



We, the undersigned, are writing today to express our support for a \$25 million appropriation to establish the Michigan Supportive Services Transformation Fund (SSTF). Supportive Housing (SH) is an evidence-based solution that combines affordable housing with tenant-centered supportive services to help people who face the most complex challenges get and stay housed. It targets people who experience chronic homelessness and cycle between institutional settings and the streets, and helps shift from overreliance on institutional and emergency responses toward sustainable and coordinated housing and services.

In 2022, 6,266 households in Michigan experienced long-term homelessness with one or more disabling conditions. Additionally, [46% of people experiencing homelessness](#) in Michigan are Black, despite being only 14% of Michigan's overall population, underscoring deep racial inequities.

Michigan's [Statewide Housing Plan](#) and the [Michigan Interagency Council on Homelessness](#) call for increased funding and fully leveraging Medicaid for SH services. To adequately serve all those in need of SH in Michigan, Corporation for Supportive Housing (CSH) has determined that \$37 million annually is needed. While Medicaid should be a primary source of funding, it currently covers less than \$1 million of the total expenses for SH services annually, and \$11 million comes from other federal, local, and private funding. Consequently, there is a funding gap of \$25 million to serve an estimated 3,500 households (4,550 individuals) per year. Over time, Michigan can reduce this gap by increasing Medicaid reimbursements.

Recipients of the \$6 million appropriated to SH services in the FY23 budget already reported significant shifts in the quality of services they can provide and the time they can dedicate to each supportive housing tenant they serve. Becca Binder, Executive Director of Northwest Michigan Supportive Housing (NMSH), a recipient of a portion of the FY23 appropriation, stated, "NMSH has been operating in emergency and crisis response mode for years and this funding from Michigan Department of Health and Human Services (MDHHS) has helped us transition away from that, decreasing staff burnout while improving outcomes for tenants by dedicating more time and energy to the needs they present with on a daily basis."

These experiences of improving overall health and wellness are consistent with research showing that two years after referral to SH, residents had a **40% decrease in emergency department visits and a 155% increase in office-based visits**. Further, those in SH saw a **40% reduction in arrests and 38 fewer days in jail (a 30% reduction in jail stays)**. Across all these reductions, there was a **\$6,875 annual cost offset per person**.

We urge the Administration and State Legislature to appropriate \$25M per year starting in FY25 to the Michigan SSTF, reducing the total investment annually as Medicaid reimbursement for SH services increases. We also recommend targeting funding in the following ways:

- Target funding to existing SH tenants needing additional services and households currently experiencing homelessness.
- Allocate \$1M annually for the first three years to capacity building and technical assistance resources needed for SH providers to develop and sustain high-quality service delivery systems and build administrative capacity to leverage Medicaid.