

**STATE OF MARYLAND  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
RECOVERY HOUSING PROGRAM ACTION PLAN 2022  
November 4, 2022  
Plan Approved by HUD on March 20, 2023**

In October of 2018, the *Substance Use-disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act* (SUPPORT Act) was enacted by Congress. Section 8071 of the Act required the U.S. Department of Housing and Urban Development (HUD) to develop a funding formula that would allocate funding to States to provide stable housing for persons in recovery from substance abuse. The formula limited the number of eligible states to just those “States with an age-adjusted rate of drug overdose deaths that is above the nation overdose mortality rate, according to the Centers for Disease for Control and Prevention.” The Act required HUD to use specific criteria in their formula which included data from specific periods of time about unemployment, labor force, and age-adjusted rates of drug overdose deaths

On December 20, 2019, \$25 million was appropriated to fund the Recovery Housing Program (RHP) in Federal Fiscal Year (FFY) 2020. Per the funding formula, Maryland was provided 4.31% or \$1,056,000 in FFY 2020. Additional funds of \$1,061,903 were awarded in FFY 2021. The State prepared an Amendment to the State’s Federal Fiscal Year 2021 Action Plan which identified the planned use of the \$2,117,903. The plan was approved by HUD in September 2022. The Recovery Housing Program will be managed by the Maryland Department of Housing and Community Development (DHCD) through the Office of Community Development Programs in the Division of Neighborhood Revitalization.

HUD awarded the State an additional \$1,116,425 FFY 2022. This document serves as an amendment to the State’s Federal Fiscal Year 2022 Action Plan which is an amendment to the State’s Consolidated Plan specifically for FFY 2022 award. The Consolidated Plan is a five-year planning document required by HUD that sets out overall Statewide goals and priorities for housing, community development, and economic development activities. This Action Plan amendment (herein referred to as the 2022 RHP Action Plan) includes a description of how the State will distribute the FFY 2022 RHP funds, identifies eligible projects and activities, identifies eligible applicants, and discusses primary regulations, policies and procedures. The Action Plan was submitted to HUD at the end of a thirty day comment period and approved on March 20, 2023.

**PROGRAM SUMMARY**

While there are many barriers to persons in recovery from substance use, the lack of available and/or affordable housing is a major impediment. Stable housing provides the opportunity to continue recovery in a safe environment. The continuation of counseling

and treatment in conjunction with other services increases the chances for a sustained recovery.

Persons in recovery due to a substance use disorder are those that are in the process of change to improve their health and wellness, live a self-directed life, and strive to reach their full potential. The federal Substance Abuse and Mental Health Services Administration defines a substance use disorder as the recurrent use of alcohol and/or drugs causing clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school or home.

The intent of RHP is to support persons in recovery by providing stable, temporary housing. The housing is provided up to 2 years or until the person secures permanent housing, whichever is earlier. The use of funds should complement other local, state and federal programs and efforts.

DHCD created a working committee of internal staff who work with state and federally funded housing, homeless and community development programs. The committee was expanded to include staff from the Behavioral Health Administration (BHA) of the Maryland Department of Health.

The BHA has oversight responsibility for publicly funded inpatient and outpatient behavioral health services. This includes a comprehensive array of services and supports to help persons with substance-related disorders and other behavioral disorders. In addition to their other duties, the BHA serves as the designated credentialing entity for recovery residences. They develop and administer a certification process for recovery residences and provide grant funds for operating costs. The BHA has adopted the National Alliance for Recovery Residences' 2015 Quality Standards for the certification of recovery residences.

A "recovery residence" is defined as *a service that provides alcohol-free and illicit drug-free housing to individuals with substance-related disorders or addictive disorders or co-occurring mental health and substance-related disorders or addictive disorders*. There are 456 identified recovery residences in the state located in 20 counties and the City of Baltimore. There are no recovery residences in 2 counties. Of the 456, only 247 recovery residences are certified by the BHA. They are located in 17 counties and the City of Baltimore. There are no certified locations in 6 counties. Only 90 of the 456 are located in the 15 rural counties.

A survey regarding recovery housing needs was distributed to the local behavioral authority representative for each county and the City of Baltimore. The survey was also sent to representatives of the county governments (including the City of Baltimore). The survey included 13 questions seeking information and opinions as to obstacles to developing or operating residences, unmet needs, waiting lists, and needs of special populations.

As data used by HUD to create the RHP funding formula established that Maryland has significant numbers of persons impacted by substance use disorders, the State focused on the availability of recovery housing. Based on information provided by the BHA and the survey responses, the State has determined that the greatest need for the funding is to increase and stabilize the availability of recovery housing for women with children. Furthermore, the use of funds will be limited to the acquisition of improved property. Many providers cannot afford to purchase their own property due to the increase in property values. Those that lease property or desire to lease property are also being impacted by high real estate costs. Using RHP funds for acquisition of property provides an opportunity to increase the number of recovery residences and to stabilize existing residences at danger of losing property leases. Additionally, the elimination of the monthly rent costs will also give providers more money for services.

The total RHP funds will be distributed as follows:

<b>STATE OF MARYLAND RECOVERY HOUSING PROGRAM – FFY 2022</b>	
State Administration (5%)	\$55,821
Technical Assistance (3%)	\$33,492
Activities (92%)	\$1,027,112
<b>TOTAL</b>	<b>\$1,116,425</b>

## **USE OF FUNDS**

RHP funds will be distributed under the Community Development Block Grant Program (CDBG). As such, all CDBG funded projects must meet one of three national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended. Under RHP, all funded projects are required to meet the national objective of benefit to low and moderate income persons through limited clientele activities.

The majority of projects that are funded under this national objective are for persons that are “presumed” by HUD to be of low and moderate income. This includes: abused children, elderly persons, battered spouses, homeless persons, illiterate adults, persons with AIDS, migrant farmer workers, and disabled adults. For RHP, HUD has added two additional categories where it can be “presumed” that persons are of low and moderate income. They are:

- Persons who meet the federal poverty limits
- Persons insured by Medicaid

For other limited clientele activities, information on family size and income is needed to demonstrate that at least 51% of the beneficiaries are persons whose family income does not exceed 80% of the area median income.

Disabled adults are those that meet the U.S. Census definition of severely disabled. This definition classifies adult persons if they (a) use a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one of more functional activities (seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking) or need assistance with an activity of daily living (which includes getting around inside the home, getting in or out of a chair or a bed, bathing, dressing, eating and toileting) or an instrumental activity of daily living (which includes going outside the home, keeping track of money, preparing meals, doing light housework and using the telephone); (c) are prevented from working at a job or doing housework; or (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, dementia, or mental retardation. Also, persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability.

As stated previously, the State will limit the use of funds to benefit mothers with children who could qualify under several of the limited clientele categories.

While there are several eligible activities, The State is limiting the use of the funding to the acquisition of improved property to be used for recovery housing.

As this is temporary housing, beneficiaries may only reside in the recovery residence for a two year period or until they obtain permanent housing, whichever is earlier.

The recovery residence will be subject to a “term of use.” The subrecipient will operate the acquired property as a recovery residence for a period of time determined by the amount of RHP funds received. The county grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the subrecipient. The term shall be in effect after the occupancy permit is issued for new residences. For existing residences, the term will begin on the date of settlement. The terms shall be no less than:

<b>FUNDING AMOUNT</b>	<b>LENGTH OF TERM</b>
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include transfer of the property to the county who will seek additional providers to operate the building as a recovery residence. During the CDBG Term of Use, the grantee shall not, and shall not allow the subrecipient to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property acquired with CDBG funds; or (b) make, create, permit or consent to any conveyance, sale, assignment or transfer of the property (or any part thereof) acquired with CDBG funds.

Additionally, failure to submit an application for certification of the recovery residence from the BHA will result in repayment of the grant funds by the subrecipient and the grantee.

## **METHOD OF DISTRIBUTION**

As discussed in the FFY 2021 RHP Action Plan, the State will use a competitive process to distribute RHP funds. The State will select at least one rural project and one urban/suburban project. Eligible applicants will be county governments including the City of Baltimore. Applicants can apply on behalf of eligible subrecipients who are existing non-profit recovery providers.

Subrecipients can apply to acquire housing they are currently leasing provided that the existing residence is certified by the BHA and they are able to demonstrate that operations are being negatively impacted by rent increases. Three years of past operating costs as well as three years of projected operating costs must be supplied.

Subrecipients can apply for new improved property to open a new residence provided that they seek and receive certification from the BHA and apply for available operating funds which includes funding to hire a Care Coordinator. Three years of projected operating costs must be supplied. Failure to initiate the BHA certification process within 6 months from occupancy date will result in repayment of funds.

Subrecipients must provide detailed descriptions of services to be provided or made available to residents. This should include counseling and peer support in addition to other necessary services such as transportation, child care and employment training.

Applications will be evaluated based on the following factors:

1. The need for recovery residences within the county of the applicant including the impact of no or very limited recovery residences;
2. The need for recovery residences specifically for women with children within the county of the applicant;
3. Operating budgets as described above;
4. Capacity of the provider including a staff plan;
5. Identification of sufficient services to assist with recovery including costs and service providers;
6. Support letters from service provider partners, treatment centers, local health authorities and others.
7. Timeliness of activities
8. Proposed outcomes over a 2 year period upon opening for new residences; and
9. Narrative as to current and past outcomes and services for existing residences.

The applications will be reviewed by State staff from DHCD and the BHA. The initial recommendations will be made to the Assistant Secretary of Neighborhood

Revitalization at DHCD. The final recommendations will be made to the Secretary of DHCD.

As the State was notified of the 2022 award while the 2021 RHP Action Plan was under review it was decided that the best course of action is to use all RHP funds under one competition. The State will open the competition in January 2023. A *Policy and Procedures Manual* will be provided to applicants at an application workshop to be scheduled once HUD approves the plan. It will identify the application process and the applicable regulations and policies.

## **ANTICIPATED OUTCOMES AND REPORTING**

As the competitive process has not occurred, the State is only able to estimate the number of persons to be served as a result of the RHP funding. The State estimates the initial number of beneficiaries to be 50 persons. Grantees will be required to report on the number of beneficiaries for a three year period. Through the monitoring process, the actual number of persons will be reported to HUD.

Additionally, as required, the State will require grantees and subrecipients to track and report on the number of persons able to transition to permanent housing from the temporary recovery residence.

## **RESOURCES**

Selected applicants will receive RHP funding for the costs of appraisals, settlements, and other related acquisition costs. Subrecipients are to provide information as to operating costs which will also include identification of local, state and federal sources of funds. Subrecipients will also be required to account for costs and sources for services provided by partners, whether direct or in-kind.

The State will monitor and track the leverage of other funds related to operations. The information will be tracked per grant that is awarded.

## **ADMINISTRATIVE SUMMARY**

The RHP funding will be managed by the staff of the Maryland CDBG Program. The State has administered the CDBG Program since 1987 and has a proven track record with HUD as to management of grants to ensure conformance with all federal requirements.

Management includes approvals of grants, compliance training and enforcement, monitoring and reporting. Monitoring will occur throughout the grant to ensure that the grantee and subrecipient are in compliance with state and federal regulations, policies and program requirements. The State will identify corrective actions for non-compliance in the *Policies and Procedures Manual*.

The State will not authorize any pre-award or pre-agreement costs for grantees. No costs may be incurred until the grant agreement has been executed and a Release of Funds is issued upon completion of the environmental review record.

The State will use the available funds designated for general administration and technical assistance to pay for CDBG Program staff working on the RHP program.

The State will comply with RHP expenditure requirements. For the 2022 grant, 30% or \$334,928 will be expended within one year.

In the unlikely event that program income is generated, the State will use it for additional RHP projects. All additional projects funded with program income or returned funds would be subject to the same policies and regulations.

## **PUBLIC COMMENT**

As required by HUD, the State made the draft 2022 RHP Action Plan available to the public for comment. The 30 day public comment period began on November 4, 2022 and ended on December 5<sup>th</sup>. Notices were published in several newspapers and posted on their websites. The notice was also emailed to the 10,000 individuals and organizations included in the DHCD Contact List.

There were two public hearings held during the comment period to discuss the proposed plan. One November 14, 2022, an in person meeting was held at the DHCD office. On November 17, 2022, a meeting was held virtually and could be accessed by video and telephone. Only DHCD staff attended the hearings.

Written comments were to be submitted via email to [cindy.stone@maryland.gov](mailto:cindy.stone@maryland.gov) or via mail to: Cindy Stone, Director, Office of Community Programs, DHCD, 7800 Harkins Road, Lanham, MD 20706. No comments were received.

## **SCHEDULE**

The planned schedule has been revised to allow for delays related to Action Plan Amendment. The new schedule is as follows:

- March 16, 2023 – Application Workshop\*
- May 5, 2023 – Applications due\*\*
- June 2, 2023 – Awards Announced\*\*\*
- September 1, 2023 – Meet 30% expenditure requirement for RHP funds identified in the 2021 Action Plan Amendment
- March TBD, 2024 - Meet 30% expenditure requirement for RHP funds identified in the 2022 Action Plan Amendment
- September 1, 2028 - Meet 100% expenditure requirement for RHP funds

March TBD, 2029 - Meet 100% expenditure requirement for RHP funds

\*Application workshop was rescheduled to March 29<sup>th</sup>.

\*\*Applications due on May 12, 2023

\*\*\*Award announcement anticipated by June 9, 2023

If you have questions, please contact Cindy Stone, Director, Office of Community Programs, via phone at 301/429-7519 or email at [cindy.stone@maryland.gov](mailto:cindy.stone@maryland.gov)