

**STATE OF MARYLAND
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
RECOVERY HOUSING PROGRAM ACTION PLAN 2023
DRAFT - AUGUST 14, 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 under the Recovery Housing Program (RHP) 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 national overdose mortality rate. 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.

The State of Maryland was awarded funding from HUD in Federal Fiscal Years (FFY) 2020, 2021 and 2022. As required, the State amended the Action Plans for each of those years providing information as to how the RHP funds will be used. The Action Plans are part of the State's Consolidated Plan which is a five year planning document required by HUD that sets out overall Statewide goals for housing, community development, and economic development activities. RHP 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 has awarded the State an additional \$1,295,266 for FFY 2023. This document serves as an amendment to the State's FFY 2023 Action Plan. This Action Plan amendment (herein referred to as the 2023 RHP Action Plan) includes a description of how the State will distribute the FFY 2023 RHP funds, identifies eligible projects and activities, identifies eligible applicants, and discusses primary regulations, policies and procedures. Additionally, this document revises eligible activities which were identified in the FFY 2021 Amendment and the FFY22 Amendment.

The Action Plan will be submitted to HUD at the end of a thirty day comment period.

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 in danger of losing property leases. Additionally, the elimination of the monthly rent costs will also give providers more money for services.

The FFY23 RHP funds will be distributed as follows:

STATE OF MARYLAND RECOVERY HOUSING PROGRAM – FFY 2023	
State Administration (5%)	\$64,763
Technical Assistance (3%)	\$38,857
Activities (92%)	\$1,191,646
TOTAL	\$1,295,266

USE OF FUNDS

RHP funds was distributed to DHCD by HUD 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.

For RHP, the eligible activities are:

- Acquisition of improved property;
- Minor renovations of existing housing or buildings;
- Acquisition of vacant land;
- Construction of new facilities; and
- Acquisition costs for donated property.

Note that the list of eligible activities found in the FFY2021 and FFY2022 Amendments have been expanded in this Action Plan Amendment.

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:

FUNDING AMOUNT	LENGTH OF TERM
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.

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.

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

The State will use a competitive process to distribute all 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 two 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.

One competitive round has taken place. The State will open the next competition in August 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

The State is only able to estimate the number of persons to be served as a result of all 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 2023 grant, 30% or \$388,580 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 has made the draft 2023 RHP Action Plan available to the public for comment. The 30 day public comment period will begin on August 14, 2023 and will end on September 12th. Notices have been published in several newspapers and posted on their websites. The notice will also be sent to individuals and organizations included in the DHCD Contact List.

There will be two public hearings during the comment period to discuss the proposed plan. The public hearings will be held:

- **Tuesday, August 15, 2023 at 6:00 pm – Virtual**
Join by phone: 631-898-6319 PIN# 781 111 935#
- **Wednesday, August 23 , 2023 at 10:00 am – In Person**
7800 Harkins Road, Lanham

The draft RHP Action Plan can be found at:

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

Written comments are to be submitted via email to *cindy.stone@maryland.gov* or via mail to: Cindy Stone, Director, Community Development Programs, DHCD, 7800 Harkins Road, Lanham, MD 20706.

SCHEDULE

The planned schedule for all available RHP funds is as follows:

August 23, 2023 – Application Workshop
October 25, 2023 – Applications due
November 13, 2023 – Awards Announced (tentative)