

# SUPPORTIVE SERVICES TRANSFORMATION FUND

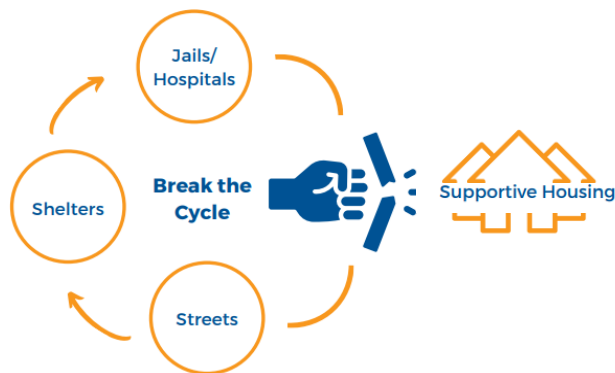
Reducing Homelessness with Home and Community-Based Services  
*Corporation for Supportive Housing (CSH)*

The affordable housing crisis across America makes finding a place to live challenging for anyone. For individuals with cognitive, physical, or mental health needs, the challenge is even greater. Access to supportive services for people with complex health or behavioral health needs can be the key to preventing homelessness, avoiding costly crisis responses or institutionalization, and living healthy, productive lives.

Affordable housing paired with home and community-based supportive services is known as **supportive housing**. Supportive housing is a **sustainable and cost-effective** data-driven model that helps individuals with complex care needs live more productive lives by increasing housing stability, improving access to health and mental health services, and creating pathways to employment.

## PROBLEM: SUPPORTIVE SERVICES ARE CHRONICALLY UNDERFUNDED

Currently, 1.1 million households nationwide need supportive housing<sup>i</sup>. This includes both individuals and families who are homeless and/or cycle through crisis response systems and institutional settings such as nursing homes, foster care, hospitals, jails, shelters, or group homes due to a lack of affordable housing with supportive services. These settings fail to provide the necessary long-term housing and health support. Without supportive housing, people continue to cycle through these institutions, often being discharged back to the streets to restart the cycle.



This cycle is costly with jurisdictions spending \$15,000 or more per person per year on public services like emergency shelters, public safety (e.g. EMS, 911, detox facilities), emergency department visits, jail stays and more<sup>ii</sup>. In contrast, supportive housing increases stability while also reducing spending on these services by up to **\$6,875** per person per year<sup>iii</sup>. Lack of

available funding for services remains a significant barrier to developing more supportive housing though.

## SOLUTION: A STATE SUPPORTIVE SERVICES TRANSFORMATION FUND

To address the funding gap, states can use Medicaid waivers or adapt the Medicaid state plans to finance services<sup>iv</sup>. A comprehensive package of wraparound services—including healthcare, behavioral healthcare, and housing-related services<sup>v</sup> —is essential for the success of both supportive housing residents and to achieve the described cost-offsets. While Medicaid can be the primary source of services funding, most state Medicaid plans have not been updated to include these necessary services. Consequently, Medicaid covers only a portion of the total annual expenses for supportive housing.

Until state Medicaid plans are updated, legislatures can appropriate state dollars to create a **Supportive Services Transformation Fund (SSTF)**. The SSTF acts as a funding bridge for non-Medicaid eligible expenses until these costs become reimbursable through Medicaid. Over time, states can reduce SSTF funds as Medicaid reimbursements increase. **By establishing this funding bridge, states can quickly reduce reliance on crisis response and institutional settings.**

SSTF has three components:

- **Supportive Services Grants:** The grants program is the main feature of any SSTF. This program awards grants to service providers to increase the availability of non-Medicaid eligible services. Funds assist individuals with disabling behavioral or physical health conditions who are homeless, at risk of homelessness, or are unnecessarily institutionalized.
- **Capacity Building:** Resources are provided for technical assistance and capacity building funding, allowing service providers to develop and sustain high-quality service delivery systems and build administrative capacity to leverage and bill Medicaid. These funds are typically available for the first three years of the Supportive Services Grants program.
- **Evaluation:** A portion of the funds is allocated to conduct a state-wide supportive housing needs assessment and evaluate the outcomes of the Supportive Services Grant program. This helps the state assess current investments, understand the supportive housing and services gaps, and track the grant program's progress.

## CASE STUDY #1: MICHIGAN

The State of Michigan appropriated \$6 million for a Supportive Services Funding Pilot<sup>vi</sup> as part of the FY23 budget. This funding covers housing-related services, housing stabilization and tenancy sustaining services, and care coordination. Additionally, it will boost capacity by hiring more caseworkers and staff to reduce caseload sizes and enhance service delivery. While more detailed outcomes will be available in 2024, preliminary results show that funding has enabled providers to spend more time with high-needs supportive housing tenants and hire new therapists. Anticipated outcomes include tenants staying housed longer, increased tenant income and employment, and improvements to tenant physical and mental health.

## CASE STUDY #2: NEVADA

In 2023, Nevada established a similar services program through an unprecedented \$32 million appropriation<sup>vii,viii</sup>. The initiative created a Supportive Housing Development Fund, allocating \$30 million for a supportive housing services package to help people obtain and maintain stable housing \$1.5 million to build long-term capacity for housing developers and service providers, and \$700,000 for a statewide supportive housing needs assessment and evaluation of the services package results.

The Fund supports a two-year statewide pilot targeting people experiencing or at risk of homelessness by connecting them with quality, affordable housing, and supportive services. The pilot will evaluate participants' health and behavior outcomes and the public spending on housing and services. It will compare these public costs against the costs associated with allowing people to cycle through institutional and crisis systems.

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<sup>i</sup> See *CSH Supportive Housing Needs Assessment*. Available: <https://www.csh.org/supportive-housing-101/data/#Need>

<sup>ii</sup> See *Cost and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle. Findings from the Denver Supportive Housing Social Impact Bond Initiative*. Available: [https://www.urban.org/sites/default/files/publication/104499/costs-and-offsets-of-providing-supportivehousing-to-break-the-homelessness-jail-cycle\\_0.pdf](https://www.urban.org/sites/default/files/publication/104499/costs-and-offsets-of-providing-supportivehousing-to-break-the-homelessness-jail-cycle_0.pdf)

<sup>iii</sup> See *Analyzing the Cost and Offsets of Denver's Supportive Housing Program*. Available: [https://www.urban.org/sites/default/files/publication/104495/analyzing-the-costs-and-offsets-of-denvers-supportive-housing-program\\_2.pdf](https://www.urban.org/sites/default/files/publication/104495/analyzing-the-costs-and-offsets-of-denvers-supportive-housing-program_2.pdf)

<sup>iv</sup> CSH Summary of State Action Medicaid and Supportive Housing Services. Available: <https://www.csh.org/wp-content/uploads/2024/05/CSH-Summary-of-State-Action-Medicaid-and-Supportive-Housing-Services-Updated-Spring-2024.pdf>

<sup>v</sup> Housing-related services can include assistance with finding an apartment, understanding leases, budgeting, relationship navigation with landlords, and, in some instances, locating short term housing options.

<sup>vi</sup> See *Michigan Legislature Allocates Historic \$6 million in Funding for Supportive Housing Services*. Available: <https://www.csh.org/2023/01/michigan-legislature-allocates-historic-6m-in-funding-for-supportive-housing-services/>

<sup>vii</sup> See *Nevada Governor Signs Historic Supportive Housing Legislation*. Available: <https://www.csh.org/2023/06/nevada-governor-signs-historic-supportive-housing-legislation-championed-by-csh-nevada-housing-coalition-and-assemblywoman-daniele-monroe-moreno/>

<sup>viii</sup> Nevada Assembly Bill 310. Available: <https://www.leg.state.nv.us/App/NELIS/REL/82nd2023/Bill/10159/Text#>