adaptive reuse or new construction.



## New Housing Opportunities Program

- The program provides below-market mortgages to developers for the construction of moderate-income rental housing through New York City's Housing Development Corporation (HDC).
- Financing is available through the proceeds of taxable bonds and HDC's reserves, which are used to make second mortgages at a 1% interest rate.
- Any new construction must result in at least 50 affordable units in the building.
- Apartments created are reserved for households earning under 175% AMI.

## Senior Affordable Rental Apartments (SARA) Program

- HDC provides low-interest loans to developers for the construction and renovation of affordable senior housing. Financing includes support for case management for formerly unhoused elders.
- Applicants must provide a plan and evidence of funding source for onsite services.
- SARA provides up to \$75,000 per unit. At least 75 affordable units are preferred.
- Seniors may have incomes up to 60% AMI. 30% of the units must be reserved for homeless seniors referred by a city or state agency.

# Private-Sector Financing Options Snapshot—Commercial

## Banks and Financial Institutions

- Financing options include construction loans, tax-exempt bonds, tax credit financing, bridge and gap financing, loan guarantees, and revolving lines of credit to cover land acquisition costs, construction costs, and maintenance costs..

*Examples: Wells Fargo, Bank of America, and JP Morgan*

## Private Equity Firms and Institutional Investors

- Equity investments for the construction of elder living facilities
- Endowment program-related investments into affordable housing projects

*Examples: Blackstone, The California Endowment*

# Private-Sector Financing Options Snapshot—Concessional

Flexible terms and often geared toward projects with social benefits.

## Community Development Financial Institutions

- Low-cost loans, equity investments, and grants for acquisition, construction, design, renovation, and technical assistance

*Examples: Enterprise Community Investment, Community Investment Corporation, Genesis LA*

## Impact Investors

- Grants, equity investments, debt financing, social impact bonds, pay-for-success financing, technical assistance for construction and acquisition costs, working capital, and regulatory compliance—for social and environmental impact

*Examples: Wells Fargo Foundation, the Harry and Jeanette Weinberg Foundation, Arnold Ventures*

## Corporations

- Corporate social responsibility initiatives via grants (if through their foundation arm) or investments in community development funds toward renovations, operating costs, supportive services, and technology integration.

*Examples: SCAN, UnitedHealth Group, Humana*

## Foundations and Philanthropic Organizations

- Grants, program-related investments, and low-interest loans to support development and costs for operations, workforce, and services

*Examples: Wells Fargo Foundation, the Harry and Jeanette Weinberg Foundation, Arnold Ventures.*

## Nonprofits and Coalitions

- Grants, technical assistance, or education and training to ensure staff meet the needs of LGBTQ+ residents

*Examples: SCAN, UnitedHealth Group, Humana*

# Funding and Financing Elder Services and Supports

# Limited or Nonexistent Coverage Under Medicare and Medicaid

Services under **long-term care (LTC)** include health, health-related, and social services that assist individuals with functional limitations due to physical, cognitive, or mental conditions or disabilities. **Federal health insurance programs offer limited, if any, coverage of LTC.**

**Medicare** (federal health insurance program for individuals aged 65+ and people with disabilities).

- Does **not** cover LTC
- Covers post-acute care (after deductible and coinsurance), such as a limited stay at a rehabilitation center
- Covers part-time and intermittent skilled nursing care *if* determined medically necessary

**Medicaid** (the primary payer of LTC, including institutional care, LTC, HCBS)

- 8.5 million adults 65+ are beneficiaries.
- State discretion over skilled nursing eligibility criteria/benefits but covers all nursing home room and stay costs if qualifying.
- Coverage within assisted living varies by state and the specific program an elder is qualified for but does not pay for room and board.

**Medicare Advantage** (alternative to traditional Medicare offered by **private health insurance companies**)

- Covers services under Original Medicare Part A and B and includes prescription drug coverage
- Includes supplemental benefits/additional coverage options (in-home support services, home safety improvements, etc.)
- Covers short-term stay in a skilled nursing facility if determined medically necessary

# Most Services and Supports—Not Reimbursable

Most services and supports are not categorized as LTC. They include amenities provided by operators or through organizations such as SAGE. These non-reimbursable services include:

- Free or low-cost meals
- Cultural and social events/programming
- Support groups
- Financial counseling
- Nonclinical social worker(s)
- Cultural competency trainings
- Friendly home visiting
- Assistance for veterans
- Support for elders living with HIV/AIDS
- Computer and internet access
- Insurance benefits coordination and education
- Nonmedical transportation

As a result, elder housing operators must pay for these expenses **out-of-pocket** or receive funding from philanthropic foundations, typically in the form of **grants**. **Without ongoing funding, many operators may cease providing services to remain LGBTQ+ affirming.**

# Leveraging Older Americans Act Federal Funding

There are ways to connect funding for or co-locate HCBS in affordable housing developments for LOAs.

The **Older Americans Act (OAA)** provides federal funding for services like senior centers, congregate meals, transportation, chore assistance, health and wellness programs, in-home care, elder abuse prevention, and caregiver support.

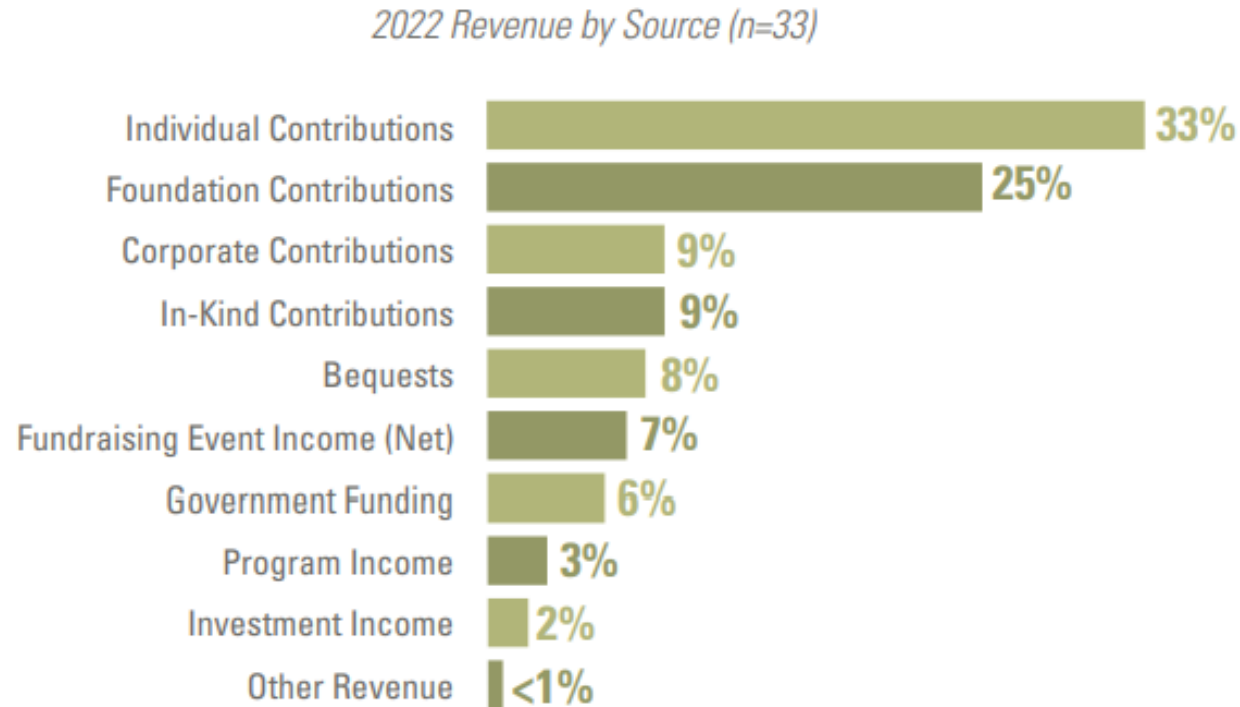
**Area Agencies on Aging (AAAs)** are local or regional organizations designated under the OAA to coordinate and deliver HCBS to allow elders to age in place independently.

Housing developers can collaborate with AAAs to **integrate OAA-funded services directly into LGBTQ+ elder housing developments.**



# LGBTQ+ Services Rely Heavily on Philanthropic Support

Funding from individuals and private foundations accounted for the largest share of domestic grantmaking for LGBTQ+ communities and issues in 2022. Within that, the funding is heavily concentrated: **The top 10 foundations** accounted for ~52% of all funding.



# Foundations and Initiatives Supported—A Snapshot



**OutGiving** philanthropic network promotes LGBTQ+ rights and economic empowerment within the LGBTQ+ community through mobilizing resources, strategic funding collaborations, and advocacy efforts.



Wells Fargo  
Foundation

**SAGE National LGBTQ+ Elder Housing Initiative** and **SAGE Cents**, a digital platform connecting LOAs to resources and tools to increase financial stability and reduce economic stress.



Conducts an annual national survey called the **Dignity Survey** to quantify and report on the experiences, challenges, and needs of LOAs.

# Navigating Corporate Philanthropy and Employee Resource Groups

Financial institutions have demonstrated various forms of **philanthropic support** to LGBTQ+ issues (e.g., making **direct grants** to organizations such as SAGE that advance rights and services, engaging employees through **employee resource or affinity groups**, and using their corporate voice to **advocate for inclusive policies** and protections for LGBTQ+ communities).

How can financial institution support be most effectively leveraged in the coming years to compensate for lower public engagement?

# Challenges to Scaling Affordable LGBTQ+ Elder Housing

# Challenges to Scaling Affordable LGBTQ+ Elder Housing

## Market

**Lack of LGBTQ+-affirming development and design** components in existing housing

**Lack of incentives for developers to adopt a standard playbook** such as SAGE's Housing Development Toolkit

**Absence of data** quantifying the health or financial outcome from the addition of services

## Financing

**Added costs** (upfront and ongoing) to build affirming housing and programming for the unique needs of the demographic

**Challenging and costly to integrate multiple funding streams** for smaller developers

**Lack of access to ongoing and sustainable capital sources**, especially for smaller developers, such as the BIPOC or Trans-led organizations serving LOAs

## Policy

With the transition to a new presidential administration, there is **funding uncertainty and potential discontinuation** of existing social services especially those serving LGBTQ+ populations.

**Existing AMI guidelines** exclude very low-income, low-income, and middle income LOAs who may not want to spend down.

# Market Challenges

# Existing Housing May Lack Key Affirming Components



## PARTNERSHIPS

- With philanthropy, local politicians, police precincts, community groups, and Area Agencies on Aging to ensure resident needs are met
- Consulting with LGBTQ+ community-based organizations on outreach, marketing, and services best practices



## PREDEVELOPMENT

- Location research, community feedback sessions, and site acquisition processes
- Proximity to public transport and neighborhood retail to compensate for possible lack of family support



## INCLUSIVE DESIGN

- Flexible living arrangements to reflect nontraditional partnerships
- Common spaces to incorporate a sense of belonging and inclusion in the residence



## UNIQUE PROGRAMMING AND SERVICES

- Onsite services to ensure a development is LGBTQ+-friendly
- Coordinators for access to community and mental health support in the absence of traditional family structures



## MARKETING

- Media and outreach expenditure to inform the demographic of new housing developments
- Marketing during lease-up to ensure buildings are populated by an LGBTQ+ majority

# Lack of Incentives to Adopt LGBTQ+-Affirming Elements and Services

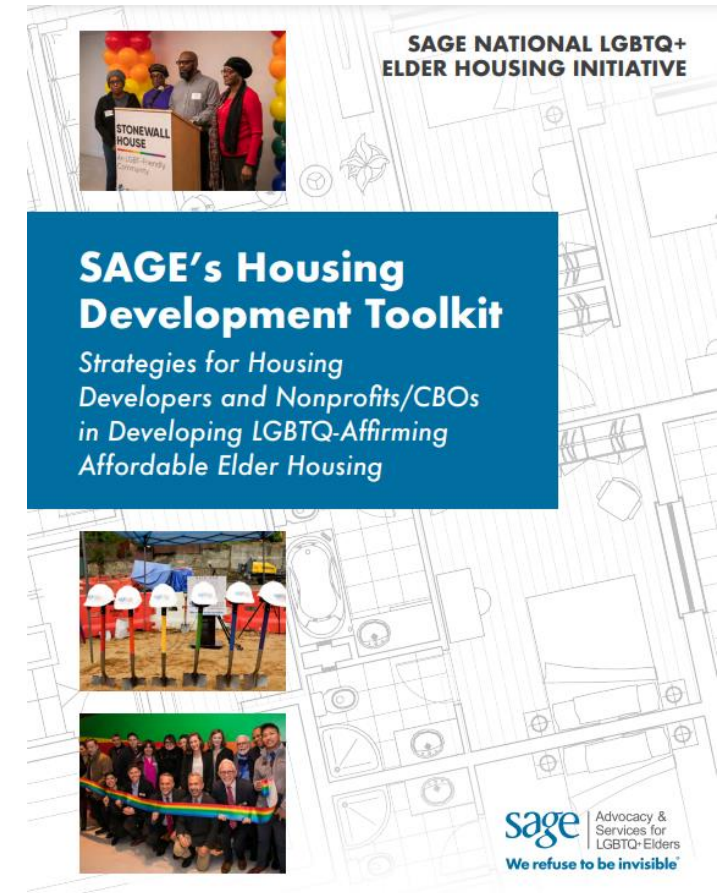
How can developers across luxury, middle-income, and affordable housing be incentivized to adopt LGBTQ+-affirming services, cultural competency training, and design elements?

- Developers **need help to offset the costs of additional services.** Without financial incentives, new developers are reluctant to enter the market, and existing developers may fail to adopt the playbook of practices.

- Incentives such as **preferred rates or other flexible financing terms, enhanced reputation, access to new markets, or increased market value** are needed to encourage developer participation.

Can **affinity groups in financial institutions** be incentivized to work with internal business units, existing partners, and clients to **share SAGE resources or design educational programs**?

Can **collaboration with developers or state housing agencies** enhance understanding, planning, and design in developments?

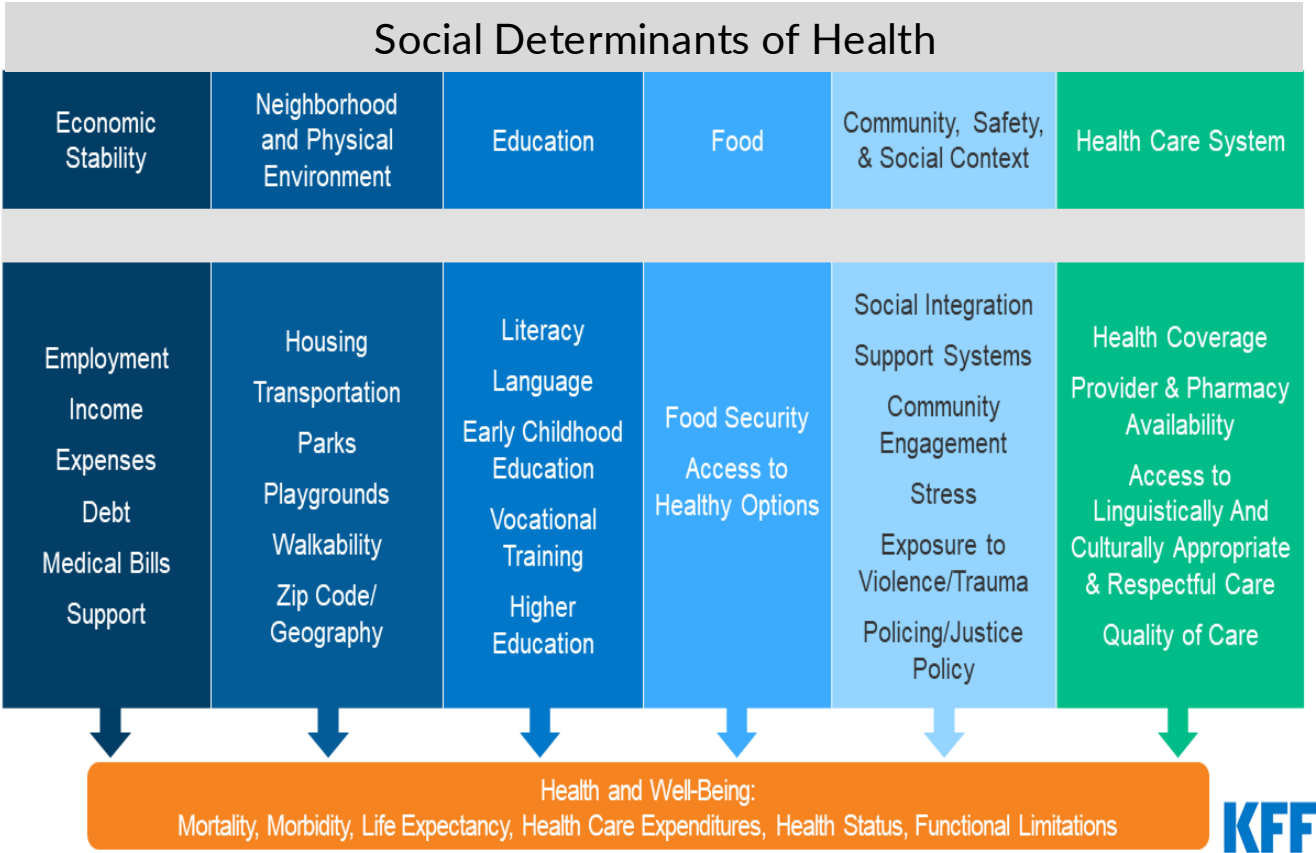




# Absence of Data Quantifying Service Outcomes

The lack of measurable impact and data required by private investors can make it challenging to attract investment.

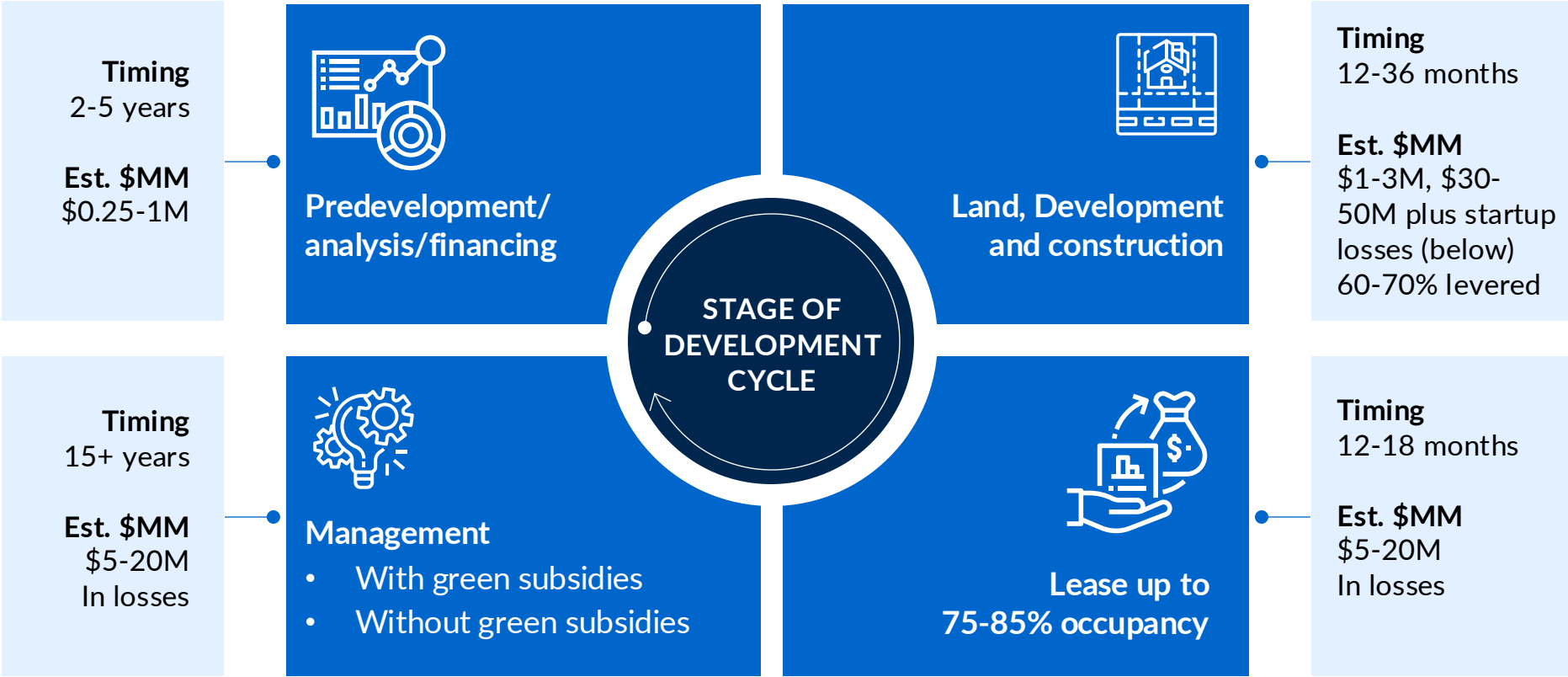
- Scarcity of data quantifying long-term cost savings of added programs or inclusive design features that improve a development's financial viability. These include lower recidivism, increased on-time rent payments, and higher resident recruitment rates.
- Lack of longitudinal data linking improved health outcomes to affirming housing models. These include lower hospital admission rates, increased medication adherence, and, for insurance payers, decreased health care spending.



# Financing Challenges

# Unpacking Elder Housing Development Costs

Using a typical 100-unit wood building with a \$50–75 million total project cost  
Costs will be higher for an LGBTQ+-inclusive development given additional needs.



# Added Costs for LGBTQ+-Affirming Housing

LGBTQ+-inclusive onsite services and planning increases the already high costs of development.



## LOCATION SEARCH

Urban areas, typically considered ideal locations for community integration and proximity to resources can be high cost.



## PARTNERS

Working with the right (LGBT-sensitive) developer, operator, service provider and architect to incorporate unique requirements.



## DESIGN

Including non-traditional residential partnerships, common spaces, and programming to reduce isolation in the chosen family and community.



## MARKETING

Ensuring LOAs are informed about new developments and programming and when/how to sign up.



## PROGRAMMING

In-person and virtual programs to foster connection with the immediate and broader chosen community and support structures for improved mental health and well-being.

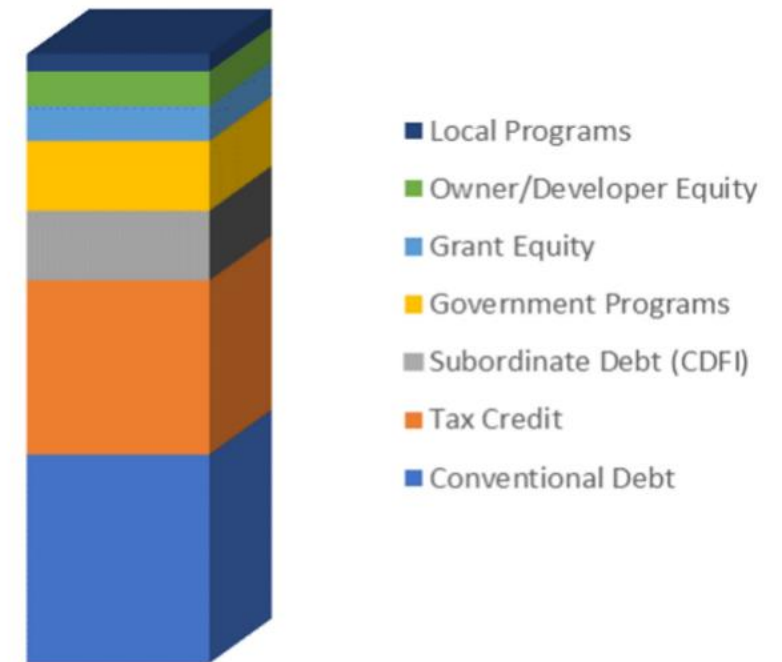
Note: In larger cities, leasing up the development is through lotteries, which means that the building may not be populated by an LGBTQ+ majority.

# Challenging and Costly to Integrate Multiple Funding Streams

Unlike low-income elder housing, which relies on public subsidies and higher-end elder housing that easily attracts private investment, **affordable LGBTQ+ elder housing developers must piece together various public and private capital sources.**

- Current government subsidies target funding low-income elder housing.
- These already constrained programs and tax subsidies are not enough to subsidize *both* Affordable and LGBTQ+-affirming affordable housing.
- Low-income housing developers access the limited pool of low-income housing tax credits and use it as equity. This leaves little affordable equity left for other elder housing developers, and financing solely with debt is not an option.
- Importantly, many smaller and/or nontraditional housing models serving LOAs are BIPOC and/or Trans-led, who struggle to obtain the same level of funding as large housing developers.

A TYPICAL CAPITAL STACK FOR AFFORDABLE HOUSING



# Diverging Mission and Return Expectations Challenge Financing

LGBTQ+ developers find it challenging to access longer-term financing in the capital markets due to the **additional costs for affirming housing and longer timelines to reach desired levels of profitability.**

- Mismatch between private investor and developer needs
  - Affordable developments have lower profit margins and take longer to realize profits if they have multiple missions: affordable and provide LGBTQ+-affirming services and supports.
  - Private equity typically looks for a 10-year exit. Bank loans do have longer durations but may charge higher interest rates if developers do not have a proven track record of successful LGBTQ+-affirming developments.
- LGBTQ+-affirming affordable developments require long-term, low-cost capital to sustain operations and programs that ensure housing remains affirming and affordable.

# Policy Challenges

# Lack of Government Recognition as a Priority Area

Anti-LGBTQ+ actions in the federal government will make scaling LOA housing nationally difficult. There will be a need to work in LGBTQ+-friendly states—but even that will present a challenge with the uncertainty of federal aid and anti-LGBTQ+ federal policies.

- **\$4 million** blocked in funding for LGBTQ+-focused projects and earmarks for nonprofits in response to political backlash.
  - \$1.8 million the William Way LGBT Center, PA
  - \$970,000 for the LGBT Center of Greater Reading's Transitional Housing Program, PA
  - \$850,000 for affordable elder housing at LGBTQ Senior Housing, Inc., MA.
- In 2024, despite calling it "a great project," a state agency **denied a funding request** for a 187-unit affordable LGBTQ+ elder housing tower in San Francisco.

**U.S. House GOP bars earmarks for certain non-profits, after controversy over LGBTQ projects**

BY: JENNIFER SHUTT - APRIL 25, 2024 4:58 PM



**State rejects funding for LGBTQ senior housing**

by Matthew S. Bajko, Assistant Editor | Wednesday September 25, 2024

**LGBTQ project funding in two states stripped by U.S. House Republicans from spending bill**

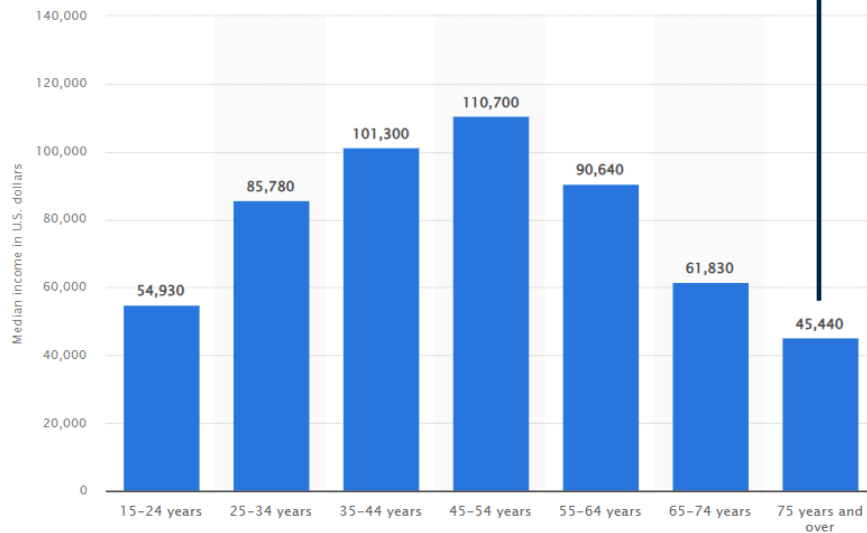
CIVIL RIGHTS, D.C. BUREAU, GOV & POLITICS | Jul 18, 2023 | 6:20 pm ET | By Jennifer Shutt



# Failure of AMI Guidelines to Reflect Financial Realities

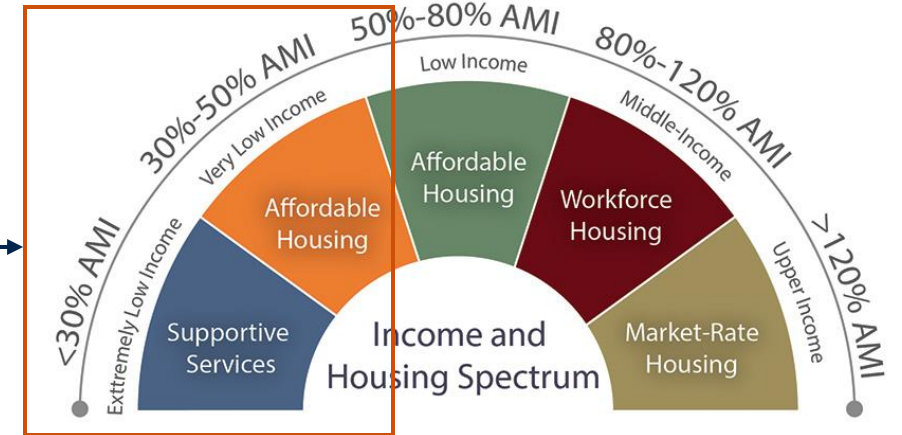
Elders typically fall into the lowest AMI bands—below AMIs that allow for low-income housing. This is especially true for the LGBTQ+ subsection—where adults have faced discrimination and other challenges impacting their financial situations.

U.S. MEDIAN INCOME BY AGE (2023)



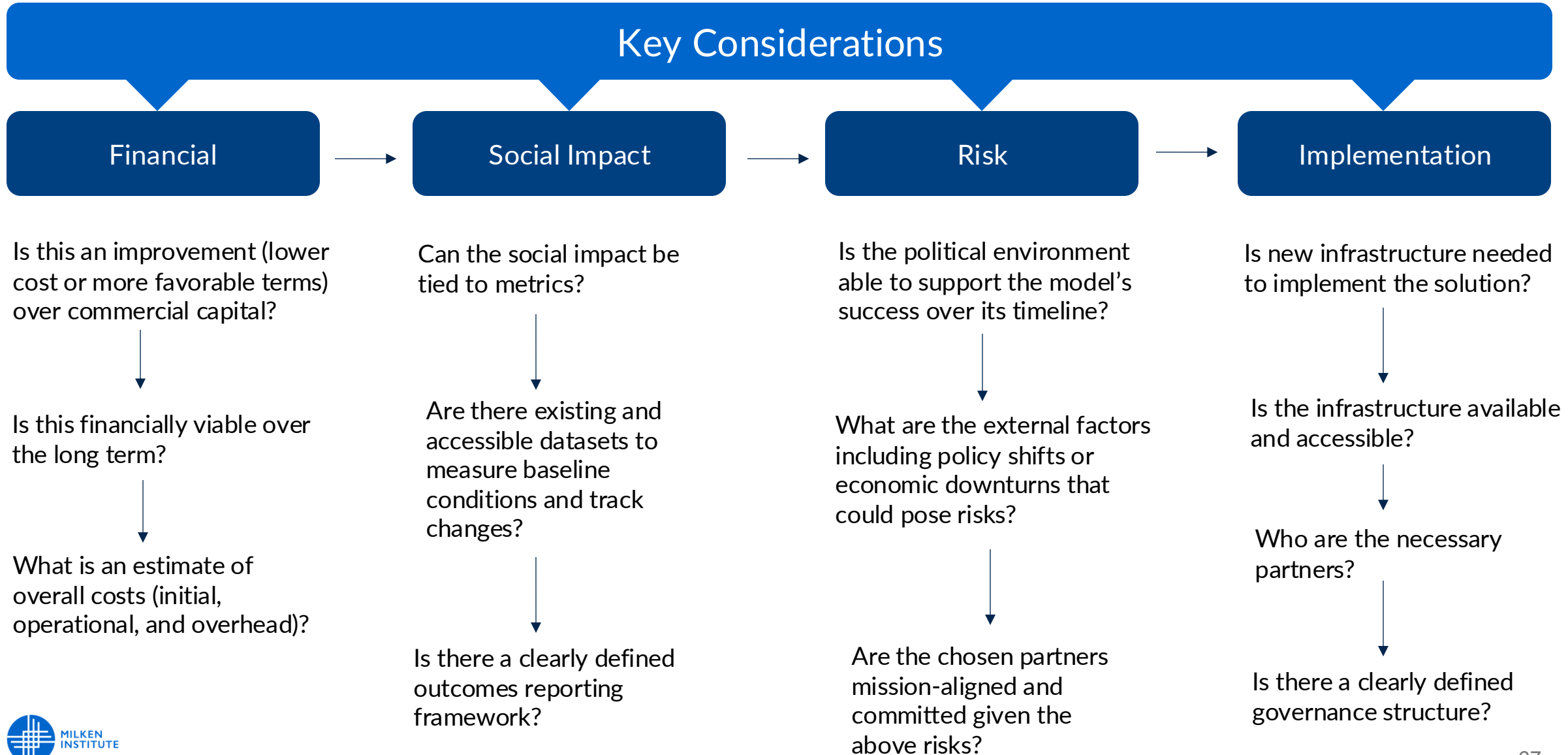
ALL ELDERS

City	40% AMI	50% AMI
Boston	\$47,240	\$59,050
Chicago	\$35,320	\$44,150
Houston	\$37,640	\$47,050
Los Angeles	\$33,800	\$42,250
Miami	\$33,800	\$42,250
New York City	\$46,520	\$58,150
Portland	\$45,760	\$57,200



# Recommendations and Case Studies

# Decision Framework for Recommendations



# Proposed Ranking of Recommendations Based on Decision Framework



1

Issue social bonds to fund programs, services, or building LGBTQ+-affirming elder housing.



2

Design an impact investment fund to create an inclusive and affordable living environment for LOAs.



3

Use a social impact bond to attract upfront funding for LGBTQ+ programming, workforce LGBTQ+ training, and inclusive design improvements.



4

Create a best-in-class LGBTQ+ elder housing development prize competition to reward innovation and increase market visibility.



5

Establish financial sector partnerships to incentivize LGBTQ+ services and training integration.

BARRIERS ADDRESSED

Financing

Financing

Market and Financing

Market and Policy

Market and Financing

# 1. Social Bonds to Fund Programs, Services and Development

Funds programs and service provision for existing developments and building of new developments

- Social bonds are loans contracted from private funding.
- Proceeds must finance social projects or activities that achieve positive social outcomes and/or address a social issue.
- Issuers in affordable housing include state housing finance agencies, community development financial institutions, developers, and corporations.
- Green, social, and sustainability bonds raised over \$6 trillion as of September 2024.
- **With uncertainty around future federal funding, cities, and states can tap social bonds to support vital community programs and affordable housing initiatives for vulnerable populations.** Additionally, social bonds attract a wider range of private investors.

# Case Study: State-Issued Social Bond for Supportive Housing

Mission	Organization	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• Issued under California's No Place Like Home program, which aims to develop permanent supportive housing for homeless people also in need of mental health support services</li></ul>	<ul style="list-style-type: none"><li>• CA Health Facilities Financing Authority—State Treasurer's Office</li></ul>	<ul style="list-style-type: none"><li>• Comprised of 14 individual tranches ranging from \$28 million to \$79.5 million</li></ul>	<ul style="list-style-type: none"><li>• Proceeds of the bond went to acquisition, construction, or rental rehabilitation of rental housing developments and a reserve for building operations.</li></ul>	<ul style="list-style-type: none"><li>• Counties must commit to providing mental health support services to tenants for at least 20 years.</li><li>• Bonds are repaid from a portion of a 1% income state tax (income &gt; \$1 million), which was approved by California voters as part of the Mental Health Services Act.</li></ul>	<ul style="list-style-type: none"><li>• <b>Social bonds issued by states and municipalities can meaningfully expand supportive housing in underserved communities.</b> Using this tool in the face of uncertain federal funding support can continue to improve community health while leveraging the capital markets for positive social impact.</li></ul>

# Case Study: State-Issued Bond for Supportive Housing

Mission	Organization	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• Aims to create or preserve at least 1,300 affordable housing units for low-income families, seniors, veterans, and people with disabilities</li></ul>	<ul style="list-style-type: none"><li>• Portland Housing Bureau</li></ul>	<ul style="list-style-type: none"><li>• \$258.4 million for the creation of 1,300 affordable homes</li><li>• 100% affordable units for households at or below 60% AMI</li><li>• 600+ deeply affordable units for households at or below 30% AMI</li></ul>	<ul style="list-style-type: none"><li>• Voter-approved measure; proceeds of the bond went to acquisition, construction, or preservation of affordable housing.</li></ul>	<ul style="list-style-type: none"><li>• Bond is repaid by Portland homeowners through a property tax increase of 42 cents per \$1,000 of assessed value.</li></ul>	<ul style="list-style-type: none"><li>• State-issued bonds demonstrate how targeted public investment in affordable housing can address urgent housing needs</li></ul>

# Case Study: Public Agency Social Bond Catalyzed Community-Driven Investment

Mission	Organization	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• The Port of Cincinnati, as a public, mission-driven development finance agency, focuses on reviving urban real estate that market developers and lenders will not take on for various reasons—ranging from environmental contamination to cost and back taxes associated with blighted, vacant properties.</li></ul>	<ul style="list-style-type: none"><li>• The Port of Cincinnati</li></ul>	<ul style="list-style-type: none"><li>• June 2016: \$7.3 million principal amount</li><li>• June 2021: The Port of Cincinnati secured a second round of investment commitments by 9 organizations for a 5-year note period, a \$50 million aggregate fund limit, and a \$250,000 minimum commitment.</li></ul>	<ul style="list-style-type: none"><li>• Bond proceeds funded acquisition and remediation of contaminated sites to reposition them for advanced manufacturing facilities.</li></ul>	<ul style="list-style-type: none"><li>• Bonds were purchased by local businesses and high-net-worth individuals. The notes bear interest at 0.15% per year, and interest was due upon the note maturity 5 years later.</li></ul>	<ul style="list-style-type: none"><li>• <b>Social bonds have been used by public-sector mission-driven agencies to provide an opportunity for private investment in the region's growth and receive returns through job creation, more affordable housing options, blight removal, and increased tax revenue.</b> This type of investment could help fund the acquisition of underutilized sites to be repositioned for affordable LGBTQ+ elder housing developments.</li></ul>

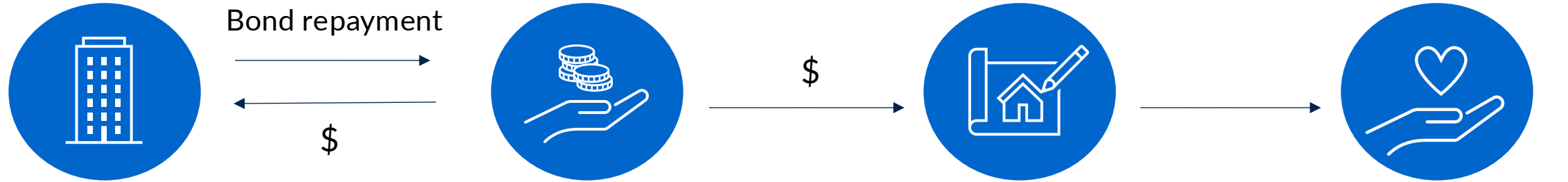


# Case Study: Social Bond Framework from Financial Institution

## Outlines Key Reporting Metrics

Mission	Organization	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• Support a range of affordable housing developments for homeless veterans in Washington, DC, and new affordable homes close to public transit in South Salt Lake, UT</li></ul>	<ul style="list-style-type: none"><li>• Morgan Stanley</li></ul>	<ul style="list-style-type: none"><li>• \$1 billion</li></ul>	<ul style="list-style-type: none"><li>• Bond proceeds will finance affordable housing properties and provide essential community services.</li></ul>	<ul style="list-style-type: none"><li>• Morgan Stanley established the Community Development Advisory Board and Social Bond Advisory Committee to evaluate, select, and supervise projects according to their Social Bond Framework metrics.</li><li>• Metrics may include, but are not limited to, number of housing units created or rehabilitated, number of beneficiaries, number of projects executed in conjunction with a nonprofit sponsor, geographic breakdown, number of full-time jobs created, and number of units set aside for special needs populations (i.e., elders, veterans, disabled individuals, victims of domestic abuse).</li></ul>	<ul style="list-style-type: none"><li>• <b>Large financial institutions are issuing social bonds to help meet their social responsibility metrics and grow the fixed-income market.</b> We can expect to see more of these deals as investors seek opportunities to meet their environmental, social, and governance mandates.</li></ul>

# A Social Bond Model



A state issues a social bond.

Bond investors purchase the bond, providing upfront capital for LGBTQ+ elder housing developments.

Developers implement projects.

Social outcomes are achieved.

LGBTQ+-friendly states such as CA, IL WA, MA, CT, NY, or NJ issue a \$500m bond to fund services that meet the needs of LOAs in elder housing.

Impact investors and institutional investors interested in social impact purchase the social bond.

Affordable housing developers integrate services offered by SAGE or SAGE-certified providers.

Annual tracking of occupancy rates, resident satisfaction surveys, and healthcare utilization are reported to investors.

## Next Steps

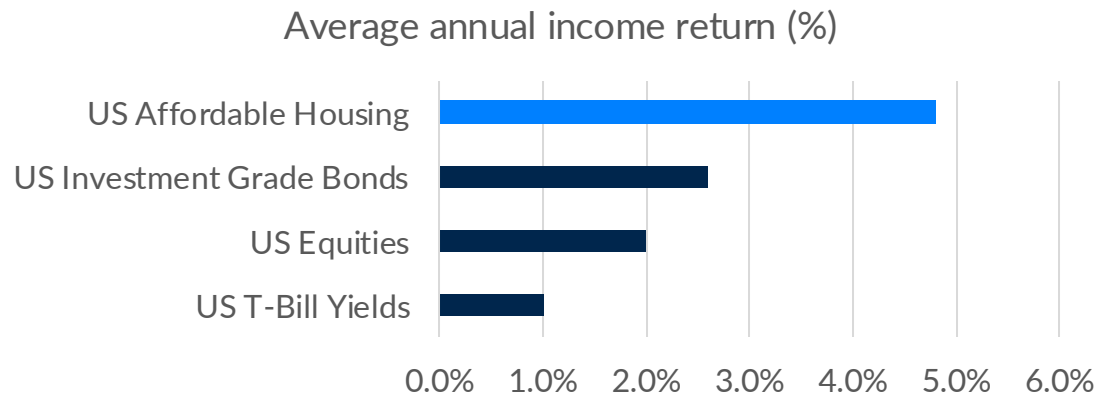
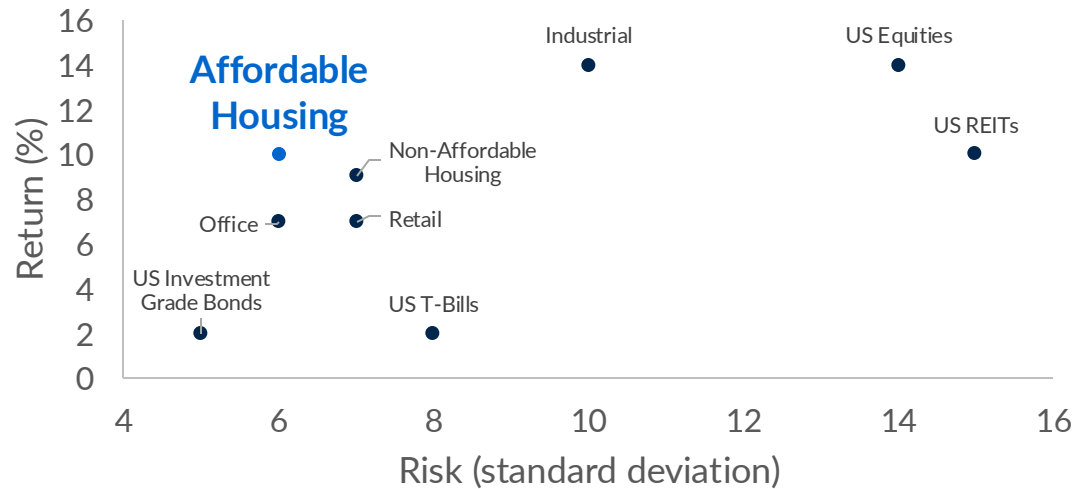
1. Socialize the social bond with municipalities or states that are looking to service elderly population needs and are receptive to the issuance. An underwriter, usually an investment bank or firm, would socialize the bond and work with the municipality or state to develop governance.
2. Determine the bond's objectives and specify the bond terms.
3. Establish the bond's outcomes reporting framework.
4. Create a pitch book to demonstrate the investment viability of issuing a social bond to attract impact-focused investors.

## 2. Impact Investment Fund for Inclusive and Affordable Living Environments

Funds programs and service provision for existing developments and building of new developments

- Provides patient capital as grants or low-cost/no-cost loans to build, addressing current obstacles to securing enough financing and allowing projects to proceed
- Generates a measurable and beneficial social or environmental impact with a financial return
- Can expand the investor base, building a committed group with a shared mission
- Mission alignment alongside housing industry growth can result in diversified financing and investors willing to take a mid-to-long-term concessionary position in exchange for added impact

# Impact Investing Has Room to Grow



- **Impact investors are increasingly allocating financing to affordable housing**, given its resilient income stream and attractive risk-return profile.
- **Housing allocation increased 44% in 5 years ending in 2022** (GIIN).
- Despite the growth,
  - Allocation to housing was only **6%** of impact assets under management.
  - Only **30% of overall investors** allocated some capital to the sector.

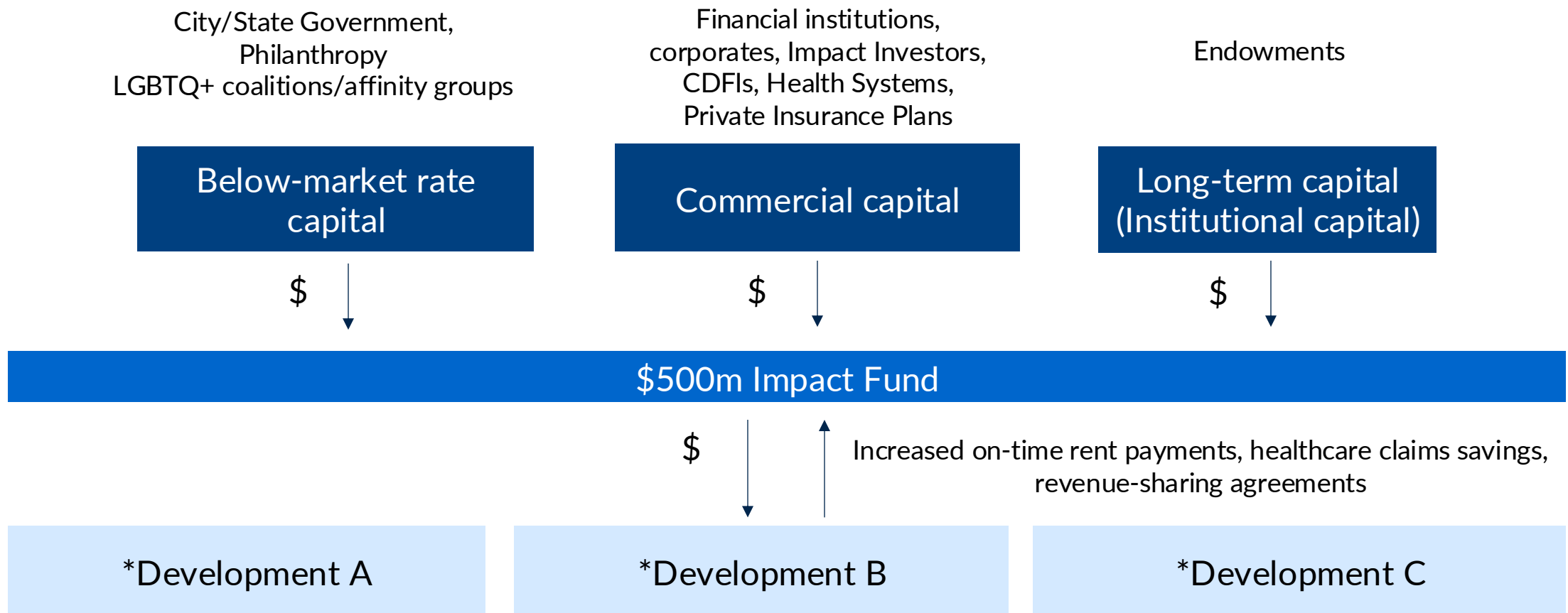
# Case Study: Housing for Health Equity Fund (HFHF) for Developing Supportive Affordable Housing

Mission	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>Provides equity capital to buy multiunit supportive housing that remains affordable long-term. The goal is to protect residents from rent increases and eviction.</li></ul>	<ul style="list-style-type: none"><li>\$85 million</li></ul>	<ul style="list-style-type: none"><li>Kaiser Permanente contributed \$15 million and additionally matched \$35 million of Enterprise Community Partners fundraising.</li></ul>	<ul style="list-style-type: none"><li>Equity investment fund</li><li>HFHF holds a majority equity position in all invested properties and pays investors (including Kaiser) a percentage of the rental revenue after expenses, including debt servicing. Kaiser's goal is to earn a 1–5% return to fund additional housing investments.</li><li>NeighborWorks, an affordable housing nonprofit provides a line-item database and analysis of success measures for the resident population.</li></ul>	<ul style="list-style-type: none"><li><b>Provides equity financing that affordable housing developers can quickly access.</b> Equity investment is required to fill the gap that debt will not cover. Although government or philanthropic sources can provide this needed equity, HFHF's readily available equity can promptly leverage private debt.</li></ul>

# Case Study: Healthy Neighborhoods Equity Fund (HNEF) Provides Lower-Cost Equity

Mission	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• HNEF II invests in mixed-income, mixed-use real estate developments that respond to community needs, catalyze the creation of walkable, transit-oriented neighborhoods, and demonstrate low-carbon, climate-resilient design.</li></ul>	<ul style="list-style-type: none"><li>• \$42 million</li></ul>	<ul style="list-style-type: none"><li>• Massachusetts Housing Investment Corporation (private investor and lender) and Conservation Law Foundation</li></ul>	<ul style="list-style-type: none"><li>• Private Equity Fund</li><li>• HNEF equity can represent up to 90% of total equity</li><li>• Investments range from \$1 million to \$10 million</li><li>• 6% target return to Limited Partners (LPs)</li><li>• 10-year investment term</li><li>• 5% first loss reserve reduces risk and protects yield to LPs</li></ul>	<ul style="list-style-type: none"><li>• <b>Meets the need for patient, lower cost, long-term equity capital</b> as a diversified portfolio of real estate investments and mitigates concentration of risk</li></ul>

# Snapshot of an Impact Investment Fund Model



\*Site acquisition, construction costs, onsite clinical and non-clinical social workers, case management, transport, healthy meals, community building programming, wellness programs, educational opportunities, data collection and health outcome evaluation, rent payments.



# Next Steps

1. Articulate the mission, financial goals, and social impact metrics.
2. Choose the appropriate legal and governance framework, ensuring compliance with all relevant laws and regulations.
3. Outline the process for the fund to identify, evaluate, and manage investments.
4. Engage potential investors and build strategic partnerships with developers, nonprofits, and local government officials.
5. Raise capital to invest in projects aligned with the fund's objectives.

### 3. Pay-For-Performance Model To Finance Services Upfront

Funds programs and service provision for existing developments

- Investors fund service providers who provide care that leads to long-term cost-savings by an “outcome payer”.
- The outcome payer could be public, philanthropic, or corporate.
- The outcome payer would return principal and interest to investors when agreed-upon social impact metrics are met.
- For example, insurance companies can provide the upfront capital needed by owners and operators to pay for programs and services. Outcome payers pay back the health insurance companies (with interest) as metrics (such as reduction in ER visits or increased medication adherence) are met.

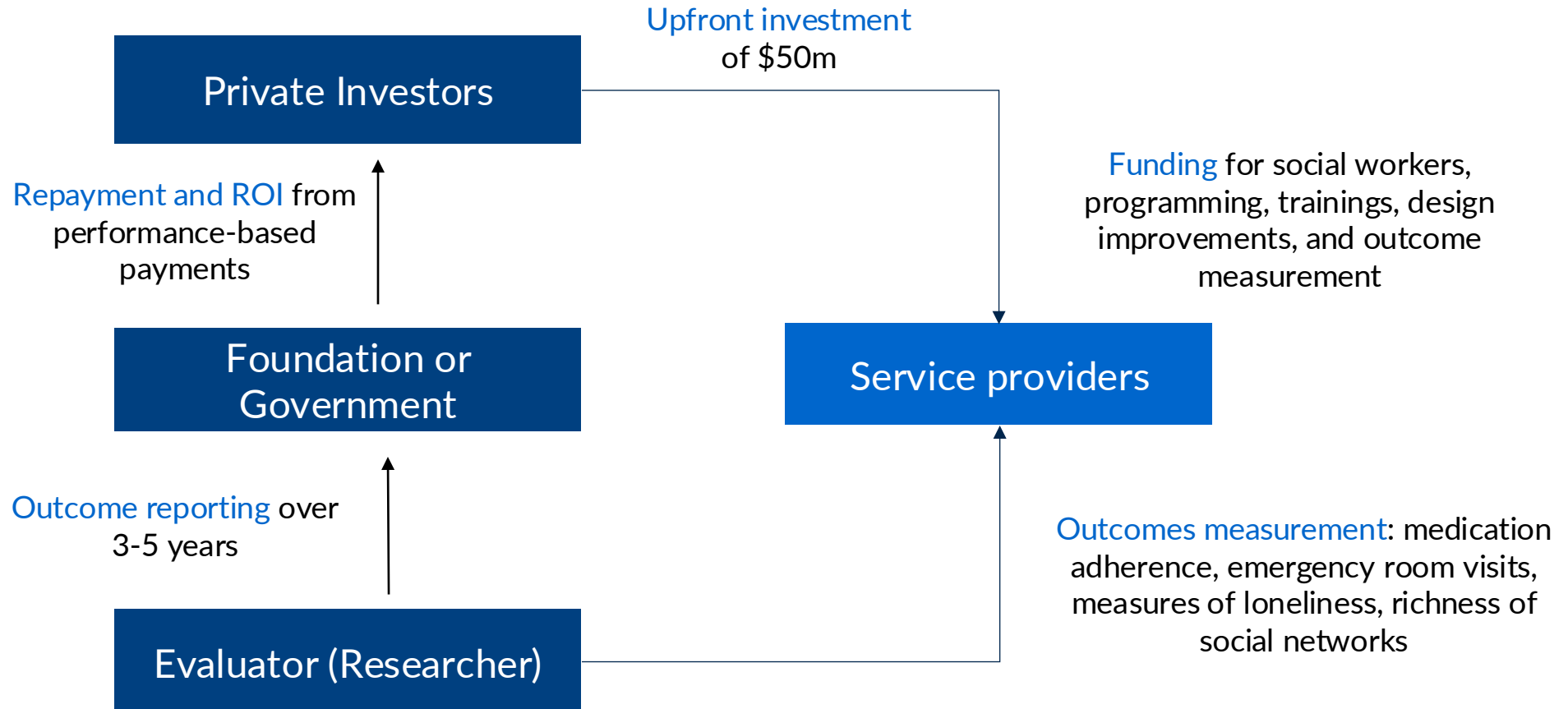
# Case Study: LIHTC Combined with Pay-for-Performance Fund Structure

Mission	Funding	Metrics for Repayment	Structure	Impact
<ul style="list-style-type: none"><li>• Stimulate and support innovative strategies to design, deliver, and measure the impact of Resident Service Coordination for families</li></ul>	<ul style="list-style-type: none"><li>• Led by a foundation with multiple partners, including Goldman Sachs and Key Bank, for a total of \$70 million</li><li>• Funded up to 10 years of residential service coordination in LIHTC-financed family housing</li><li>• Developers sold tax credits from the LIHTC deal to investors as partnership interest and received upfront capital to build the project.</li></ul>	<ul style="list-style-type: none"><li>• Projects that received investment agreed to establish baseline measures at the start, implement a data-driven service coordination program, and report on the results annually. <b>Developers must report resident data such as inpatient hospital readmission, inpatient days, number of ER visits, and hospital stays—and, if outcomes improve— earn the performance payment.</b></li></ul>	<p><b>Repayment Structure</b></p> <ul style="list-style-type: none"><li>• Release of 3 months of the operating deficit reserve (and replacement with the Foundation's guarantee) to pay for service coordination in years 1 and 2</li><li>• Up to \$90,000 annually in performance payments in years 3–10—funded through grants from Kresge and Robert Wood Johnson Foundation</li><li>• An additional equity payment from the LIHTC investor in year 10 if outcomes are achieved</li></ul>	<ul style="list-style-type: none"><li>• Outcomes-driven repayment structure that assesses developments annually <b>incentivizes developers to provide services that meet the needs of all residents year-round and over the long-term.</b></li></ul>

# Case Study: Bond Repayment Based on Cost-Savings of Preventive Health Measures

Mission	Organization	Amount	Funding	Structure	Impact
<ul style="list-style-type: none"><li>• A pilot that will be used to test a scalable model for cooperation between the public and private sector</li></ul>	<ul style="list-style-type: none"><li>• Region Stockholm (municipal body), Health Integrator AB (digital health company), Skandia (health insurance), and SEB (financial services group)</li></ul>	<ul style="list-style-type: none"><li>• 30 million kronor (~US\$2.8 million) with 5-year maturity</li></ul>	<ul style="list-style-type: none"><li>• Fund preventative measures focusing on lifestyle habits for as many as 925 individuals at risk of developing type 2 diabetes. A health coach will develop a personal health plan and give the participants access to services that address exercise, food, sleep, and stress.</li></ul>	<ul style="list-style-type: none"><li>• Region Stockholm (outcome payer) and Skandia (life insurance company and investor)</li><li>• SEB (structural advisor and financial intermediary)</li><li>• Return is based on the cost savings achieved by the diabetes prevention effort. The investor's total return will consist of the combined return of "the ordinary" bond issued by Region Stockholm plus the return based on the diabetes prevention effort.</li></ul>	<ul style="list-style-type: none"><li>• <b>Links investor returns to measurable health improvements aligning financial incentives with public health outcomes</b></li></ul>

# Snapshot of a Pay-For-Performance Model



# Next Steps

1. Prove the investment case by analyzing potential cost savings and benefits to stakeholders through improving health outcomes.
2. Identify the government agencies in LGBTQ+-friendly states, nonprofits, corporate partners, and foundations to lead exploration and socialization of a social impact bond. Engage service providers, nonprofits, financial intermediaries, and investors involved to outline roles and responsibilities.
3. Determine the objectives of the social impact bond and what metrics will be used to quantify successful outcomes.
4. Partner with operators, hospitals, and clinics to set up a data-sharing system to ensure metrics can be tracked.

## 4. Create a Best-in-Class LGBTQ+ Elder Housing Prize

Funds programs and service provision for existing developments and building of new developments



- Financial or other incentives are offered if specific goals or challenges are solved.
- Prizes encourage innovation and improve visibility, accelerating progress and scale in solving challenges.
- Showcasing best-in-class developments can raise investor and public sector awareness, attracting new capital or policy support.
- In addition to industry-wide recognition, awards could cover added costs of outcome evaluation or other needs.
- The award can incentivize corporates and financial institutions to encourage implementing SAGE resources and toolkits with their developer or other housing partners.

# Case Study: Awards Incentivize Cost-Effective Care Delivery

Mission	Organization	Amount	Criteria	Impact
<ul style="list-style-type: none"><li>• The CMS Health Care Innovation Awards funded up to \$1 billion in awards for new ideas to deliver better health, improved care, and lower costs to people enrolled in Medicare, Medicaid, and Children's Health Insurance Program, particularly those with the highest health care needs.</li></ul>	<ul style="list-style-type: none"><li>• Centers for Medicare and Medicaid Services</li></ul>	<ul style="list-style-type: none"><li>• Awarded \$1-30 million for a 3-year period. Providers, payers, local government, public-private partnerships, and multi-payer collaboratives could apply.</li></ul>	<ul style="list-style-type: none"><li>• Each grantee project was monitored for measurable improvements in quality of care and savings generated. Criteria included:<ul style="list-style-type: none"><li>◦ Engage innovation partners to identify and test new care delivery and payment models that produce better care, better health, and reduced cost through improvement for identified target populations</li><li>◦ Support innovators who can rapidly deploy care improvement models to new populations of patients, in conjunction with other public- and private-sector partners</li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>Care models that incorporate social assessment and linkage to social support services hold promise for significant cost savings.</b> An award for LGBTQ+ elder housing can help to encourage new developers to participate, contribute data on cost-savings and health benefits, and spur innovation.</li></ul>



# Example of Qualifying Criteria for Affordable and LGBTQ+-Affirming Elder Housing Prize

Criteria	
<b>Team members</b>	LGBTQ+-focused nonprofit, elder housing operator, State/city government, regional agencies, design/architecture firm, elder housing developer
<b>Submission criteria</b>	<ul style="list-style-type: none"> <li>➤ Adherence to SAGE's suite of housing developer toolkits and resources for building LGBTQ+ elder housing</li> <li>➤ Inclusive design</li> <li>➤ Partnerships with SAGE-certified LGBTQ+ nonprofits to advise on the development</li> <li>➤ SAGE-certified workforce</li> <li>➤ Variety of programming and LGBTQ+ support offered,</li> <li>➤ High ratio of LGBTQ+ residents to non-LGBTQ+ residents,</li> <li>➤ Use of energy-efficient infrastructure</li> <li>➤ Healthy building measures</li> </ul>
<b>Certification</b>	Awarded to teams that have met criteria and showcased affirming design for LOAs, integration of LOA services/programming, partnerships with LOA organizations, etc. State government agencies or philanthropic foundations could fund the award.
<b>Leadership Council and Incentives</b>	Winning development leadership team form the council. The council is invited to participate in invite-only meetings and events with key stakeholders.

# Next Steps

1. Define competition rules, including team members, timeline and scoring rubric.
2. Select the appropriate prize purse.
3. Promote the opportunity through existing networks and encourage greater participation by inviting regional groups to enter the competition.
4. Assemble an independent panel of judges with the possibility of a celebrity judge to bring various perspectives and expert insights to determine finalists and winners.
5. Plan an award ceremony alongside a high-profile event to elevate visibility and participation.

## 5. Encourage Financial Sector Partnerships for LGBTQ+ Services and Training

Funds programs and service provision for existing developments and PACE centers

Adoption of LGBTQ+ resource libraries, services, and cultural competency training **has been slow due to the associated added costs.**

**Financial sector partnerships** with state housing agencies, financial institutions, and existing elder housing or care providers such as PACE can **scale integration of LGBTQ+-specific services or cultural competency trainings by offering incentives** such as:



**Tax benefits:** Charitable donations can provide tax deductions for investors.



**Flexible financing terms:** Financial institutions may offer improved lending terms for developers that are partnered with LGBTQ+ service organizations, integrate LGBTQ+ services, have SAGECare certifications, or account for LOA-specific needs in building and program design.



**Socially supportive services:** Mission-aligned financial institutions can provide support for programming and services in LOA housing that increase onsite revenue and social impact.

# Case Study: Integrating LGBTQ+ Services and Training into Existing Care Models

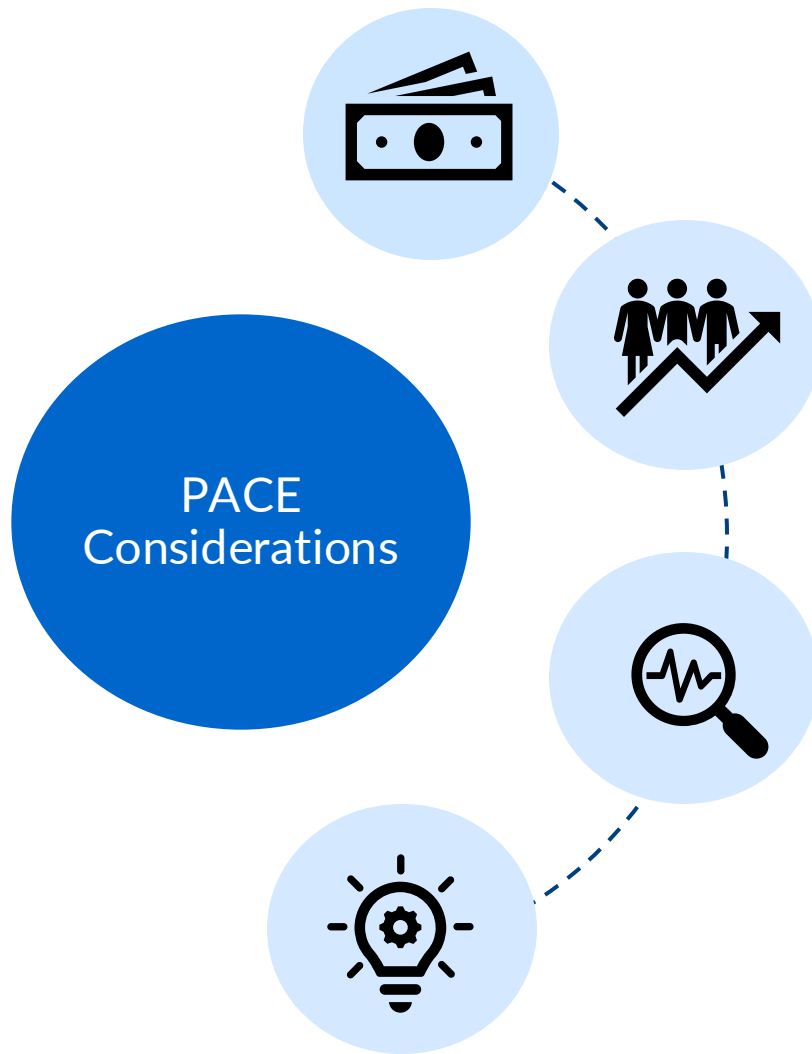
## What is PACE? Program of All-Inclusive Care for the Elderly (PACE)

- Centers provide and coordinate preventive, primary, acute, and long-term care services allowing elders to live at home.
- Users 55 years or older, residing in a PACE service area, are determined eligible at the nursing home level of care.
- If LGBTQ+-affirming programming and cultural competency training are integrated into existing PACE centers, they could serve as a promising model for expansion.

**How can existing collaborations between SAGE and PACE, which include integrating LGBTQ+-affirming programming, SAGECare staff and management training, ongoing recertifications, and/or consulting and auditing services, be scaled to serve as the new standard?**



# A Few Key Considerations for PACE Integration



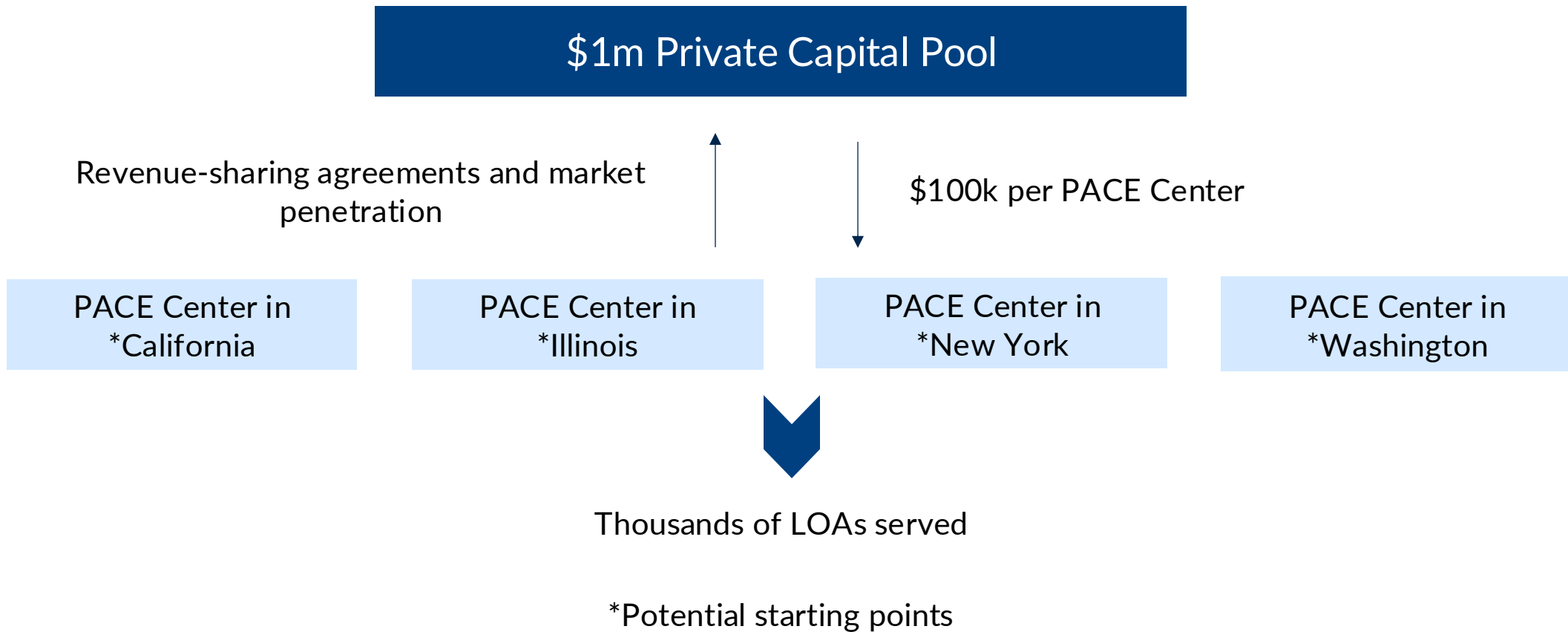
Intrinsic high costs to establish a typical PACE center  
= ~\$8–15 million

Integrating LGBTQ+ services and training implies **increased costs to already limited budgets**, which may render service integration or training difficult for PACE centers.

Medicare and Medicaid don't collect sexual orientation and gender identity data from PACE participants, making it difficult to **quantify the utilization and financial viability** of including LGBTQ+ services and training.

- A variety of private equity firms have been investing in PACE centers. Is there a way to engage those investors in supplying additional supportive services for LOAs?
- Would CMS in the current administration approve an LGBTQ+-friendly PACE center?

# Potential Partnership Model for LGBTQ+ Services and Training Integration



# Encouraging Private Equity Donations for Socially Supportive Services

Funds programs and service provision for existing developments and PACE Centers

Private equity funds are showing interest in elder housing and care facilities, viewing them as stable and profitable long-term investments.

By **donating a portion of their** carried interest\* to affordable elder housing developers or care providers, they can help cover the initial integration costs and ongoing expenses needed to maintain LGBTQ+-affirming environments and services.

Charitable donations to affordable housing projects or nonprofits are often tax-deductible, creating a mutually beneficial partnership.

\*Carried interest: a share of profits from a private equity fund

# Case Study: Private Equity Financing from Profits



Mission	Organization	Structure	Amount	Impact
<ul style="list-style-type: none"><li>• Predefine structure of social impact purpose</li><li>• Generate predictable and long-term income in sectors that are often overlooked</li><li>• Donate a portion of the profits to global health and education initiatives</li></ul>	<ul style="list-style-type: none"><li>• Ares Management Corporation</li></ul>	<ul style="list-style-type: none"><li>• Donates at least 5–10% of the carried interest profits</li></ul>	<ul style="list-style-type: none"><li>• Over 2 years (March 2021–June 2023), the Pathfinder family of funds accrued over \$13 million of donations and raised ~\$15 billion with a charitable tie-in.</li></ul>	<ul style="list-style-type: none"><li>• Demonstrates potential for every \$1 billion of capital that achieves 1.5x to 2.0x multiple, the charities stand to receive \$10–20 million</li><li>• <b>The better the funds perform—the more money is donated to charity, creating a win-win for investors and impact.</b></li></ul>



# Opportunities for Financial Institution Partnerships

Resident volunteer opportunities foster social interaction with other residents and the community and can provide a sense of purpose - all of which improve health outcomes. Financial institutions have long supported LGBTQ+ issues through their employee resource/affinity groups.

**Can LGBTQ+ employee resource groups/affinity groups sponsor (\$250–\$500/month) or offer in-kind support to onsite shops where residents volunteer?**

This would:

- **Combat isolation** and increase connection between the community and residents
- **Demonstrate a company's commitment** to LGBTQ+ initiatives to its employees
- **Increase visibility** for LGBTQ+-friendly housing developments and attract additional funding from new supporters
- **Provide a sustainable source of capital** as store revenues can be reinvested into the development

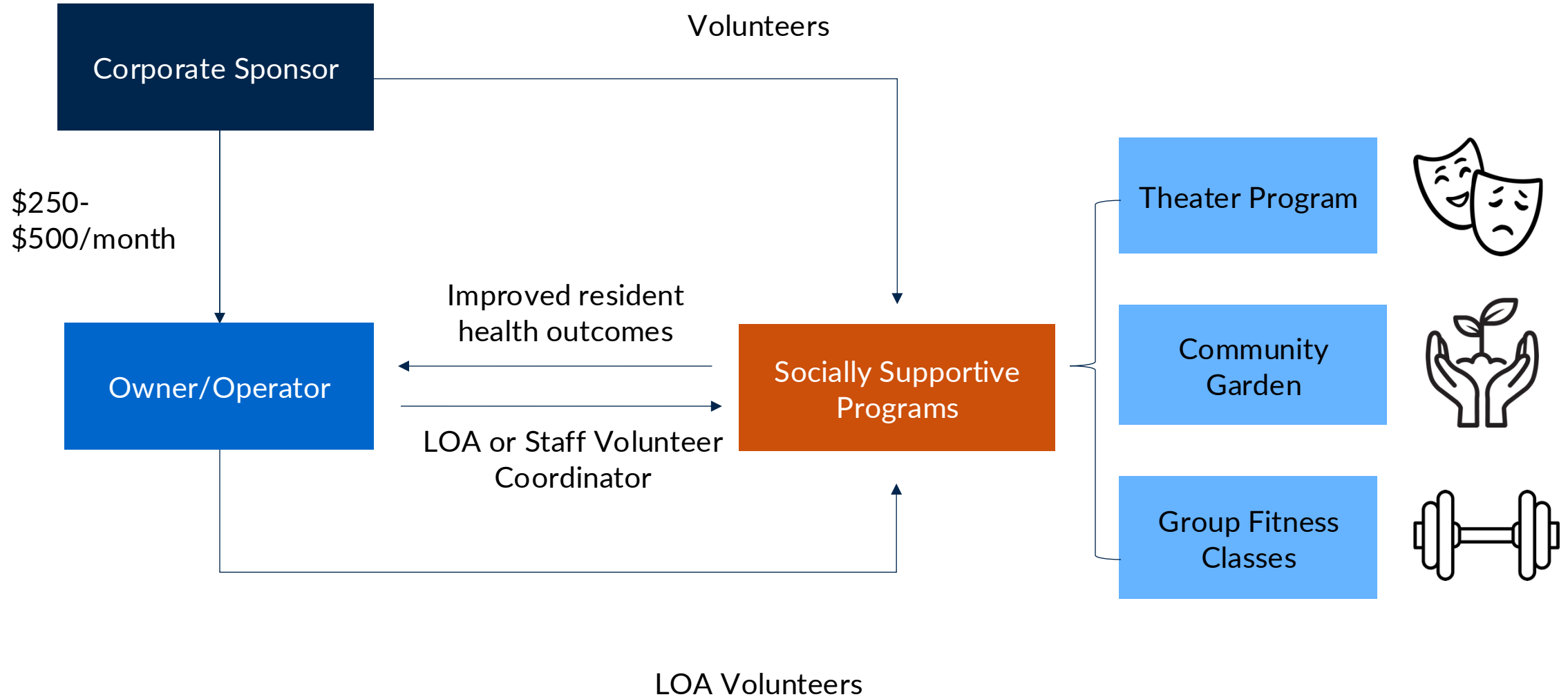


# Case Study: Private-Sector Opportunity in Senior and Community Engagement

Mission	Organization	Impact
<ul style="list-style-type: none"><li>• Broadway Senior: author-approved adaptations of popular Broadway musicals staged by elders</li><li>• Modifications include guides to address mobility needs (the use of walkers, canes, and wheelchairs), large-font scripts, university volunteers to guide senior performers, and a live piano accompanist to provide real-time tempo support</li></ul>	<ul style="list-style-type: none"><li>• Music Theatre International</li><li>• Juniper Communities</li><li>• The Actors Fund Home</li><li>• Lenox Hill Neighborhood House</li></ul>	<ul style="list-style-type: none"><li>• <b>Combines corporate financing, resident volunteerism, and impact</b></li><li>• Significant programming cost savings for the operator</li><li>• Positive experiences for elders with intergenerational and community building</li></ul>



# Potential Corporate Sponsorship Models



# Next Steps

1. Identify suitable states, PACE centers, and elder housing developments to implement a pilot for LGBTQ+ service integration.
2. Identify private equity firms with mission alignment, and corporations with LGBTQ+ corporate affinity groups or social responsibility initiatives to engage with.
3. Collaborate with state housing agencies, LGBTQ+ elder housing and service providers, corporations, private equity firms, and philanthropy to establish partnerships for service integration, funding and financing support, and sponsorship of elder volunteer opportunities or enrichment activities.



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