



Pennsylvania Supportive Housing Operations Fund: A Smart Investment in Pennsylvania’s Future

Pennsylvania is facing a critical shortage of at least 38,000 units of supportive housing, leaving thousands of individuals and families without the stable housing and services they need to achieve long-term stability and well-being. This shortage contributes to rising homelessness in Pennsylvania, which increased statewide by **12.2% in 2024**. Without the housing and services they need, people experiencing homelessness, including those with disabilities, will cycle through costly crisis systems such as shelters, emergency rooms, jails, and institutional care systems.

Supportive housing¹ is a proven, cost-effective solution that pairs affordable, stable housing with individualized support services. It is designed for people experiencing, or at risk of homelessness, with complex health or disability challenges, helping them live independently while reducing reliance on costly crisis systems such as hospitals, correctional facilities, foster care, and nursing homes.

Smart Investments for Better Outcomes

The **Supportive Housing Coalition of Pennsylvania** is proposing an investment that will expand access to housing, spur local economic and community development, ensure services are available where they are most needed, and build a healthier, more resilient Commonwealth.

Supportive housing improves health and housing outcomes for individuals and families, while generating significant public cost offsets by preventing institutionalization and promoting long-term stability.

A [Denver study of supportive housing](#) found significant reductions in crisis system use, including:

- **40% reduction in arrests** and **30% reduction in jail stays**
- Two years after referral to supportive housing, **a 40% decrease in emergency department visits**
- **\$6,875 annual cost offset** per person due to reduction in arrests, jail stays, and emergency room visits.

Communities Have a Choice: In Pennsylvania, it costs the same to provide:



OR



OR



MEDICAL INPATIENT

9 Days²

PRISON

4 Months³

SUPPORTIVE HOUSING

1 Year

¹ <https://www.csh.org/supportive-housing-101/>

² <https://www.kff.org/health-costs/state-indicator/expenses-per-inpatient-day/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

³ <https://www.pa.gov/content/dam/copapwp-pagov/en/cor/documents/resources/statistics/budget-documents/Cost-Per-Day-FY-21-22.xlsx>

The Supportive Housing Operations Fund: A Strategic Solution for Pennsylvania

By establishing a **Supportive Housing Operations Fund**—a dedicated, flexible funding mechanism to sustain the operations and services that make supportive housing successful—Pennsylvania can reduce reliance on costly crisis interventions and achieve significant long-term savings.

While Pennsylvania has programs that help finance the construction of affordable housing, the **lack of sustainable funding for operations and supportive services** remains a major barrier to developing and maintaining supportive housing units. This is especially true for individuals earning less than 30% of the Area Median Income (AMI), who cannot afford market-rate rents and whose housing must be subsidized to remain affordable.

Supportive service providers in communities across the Commonwealth play a vital role in helping individuals achieve stability and independence. However, many operate with limited resources, face challenges in maintaining competitive wages, and manage caseloads that exceed recommended levels.

The **Supportive Housing Operations Fund** would address these challenges by:

- **Providing grants** to service providers to cover non-Medicaid eligible services for individuals with complex health and behavioral needs.
- **Building provider capacity** through technical assistance, operations funding, and start-up funding to help organizations scale their services, improve quality, and prepare to bill Medicaid as state reimbursement mechanisms evolve.
- **Supporting evaluation and planning** by funding statewide needs assessments and outcome tracking to ensure accountability, guide future investments, and measure impact.

The **Supportive Housing Operations Fund would require a \$54 million annual investment from the state**. This would close the funding gap for supportive housing services and operations. Closing this funding gap would spur the development of thousands of urgently needed supportive housing units in Pennsylvania. The Pennsylvania Supportive Housing Coalition recommends a 5-year tiered investment. The Pennsylvania Supportive Housing Coalition requests the state to add \$14 million to the 2026-2027 budget, with a commitment to investing \$10 million every year over a 5-year period until this fund is implemented at the full amount needed.

By establishing the **Supportive Housing Operations Fund**, Pennsylvania can reduce homelessness, empower individuals with disabilities to thrive, and invest in the revitalization of communities across the Commonwealth.

For more information on how to support this effort, please contact **Brian McShane**, Associate Director for Pennsylvania and New Jersey at CSH, at brian.mcshane@cs.org.