

Core Principles of Recovery Housing Finance and Development

The Building Rural Recovery Ecosystems Summit, Memphis, June 8, 2022

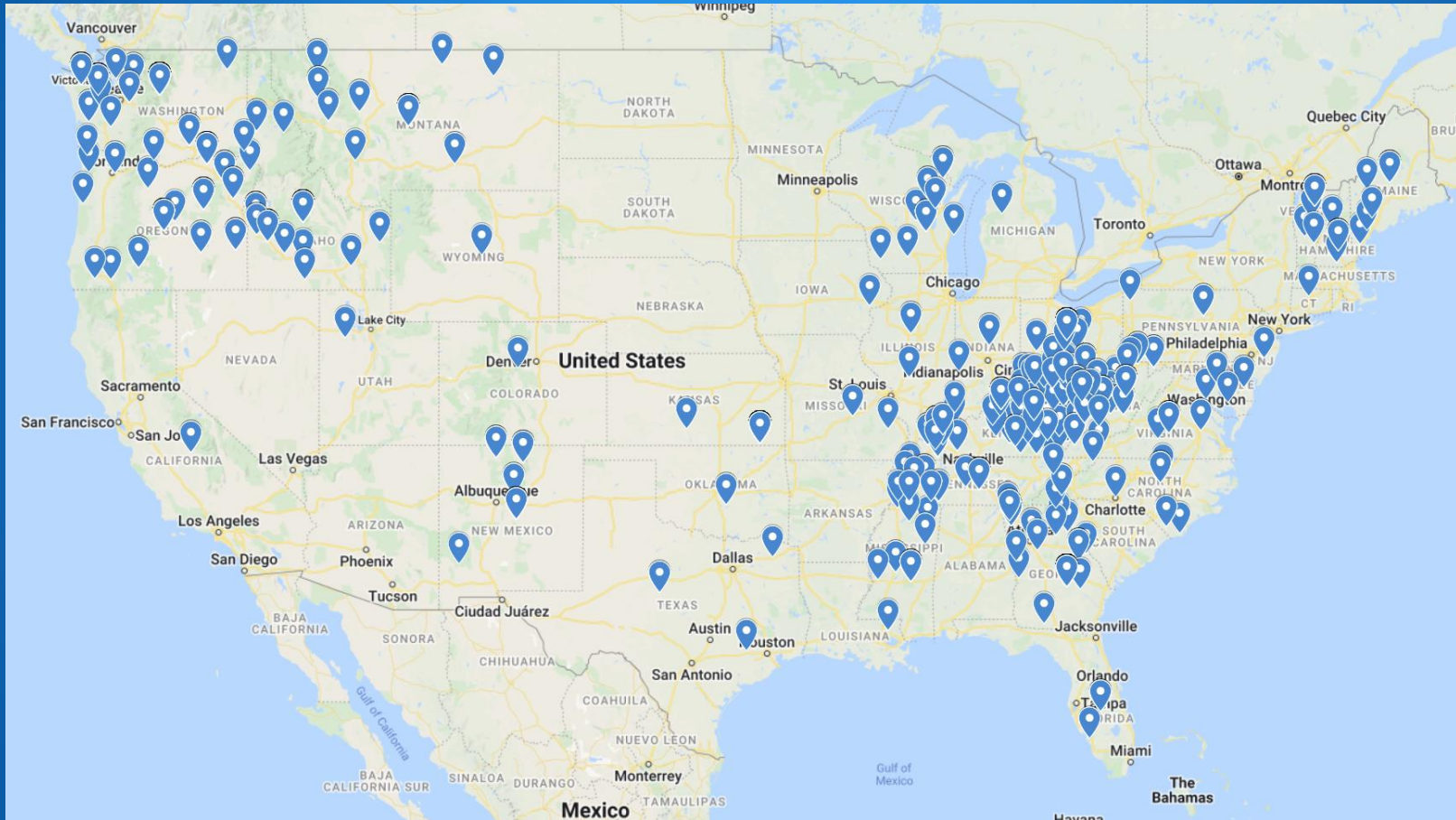


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FGI RCOE – TA Locations in 44 States



RCOE Impact: Expanding Rural Capacity and Quality



Learning Center

31 Courses
123 Learners



Active
States

44



Recovery Houses
in the Registry

1,290/157 Claimed



Houses working with
SMART Recovery

46

Single State
Authority Survey



48 Responses



Webinars
Dec-Feb

336 Attendees



FGI Website: 147 Pages

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Executive Summary

To identify the sustainable finance and resilient design principles inherent to effective Rural Recovery Housing, this presentation will answer the questions:

**What works in successful Recovery Housing
funding and development, especially in rural settings?**

And how can we do more of it?

Session Agenda

Situation—Recovery Housing is vital to a rural community and its efforts to combat the substance use epidemic.

Challenges—Sustainable, low-debt projects are difficult in rural settings and negative perceptions can be more intense.

Solutions—We will identify several core principles and discuss ways you can apply them.

Summary—We will finish with a rural case study to recap the principles and applications.

A Varied Landscape

- The field of rural Recovery Housing development and operations is a mixed bag of success and failure.
- Studies and experience show that stable and successful Recovery Housing produces better outcomes.
- Despite an increase in treatment and the number of recovery residences, the need for Recovery Housing persists and continues to grow.

Social Complexity

- Housing costs are increasing, posing a particular challenge to those in vulnerable phases of recovery.
- Workforce participation is at critically low levels, making a sober workforce all the more relevant to employment needs.
- Overdose rates have continued to climb in the past year.
- Jails are overcrowded and not solving fundamental addiction issues.

Many Challenges

- Rural Recovery Housing faces major challenges in covering operating costs.
- Policy changes have favored quick-fix solutions.
- Departments of Corrections tend to focus on behind-the-fence interventions.
- Construction and renovation costs have escalated across the board.

Solution: Follow Core Principles

- Identify the core principles common to successful Recovery Housing finance and development.
- Stability and success can be better attained through sound practices.
- Apply a “Solutions Focus” approach by studying success, not failure.
- Some principles may not seem directly related, but are holistically vital in rural settings.

Principle #1—Work Hard Up Front

- First and foremost, do your preliminary homework and due diligence.
- Research the project in depth before starting.
- Focus on a solution as the end-product and identify the steps it will take to get there in a linear path.

Principle #2—Select the Right Site

- Short-term viability depends on funding and community support.
- NIMBYism is a major issue that should be addressed proactively.
- City regulations and zoning are critical factors.
- Long-term sustainability and success are tied to the location and support network, which is particularly vital in rural settings.

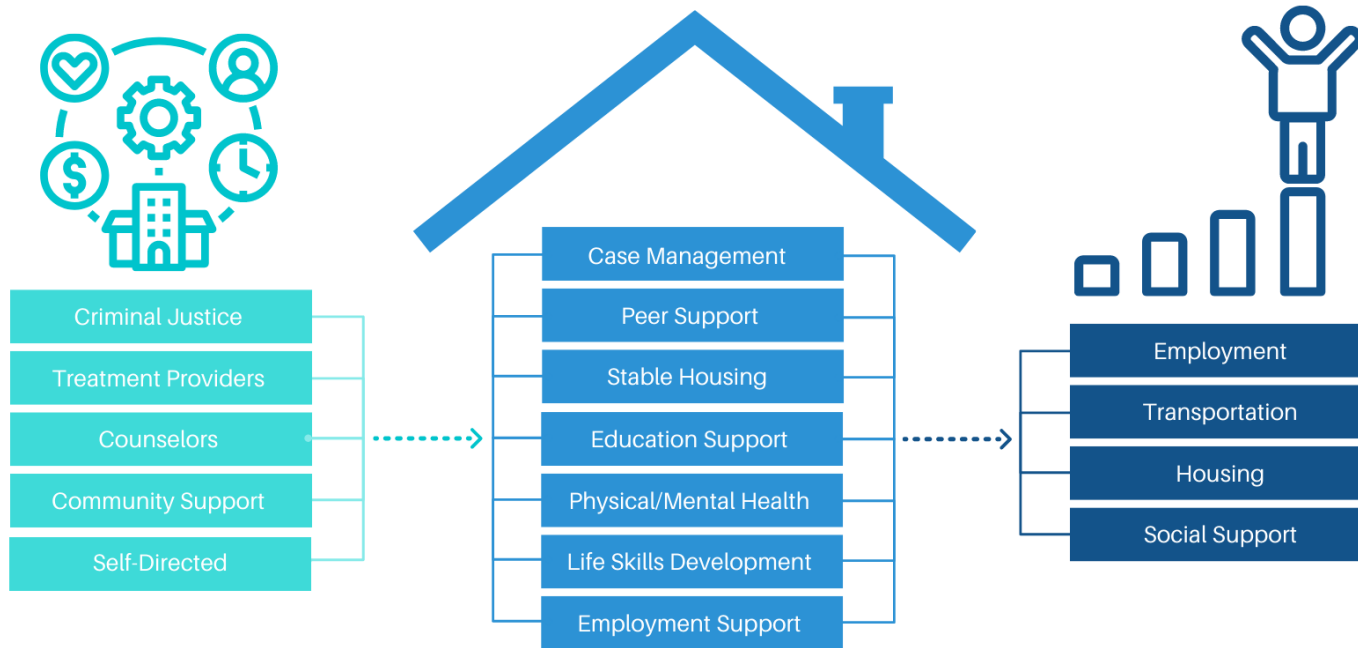
Principle #3—Interaction Is Key

- Connections are profound and often where the power comes into play. They form the underlying strength of any Recovery Ecosystem.
- Forming key relationships is critical to viability.
- The community-oriented nature of the project is expressed in these relationships.
- Connections with services are a lifeline, especially for rural Recovery Housing.

Principle #4—Create an Ecosystem

- Making use of what's already in place is critical in building your rural "Recovery Ecosystem."
- Multiple stakeholders create a vibrant ecosystem; there is strength in numbers.
- The links include sustainable referral networks and sustainable services (transportation, education, employers, key supporters, etc).
- These same connections pave the way for philanthropy as well.

How A Recovery Ecosystem Creates Recovery Capital



Principle #5—Minimize Debt

- While this is not always possible and requires hard work upfront, it reaps dividends if attained.
- Low overhead is critical when operating budgets are already tight.
- Lower debt means lower stress so operators can focus on their core mission.
- Low debt makes the facility more resilient in turbulent and uncertain times.

Debt-Free Funding Is More Resilient

How Debt-Free Construction Works

How **\$5.9 million** in construction costs were covered at the Regional Men's Recovery Center in Owensboro, Kentucky

0
1

LIHTC
(OVER 10 YEARS)

\$5,000,000

0
2

HOME FUNDS

\$250,000

0
3

AFFORDABLE
HOUSING TRUST

\$150,000

0
4

FEDERAL HOME
BANK LOAN

\$500,000

Principle #6—Blended Funding

- Complementary subsidies allow for greater security and redundancy if a specific funding stream dries up.
- Departments of Corrections, both state and local, are key partners—for more than just funding.
- Sustainable income streams ensure better accountability and maximize the marginal contributions of different agencies to optimize the effort toward the common aim of recovery – vitally important in rural areas.

Blended Funding = Sustainability

How Operational Day-To-Day Sustainability Works

How **\$1.3 million** in annual day-to-day operating costs are covered at the Men's Addiction Recovery Center in Bowling Green, Kentucky

0
1

DEPARTMENT OF
CORRECTIONS

\$550,000

0
2

HOUSING CHOICE
VOUCHERS

\$200,000

0
3

COMMUNITY
DEVELOPMENT
BLOCK GRANTS

\$300,000

0
4

FOOD STAMPS
(SNAP)

\$150,000

0
5

LOCAL

\$100,000

Principle #7—Focus On Employment

- In rural areas, a strong recovery-to-work focus is basic to funding because it cements alliances and broadens appeal.
- It also increases the perception that it's a *community* project.
- It connects key education providers and gives them an end goal aligned with the needs of the rural community.
- It also opens other alternate funding options.

Principle #8—Think Long-Term

- Because changing habitual behavior takes time, long-term thinking produces more positive outcomes and minimizes the “revolving door.”
- It also strengthens rural community support and increases loyalty to the program both inside and outside the residence.
- It allows for permanent supportive resources to be combined with transitional sources (i.e. LIHTC and Section 8 PBV).

Principle #9—Be Flexible & Creative

- Change is the only constant. To survive, you must be flexible and adapt.
- That being said, there's a difference things that can change and things that should not change, such as integrity and quality.
- Example: The “Healing Place” in Louisville has succeeded through the careful use of MAT and the integrated use of VASH vouchers.

Principle #10—Strong Leadership

- Strong leadership and a responsible, diligent staff form the “heart and soul” of a program and serve as the “glue” that holds it all together.
- Without strong leadership and staff, your facility is just a building. The intangibles they bring to the table determine your success.
- Consistency—and the reputation that results—become “the face” of your organization to the local rural community, where trust remains an important factor.

Principle #11—A Real Home

- A genuine home-like setting creates a healing ambience, rather than an institutional or punitive atmosphere
- This environment entails numerous benefits, both tangible and intangible.
- The positive, welcoming atmosphere makes for a better neighborhood partner in rural communities.
- For the same reason, it attracts visitors and philanthropy.

Principle #12—Pleasant Living Space

- Natural light, clean fresh air, and adequate ventilation are vital to the health and well-being of residents, staff and visitors.
- This is an inherent advantage of a rural setting.
- High-quality interior design and logical dividers for both traffic flow and privacy are essential.
- Other important considerations include so-called “green construction” with built-in energy sustainability.

Principle #13—Green Surroundings

- Natural greenery, natural light, and fresh air are essential to feeling healthy and alive.
- Again, rural areas have a competitive advantage with this also.
- Connecting with nature can be inspiring and invigorating.
- Many have found that organic gardening can be particularly helpful in promoting healing and recovery.

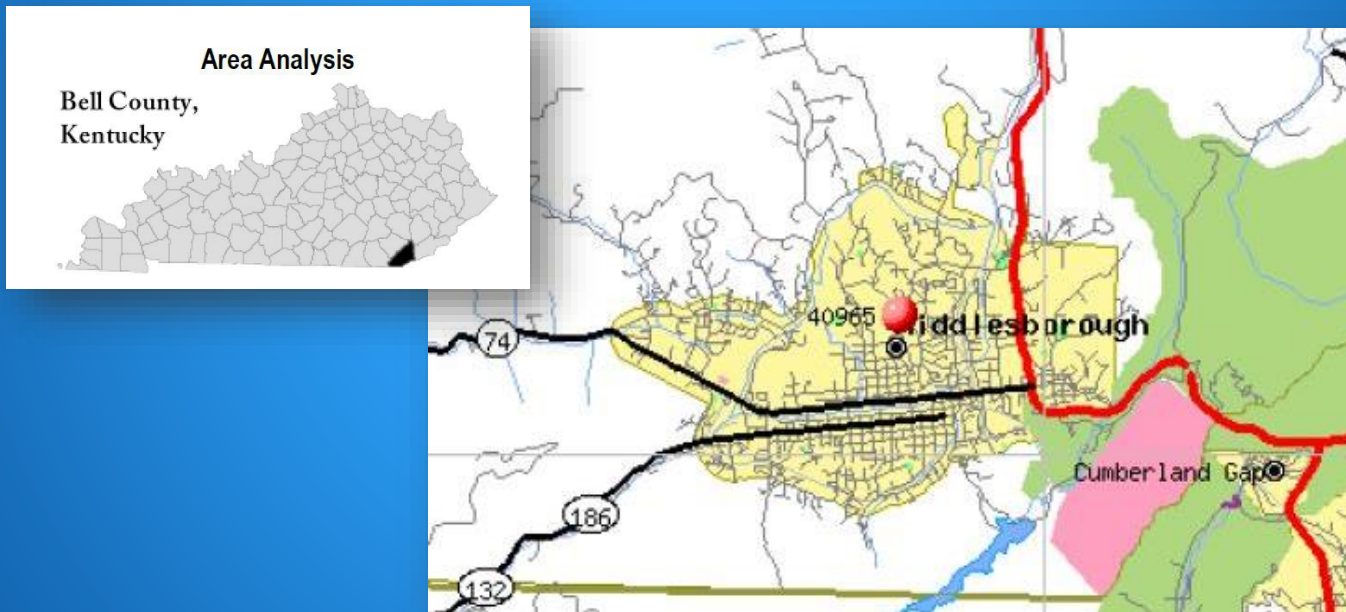
RHOAR—A Case Study

“Recovery, Hope, Opportunity, and Resiliency”

- Set in Bell County, Kentucky—HRSA Designated Rural, distressed, coal-impacted area of eastern Kentucky that has seen a major economic decline accompanied by increases in opioid use.
- Integrating all the principles we’ve just covered, the facility will provide women with both an effective recovery-to-career program and a complete Continuum of Care, including pregnant and parenting services.
- It is being constructed debt-free by virtue of blended funding.

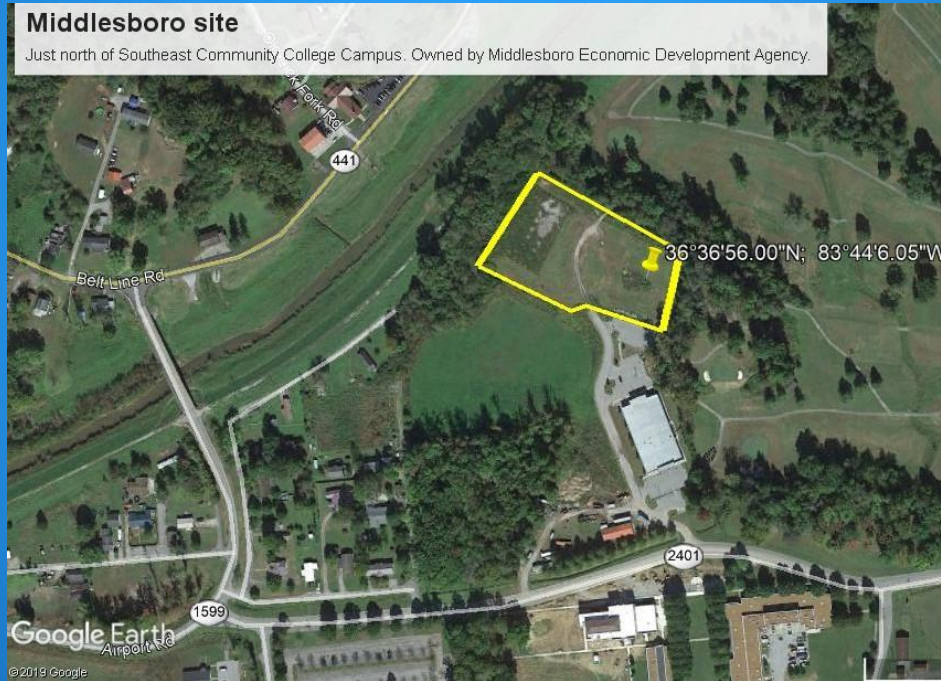
RHOAR's Location

Rural setting plays a key role in the project's funding and sustainability



Site Location

Integral to the funding plan and rural ecosystem networking



Setting

A critical element in both individual healing and facility resiliency



RHOAR Ecosystem Partners

Cumberland River Behavioral Health
City of Middlesboro
Ohio Capital Corp for Housing
Federal Home Loan Bank of Cincinnati
Kentucky Housing Corporation
Kentucky Administrative Office of the Courts
Kentucky Office of Drug Control Policy
Wabuck Development Company
Southeast Kentucky Community and Tech College
Bell County Economic Development
Bell County Housing Authority
Bell County Judge/Executive
Southeast Kentucky Rehabilitation Industries
Bell Whitley Community Action Agency

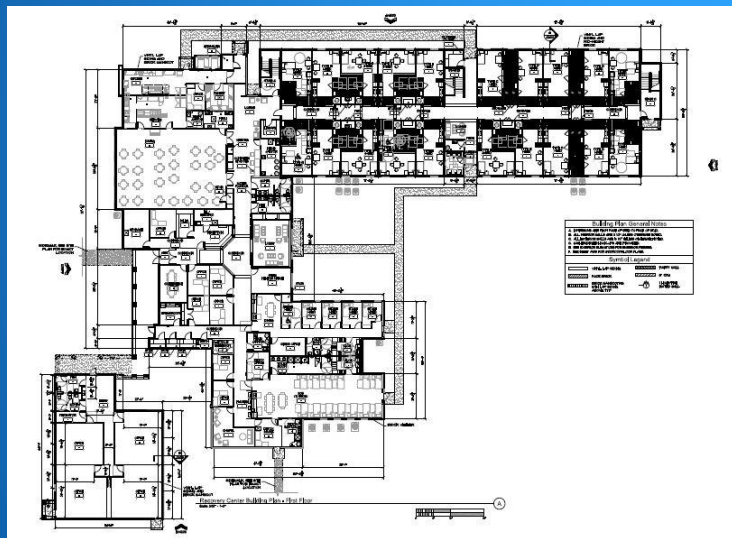
An Integrated Campus

A key aspect of the rural project's functionality

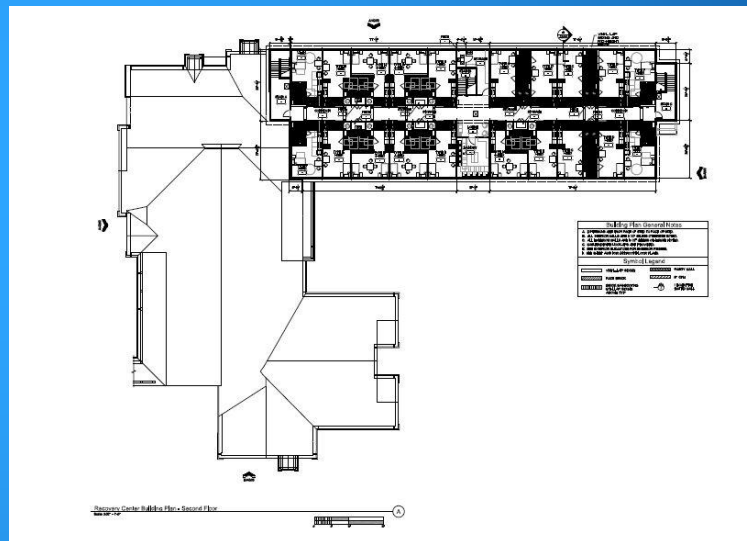


Innovative Design

With form and function fully integrated



1st Floor



2nd Floor

Welcoming Ambiance



Cumberland River RHOAR - Recovery Building

The Recovery Pathway— Stage By Stage

Where rural funding realities meet desired outcomes

TIME	PATHWAY	HOUSING	ALTERNATE ROUTE
14 days (+/-)	Entry and Safe Off Streets (SOS) (includes detox and shelter)	Monitored, congregate 16-bed area	Medicaid Residential Program (if applicable)
1-2 months	Motivational Track (MT) using social/community model for stabilization	16-bed dormitory room	Therapeutic Community (first six months)
1-2 months	Lori Baier's Launch Pad: * Personality Test * Aptitude screening * Assessment & planning * Personal pathway development	4-bed units (x 10) LIHTC	
12-14 months and beyond	Phase 1 <ul style="list-style-type: none"> At least one year with signed lease Apply for employment with designated employers Open savings account 2-3 month commitment as Peer Mentor Phase 2 <ul style="list-style-type: none"> Decreasing program participation Increasing responsibility and outside employment 	Section 8 PSH-PBV Individual Units (x30) Fully employed or attending college Exit to society (or) transition into Mini-Scholar House (12 units) which are also Family Reunification Units	Entry available for grads of Independence House or Cumberland Hope Center, RKY
Note that Medicaid Outpatient Services are available to Recovery House Residents.		Mini-Scholar House (up to three years)	

Conclusion

Following core principles is essential to success

- We've looked at the challenges and complications facing rural recovery housing and how application of solid principles can overcome them.
- We've reviewed how rural resiliency is enhanced by these core principles.
- We've shown that the best solution is to study and apply the best practices that have proven effective at successful recovery houses.

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