

SUPPORTIVE SERVICES TRANSFORMATION FUND

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

Many people with disabilities need both affordable housing and supportive services to achieve housing stability and live in the community. Affordable housing paired with supportive services is known as **supportive housing**. This evidence-based, cost-effective model improves housing stability, health outcomes, and economic mobility while reducing reliance on costly crisis response systems and institutional settings.

PROBLEM: SUPPORTIVE SERVICES ARE CHRONICALLY UNDERFUNDED

More than **1.1 million households** nationwide need supportive housingⁱ. Without access to affordable housing and supportive services, many people with disabilities and complex health challenges cycle through shelters, hospitals, nursing homes, jails, foster care, and other crisis systems that fail to provide long-term stability.



This cycle is costly, with jurisdictions spending **\$15,000 or more per person annually** on emergency and institutional services.ⁱⁱ Supportive housing can reduce these costs by up to **\$6,875 per person per year** while increasing housing stability.ⁱⁱⁱ Funding for supportive services remains one of the greatest barriers to expanding supportive housing.

SOLUTION: A STATE SUPPORTIVE SERVICES TRANSFORMATION FUND

States can use Medicaid waivers and state plan amendments to finance supportive housing services, including health care, behavioral health care, and housing-related supports.^{iv, v} However, most state Medicaid programs do not currently cover the full range of services needed for supportive housing, leaving significant funding gaps.

A **Supportive Services Transformation Fund (SSTF)** can bridge these gaps by providing state funding for services that are not yet Medicaid reimbursable. As Medicaid expands, states can reduce SSTF investments over time. This approach allows states to quickly expand supportive housing and reduce reliance on costly crisis and institutional systems.

SSTFs typically include three components:

- **Supportive Services Grants:** Funding for providers to deliver non-Medicaid reimbursable services to people experiencing homelessness, at risk of homelessness, or unnecessarily living in institutional settings.
- **Capacity Building:** Time-limited investments to help providers strengthen service delivery systems, administrative infrastructure, and Medicaid billing capacity.
- **Evaluation:** Funding for needs assessments and program evaluation to measure outcomes, identify service gaps, and track return on investment.

CASE STUDY #1: MICHIGAN

Michigan has invested **\$36 million in the Supportive Services Transformation Fund since FY2023**. Administered by the Michigan Department of Health and Human Services, the fund provides grants to supportive housing providers statewide to expand capacity, hire additional case managers and service staff, reduce caseloads, and deliver intensive, person-centered services that help individuals and families maintain housing stability. Outcomes from these investments have been strong, with **98% of residents served remaining stably housed and 63% maintaining or increasing their income**.

CASE STUDY #2: NEVADA

Nevada has invested **more than \$53 million in supportive housing since 2023**. The funding supports a package of housing stabilization services designed to help individuals obtain and maintain stable housing and includes **\$1.5 million to build long-term capacity among housing developers and service providers**. Legislation enacted in **2023 (AB 310)** established the state's supportive housing fund, while **AB 366 (2025)** made supportive housing funding a **permanent line item in the Governor's biennial budget** and requires the Governor to provide justification to the Legislature if funding is not included in a future executive budget.

Michigan and Nevada demonstrate that Supportive Services Transformation Funds are a practical tool for expanding access to supportive housing services. By providing flexible funding for services, capacity building, and evaluation, SSTFs help states address immediate service gaps while laying the groundwork for sustainable Medicaid financing. States can use this model to strengthen supportive housing systems, improve outcomes for people with disabilities and complex needs, and reduce reliance on costly crisis and institutional settings.

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

ⁱⁱ 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

ⁱⁱⁱ 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

^{iv} 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>

^v 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.