



# Key Considerations in Budgeting for Supportive Services

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There is no single formula for the design and funding of supportive services plans within supportive housing projects. The services plan typically involves a mix of services based on tenants' needs, agency capacity, partnerships that have been established, resources available within the community, and available funding. Supportive housing projects may have services staff dedicated to particular units or Assertive Community Treatment (ACT) teams linked to the housing. Frequently, supportive housing projects have formal linkage agreements with other local organizations, such as drug and alcohol treatment programs, mental health clinics, and employment services. In all cases, the lead service provider for the project helps to ensure that tenants have easy and facilitated access to a comprehensive package of supports.

The types of services that constitute the “support” in supportive housing must be responsive to the needs of the people who live in the housing, and are often best determined through conversation with the target population. Tenants of supportive housing are individuals and families who face complex challenges — people who have been homeless or in institutions, who also have very low incomes and often serious, persistent health issues, and/or disabilities or other barriers to housing stability. These challenges may include mental health issues, substance use issues, and HIV/AIDS, and long-term poverty often exacerbates them.

Some of the services commonly found linked to or provided by supportive housing projects include:

- Case management and services coordination, focused on housing stability for the tenant
- Housing location services
- Outreach and engagement
- Benefits counseling and advocacy
- Mental health services and treatment
- Substance use management, harm reduction, abstinence and relapse support
- Primary health care
- Money management and other independent living skills training and assistance
- Transportation
- Education and vocational training
- Career/job counseling, development and placement
- Child care programs
- Youth programs
- Support/peer support in groups or one-on-one (e.g., substance use management, abstinence, domestic violence prevention, parenting, mental health, etc.)
- Activities, classes, workshops and special events to promote relationship-building, mutual aid and community building

The extent of tenants' service needs also has major implications for the level and type of supportive services that will be required. If a provider plans to serve a population that may be expected to have considerable service needs (e.g., formerly homeless people who are dually diagnosed with serious mental illnesses and substance abuse disorders), funding must ensure a staff-to-tenant ratio that will allow for adequate levels of service. Some individuals may need considerable support to remain stable and meet the obligations of tenancy, while others need minimal assistance once stabilized. Some specific service activities can be staff intensive, such as escorting tenants to appointments and budgeting assistance. Insufficient staffing can result in crisis-driven



programs with high levels of burnout and turnover. If funding is inadequate, both project and program goals may need to be revisited.

Primary responsibility for services delivery and services budgeting also will vary from project to project as well. Potential models include:

- The lead sponsor of the project and/or property/housing management organization may provide some services directly, with the balance of the tenants' supportive services needs to be met through connections with community-based providers.
- A third-party provider that assumes responsibility for service delivery, coordination of services partnerships and funding may primarily deliver services.
- The sponsor of a supportive housing project may contract with a third-party provider for services, but the sponsor may have lead responsibility for the services funding.

Regardless of the services model, the project sponsor must monitor the services activities closely to ensure that tenants' needs are being addressed. How the service provision is structured in a given supportive housing project will help determine many of the financial and budgetary considerations.

### *Expenses and Revenue in the Supportive Services Budget*

In all cases, it should be expected that the project will have a supportive services budget that is separate from the housing operations budget for the project — and most funding sources will require the clear separation of these budgets. This approach may represent a change of practice for some organizations, such as those that operate transitional housing programs, in which the operating and services costs are often all included within a single budget. As with all budgets, projected expenses must match projected revenues.

#### *Expenses*

On the expense side, the support services budget must include staffing and service activity levels adequate to assist tenants to live independently in the supportive housing project. The expense portion of a social services budget will generally consist of personnel and other than personnel expenditures. Personnel consists of direct service staff such as counselors, case managers, nurses and supervisory staff, which can include direct supervisors such as program directors and portions of the overall agency administrative staff such as the executive director and financial manager. Other than personnel services can include supplies and materials directly related to the provision of supportive services as well as general office supplies and support such as office machines, telephone, etc. Other related expenses can include tenant transportation and staff training and recruitment.

#### *Revenues*

A major challenge for supportive housing sponsors is to secure resources that can successfully be blended to provide ongoing support for this range of activities for the diverse tenant population housed in supportive housing. While some supportive housing projects' operating budgets generate enough revenue to help pay for a portion of the services costs, revenue for supportive services costs is generally provided in one or more of the following ways:

- Fee-for-services arrangements, such as those provided by Medicaid, where providers are reimbursed for specific services, such as attendance at a clinic. Reimbursement is generally

according to a fixed rate (per visit or day) and occurs only when an eligible tenant receives the service.

- Through a publicly funded contract under which the organization provides specified supportive services according to an established budget. For example, this is how HUD pays for supportive services under HEARTH, or may be how a contract with a local government agency is structured.

Through fundraising from private sources, such as grants from private foundations or corporations, special events or revenues generated from businesses operated by the non-profit organization (such as thrift shops).