



# How To Build Rural Recovery Housing

It's not as hard  
as you think.

With help from  
The Fletcher  
Group

# Your Path To Effective RH

## Our Purpose

The purpose of this guide is to help you establish a local working group that can initiate and oversee the development of Recovery Housing and services to meet the needs of your rural community.

## Who We Are

The Fletcher Group RCORP-Rural Center Of Excellence on SUD Recovery is a federally-funded technical resource center that works together with federal, state and local governments, as well as the private sector and faith-based organizations, to promote the nationwide expansion of Recovery Housing in rural America through Best Practice Technical Assistance.

## What Is NARR?

NARR is the National Alliance for Recovery Residences, a non-profit organization that oversees Recovery Housing standards in the United States. As such, NARR divides all Recovery Housing into one of four classifications appearing to the right. Understanding these categories is one of the first steps on the way to building effective Recovery Housing.

## NARR Levels

**Level 1 (Peer Run)** Small, completely peer-run housing

**Level 2 (Monitored)** Small residences with paid managers such as "Sober House"

**Level 3 (Supervised)** Larger facilities with formal programing and staffing

**Level 4 (Service Provider)**Facilities with 100 or more beds using peer support as well as clinical services provided by licensed professionals

# What We Offer

The Fletcher Group RCOE provides Technical Assistance to help rural communities with all the following steps in the process.

## **Focus**

How to address, in collaboration with the criminal justice system, the needs of individuals experiencing homelessness and substance use disorders.

## **Funding**

How to acquire braided funding from federal, state and local sources to cover both start-up costs and ongoing operational costs.

## **Structure**

How to structure both the development phase and the operations phase.

## **Engagement**

How to engage with your rural community and collaborate with local law enforcement and courts as well as social services, health services, housing, education, political leadership, community coalitions and faith-based organizations.

## **Support**

How to establish stakeholder support in regard to planning, zoning and facility construction as well as service contracting and working with HUD (the U.S. Department of Housing and Urban Development), corrections, and health and social services.

## **Program Development**

How to establish a person-centered program that reflects the needs and

resources of your rural community and incorporates the following: a social model of recovery, a collaborative recovery approach, a 12-Step program, SMART Recovery, risk reduction, syringe exchange, Medication-Assisted Treatment, social enterprise, workforce training, and employment.

## **Operations**

How to address hiring, job descriptions, training, documentation, quality assurance, billings for services, and staffing

## **Data Management**

How to implement electronic records, engagement tools, and ongoing support for program participants after they leave

## **Quality Assurance and Evaluation**

How to create documentation, establish dashboards and program tracking mechanisms, design quality improvement initiatives (Plan Do Study Act and PDSA), outcomes follow-up and promote Patient-Reported Outcome Measures during treatment (PROMs, an National Institutes of Health model for engaging program participants in promoting person-centered services)

## **Medication-Assisted Recovery**

How to develop operating procedures and policies for managing Medication-Assisted Treatment (MAT) in a manner that's consistent with 42 CFR Part 2 and HIPAA (the Health Insurance Portability and Accountability Act), including collaboration with local and/or telemedicine providers.

# Step 1 — Planning

## PRELIMINARY PLANNING

The Fletcher Group can help at the earliest planning and inception stage, including early research, visioning, project development, scheduling, determination of scope and budget, and identification of funding sources

The key benchmarks described on the following pages include:

- Needs Assessment
- Identification of sponsoring organization
- Identification of a “project champion”
- Initial meetings to envision the project
- Identification of resources and the capacity of the sponsoring organization
- Definition of terms for an MOU (Memorandum of Understanding)
- Creation of the MOU
- Establishing the project budget
- Identification of project funders
- Acquisition of funding (typically a two- to three-year process for larger facilities)
- Creation of a customized work plan

## YOUR NEEDS

A Needs Assessment requires answers to these questions:

- What are the SUD prevalence rates in your rural community for fatal and non-fatal overdoses?
- What rural populations are impacted, including individuals who are experiencing homelessness or have been incarcerated?
- What is the unmet demand and what resources are available?
- What are the desired components of the envisioned “Recovery Ecosystem” in terms of housing, employment, training, transportation, childcare, and continuum of care
- Who are the invested stakeholders in your community and what local and state government agencies can be enlisted to help in the effort?

## THE SPONSOR

- Is there an existing organization with the infrastructure and expertise to help develop rural Recovery Housing or must an entirely new organization be created?
- What is the rural population to be served and what recovery housing model is most appropriate—NARR Level 1, 2, 3, or 4?
- Who will comprise the Working Group based on the chosen program model, program size, and rural population to be served?

# Potential Partners

## State Government Agencies

- Director/Commissioner of Alcohol and Drug Use Disorder Agency (varies state to state)
- Director/Commissioner of Public Health
- Division Directors or Agency/Department/Cabinet Administrators/Secretaries or Representatives
- Health and Human Services including Medicaid
- Corrections--this may require representation across several divisions
- Housing Agency and Authorities-- Low Income Housing Tax Credits, Section 8 (including Project based vouchers)
- Education Department
- Workforce Development
- Department of Local Government or Community Development or the office that administers Community Development Block Grants (CDBG)
- Economic Development
- Drug Courts or equivalent
- Other Law Enforcement including Supreme Court, Circuit Courts, and District Courts
- State Rural Health Associations

## Local Government Agencies

- Drug Courts or equivalent
- County Executive (County Commission) or designee
- Municipal Mayor or designee
- Council Member or Magistrate or designee
- State Legislators
- Local Health Department
- Sheriff or Jail Operator

## Developers and Operators

- Non-profit Community Action Agencies or Community Mental Health Agencies that will operate the RH (ideally licensed to bill Medicaid and experienced in recovery)
- Developers with Low Income Housing Tax Credit (LIHTC) experience and in good standing with the applicable State Housing Authority
- If creating a smaller RH, a single RH planned or multiple units, you may want to adopt a cluster or scattered housing approach
- Educational Institutions such as Community Colleges, Universities and Vocational Schools
- Faith-Based Organizations such as Local Active Pastors and Leaders or Celebrate Recovery
- Hospitals and other healthcare delivery systems, such as Federally Qualified Health Centers (FQHC)
- Critical Access Hospitals and Rural Health Centers
- Local Employers
- State Chamber of Commerce
- Local Chamber of Commerce Organizations
- Local Economic Development Organizations such as a Local Housing Corporation or a local and sector-specific Community Development Financial Institution (CDFI)
- Community Foundations such as Trade Associations, Behavioral Health Associations, Regional Behavioral Health Boards
- Commerce, Housing and Builders Associations such
- Service Organizations
- Other Local Entities

# Meetings

## 1st Meeting

Led by a Fletcher Group Outreach Engagement Specialist or a local stakeholder, the purpose is to determine the degree of interest, outline a work plan, build interest and support, and identify those parties that wish to participate in your rural community. This will allow us to then establish leadership roles and member responsibilities.

## Follow-Up Meetings

The schedule will depend on the completion of the tasks assigned during earlier meetings. The Chairperson ensures that responsibilities are assigned and progress is made.

## Tasks

Plan a Needs Assessment if one hasn't been done already. The Needs Assessment should include a survey of Recovery Housing and treatment providers in your rural community as well as:

- An assessment of the gaps and needs for recovery housing and treatment capacity
- Travel challenges or gaps
- Drug Court needs for RH and SUD treatment
- Jail needs for treatment and RH for SUD
- Employer needs and willingness to participate in Recovery Friendly workplaces include employment opportunities
- Health Systems— Hospitals and FQHC, resources for frequent users with SUD (“Bridge Programs”)
- Discuss options regarding program type, size, and ASAM level of care
- Financial modeling— business plan

## Agenda

- Overview of RH and evidence-based services
- Overview of perceived rural needs
- Identification of Working Group members
- Establishment of a leadership team with a Chairperson responsible for calling the meeting and establishing the agenda in collaboration with a Fletcher Group personnel and a Secretary who keeps minutes and track actions and tasks along with due dates and a record of responsible parties
- Other roles may be established as needed by the Working Group

## Roles

- Identification of a sponsor who will operate the facility
- Site Selection and Development
- Housing—this person(s) will collaborate with local and state housing authorities to establish the foundation for potential funding.
- Corrections—includes state and local level, drug courts
- Zoning and Not in My Backyard (NIMBY)
- NARR and state certification as needed
- IT or Technology

# Step 2 — Resources

## Program Planning and Development

Successful and sustainable Recovery Housing requires a supportive state government. Establishing points of contact with key state officials is important in obtaining funding for both development and operations. The Fletcher Group can work with rural community stakeholders to facilitate meetings with key officials in offices such as Mental Health, Corrections, and Housing and Community Development, among others.

### State Collaborators

- Governor's Office (depending on the size of the project)
- Judicial contracting opportunities with local drug courts, the administrative office of the courts, the Department of Corrections, the Department of Public Advocacy, and other Law Enforcement agencies and personnel
- State Agencies such as the State Office of Drug Control Policy, the Housing Corporation (which issues Section 8 Housing vouchers), State Social Services (that issue SNAP benefits), the Department of Local Government or its equivalent, the Department of Mental Health and Human Services, and Medicaid MCOs (whose funding models may support RH)

### Existing Needs

- Focus population: individuals experiencing homelessness, individuals involved with the criminal justice system and those experiencing unemployment
- Service provider capacity: schedule, scope, budget, experience, etc.

### Financial Support for Capital Development

- What is the funding needed for capital development?
- A large Level 4 facility may have an initial construction cost of over \$10 million
- Will it be a new construction or will an existing property, such as a school, hospital, or hotel be repurposed?
- A smaller housing model may be financed by private investors with the expectation that the program will pay for a lease or make rental payments
- Evaluate the potential funding sources for capital development
- Availability of tax credits for construction
- Application process for tax credits
- Federal Home Loan Funding availability
- CDBG availability
- USDA
- Section 8 availability
- Other funding sources, including private equity partners

# Step 3 — The Work Plan

The next step is defining a financial model and developing a Work Plan. Following initial research to determine the size and scope of the project, the Fletcher Group can assist with the development of an operational plan as well as capital funding for the project. The physical design and operations of the facility should be developed with an emphasis on both quality and sustainability. The Fletcher Group can help simplify and streamline an otherwise complex process to ensure a quality outcome in your rural community.

The Work Plan should address all the following items:

- Completion of the Needs Assessment and determination of needed capacity, recommended size, and scope of project
- Identification of the Sponsor and Developer and creation of a formal MOU agreement between them
- Acquisition of funding in accordance with the Needs Assessment and the size of the facility. (Larger facilities enable favorable economies of scale but may provide more capacity than needed.) Funding will come from resident fees, Medicaid, philanthropy, grants, local government, employers, social enterprise
- Develop pro forma sources of revenues and expenditures
- Site selection under the direction of the designated Site Selector who works with the sponsor, project developer and community officials to identify potential RH sites and oversee due diligence of the site with the project developer
- The Sponsor has the final say on the site selection based upon the working group's recommendation, availability, zoning, feedback from neighbors, and the developer's recommendation
- Site Control: This may include purchase, but more likely acquiring an option to purchase which is adequate for LIHTC and other funding
- Funding: Define and secure funding sources for construction and operations (Depending on the size and scope of your rural project, some of these items may not be relevant.)

# Funding Sources

## HUD Sources

Funding from this source will require working with the local and state agencies that implement the HUD programs. The funding sources include:

## LIHTC For Construction

Low-Income Housing Tax Credits 9% funding is generally quite competitive and this funding is allocated by the state level "Qualified Allocation Plan (QAP)" that is established by state housing finance agencies. The QAP may be issued either annually or every two years depending upon state preference. The QAP defines the priorities to define where LIHTC will be used or allocated. During development of the QAP public input is requested, which may give the Working Group the opportunity to include RH into QAP priorities. Even set asides are possible which would make RH much more competitive in the scoring for LIHTC award selection. LIHTC 4% funds are non-competitive and as long as criteria are met they are usually awarded. Not as attractive to investors.

## Federal HOME Grants

- Affordable Housing Trust Fund - State and Federal (construction)
- Non-credit multifamily grants (construction)
- Project Based Section 8 Vouchers (operations)

## Federal Sources

- SNAP or Food Stamps for residents (operations).
- Federal Home Loan Banks (construction)
- United States Department of Agriculture (USDA) Community Facilities (construction)
- Community Development Block Grants (operations and construction).
- Medicaid (operations)--the reimbursement varies from state to state but can include travel, professional counseling, peer support, physician visits including Medication-Assisted Recovery (MAR)
- Revenue Cycle Management (RCM) for billing payers--both Commercial and Government
- Development of RCM that incorporates billing government and commercial payers for counseling and peer support services provided within the recovery facility (on the basis of home visits) preferably without having to credential the facility as a medical facility
- Development of RCM for services provided by providers affiliated but credentialed for medical treatment to provide services for RH residents.

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# Funding Sources

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## Department of Corrections

These funds for sustaining a residence's operational costs may be paid on a per diem basis for formerly incarcerated individuals who enter treatment and recovery. Work with the state to see if similar individuals from other regions will be eligible for the RH facility such as:

- Those on parole or probation
- Those in county jails or given alternative sentencing via drug courts

Other funding sources may include:

- Private equity funding
- Donations
- Other grants from EDA and SAMHSA that may cover both construction and operation costs)

## Funding From Social Enterprise

Social Enterprise is developed through partnerships with local employers. The potential size of this funding will naturally depend on the community's size and resources.

Fields of opportunity that have proven successful in other communities include:

- Auto mechanics
- HVAC
- Catering/Food Service
- Coffee Shops
- Landscaping/Agriculture/Horticulture
- Thrift stores
- Maintenance
- Peer Support Services
- Hospitality
- Construction

# Step 4 — The Model

The Fletcher Group is happy to assist with the development of a program model that fits the needs of rural residents and operators. This collaborative effort emphasizes a person-centered approach rather than a "one-size-fits all" approach. Our Subject Matter Experts can assist with every aspect of this dynamic process with evidence-based advice on subjects ranging from recovery center leadership and social models of recovery to workforce training and education. Here are a few of the activities we can help you with:

- Creation of a Policies and Procedures Manual
- Development of job descriptions
- Creation of resident schedules
- The provision of a full continuum of care in collaboration with local NARR providers
- Implementation of a Social Recovery Model incorporating services, peer support consistent with existing 12-Step and other models
- Setting professional staff and peer mentor roles
- Creation of comprehensive intake assessments including evaluations
- The development of personalized recovery pathways including MAR when appropriate
- The introduction of Recovery Dynamics, Celebrate Recovery, SMART Recovery or other curriculum that includes tracking forms and training materials
- Identifying and establishing collaborative agreements with nearby providers to provide MAR
- Selection of an IT system for resident management
- IT integration for outcome data collection
- Identify and collaborate with local educational institutions to help residents transition from recovery to employment
- Collaboration with employers and educational institutions in your rural community to match workforce training with employer needs
- Career testing to identify individual desires and skills so as to match them with employer needs and opportunities



# Step 5 — Development

## Facility Development

The Fletcher Group can work with the operator and/or developer to facilitate a high-quality, well-designed facility. Keep in mind that higher-level NARR projects that are larger and more complex can lengthen the development process, particularly if many changes are made before opening the facility.

## Start Early!

It's best to build community capital as early as possible. This can involve the early hire of a facility director who can conduct extensive community outreach to properly inform the public and build a rural-based coalition of future philanthropic resources.

## Smaller Facilities

- Identify potential properties
- Check on zoning regulations
- Inspection of health and safety codes related to multifamily housing
- Americans with Disability Compliance related to accessibility
- Fire safety regulations
- Kitchen and food preparations
- Bathroom adequacy
- Security

## Larger Facilities

- Are built to meet LIHTC and other HUD criteria
- May include separate facilities for managing MAR and other medical needs. In this case, the facility will need to be certified and credentialed to qualify for service reimbursements from government and commercial payers.

# Step 6 — Construction

## Before Construction

- Initial contracting with operational funders
- Land control and acquisition
- Selection and establishment of a development team
- Finalization of facility design, plans
- Address any entitlements, planning, and zoning issues
- Facility Construction (includes determining decorations and furniture)
- Secure contracts with DOC and other operating agreements
- AHAP – Agreement to enter into Housing Assistance Payments with local housing authority

## What You'll Need

- Determination of Section 8 Unit Designation
- Submission of DOC Application
- Agency Application for Food Stamps
- Approval of Lease Agreement
- Approval of Tenant Selection Plan
- Application as Medicaid Provider (if needed)
- Licensing (as needed)
- Technology for program
- Staff recruitment, hiring and training
- Facility Operation

## Ongoing Operations

- Establish Staff Meetings
- Establish meetings as needed for stakeholders, board meetings, etc
- Identify Quality Improvement Projects
- Continue Program Evaluations and Reporting

## We're With You!

As a federally-funded technical resource center, the Fletcher Group can assist your rural operators and work groups to develop a comprehensive plan for developing and completing the high-quality rural Recovery Housing your community needs and deserves. For more info, go to [fletchergroup.org](http://fletchergroup.org) or call 606-657-4662.