

Recovery Housing Webinar Series

Design and Implementation

Wednesday, March 24, 2021

Carrie Kronberg: Hi, everyone, and welcome to the Recovery Housing Program Design and Implementation Webinar. Our agenda for today, first, we will introduce you to your primary presenters and go over the learning objectives for the webinar. Then we'll give the background on the Support Act and Recovery Housing Program [inaudible] the context that we provide at the beginning of every webinar, and then a very high level overview of the Recovery Housing Program itself and how it's structured.

And then we'll really dig into the meat of the presentation. We'll talk about actions you need to take before beginning to develop your action plan, drafting the action plan itself and then what program implementation looks like in the abstract, and then some hypothetical program implementation examples. So I am Carrie Kronberg, as I mentioned, with ICS.

And I was with the state granting agency for a long time with the state of Colorado in the Division of Housing, implementing state CDBG-D on primarily housing activities, and also working in other housing programs and homelessness. And I also did a little of that at the local level in Sonoma County. Chuck Kreiman is my co-presenter. Chuck, do you want to introduce yourself?

Chuck Kreiman: Good afternoon, Chuck Kreiman here. I've been doing housing community development for most of my adult life, at HUD and, for the last 15 or so years, as a technical assistance provider with ICF, working all the CPD programs, CDBG, HOME, and all the homeless programs as well; some work on a couple of HOPWA guides. We have some of HOPWA people here. Very interested in getting into the Recovery Housing Program aspect of it. It ties into some of my past experiences with the homeless programs and some of the projects that I've been associated with over the years. Glad to be with you.

Carrie Kronberg: Thank you, Chuck. So the learning objectives for this webinar are, after joining us, you'll be able to follow the steps to develop your Recovery Housing Program models that are appropriate for your community, and also to complete the Recovery Housing Program action plan. And then, the second one is, you'll be able to look at potential implementation strategy options and determine what works for you, or what to evaluate to determine what works for you based on existing resources and capacity that exists within your state.

So Support Act overview; it was passed in October of 2018, and it was developed in response to the opioid epidemic. The Support Act authorized the Recovery Housing Program to aid grantees with providing stable temporary housing to individuals in recovery from a substance use disorder. Also, statutorily, eligibility was defined as states and D.C. that have age-adjusted rates of drug overdose deaths above the national overdose mortality rate. And it is based on the CDBG framework.

There have been two appropriations of Recovery Housing Program dollars. First was in 2020, at the end of that year, or at the end of 2019 for the 2020 budget, \$25 million, and there were 25 eligible grantees. And then the 2021 budget passed at the end of 2020, appropriated a second round of \$25 million, and that has 27 eligible grantees. A few were added and one fell off

because the data that the formula that they fund changed, and eligibility was updated to 2018 from 2016.

The allocation formula includes unemployment, labor, non-participation, and of course, the age-adjusted rates of drug overdose deaths. For the first allocation, the program rules and waivers, et cetera, were published in the Federal Register in November of last year. And the round two notice is in development, though the formula allocations came out in late February. So really high level overview of the program. It's organized within the framework of CDBG, as I mentioned.

And as we often talk about with CDBG, there's two key tests we have to meet and the Recovery Housing Program adds a third. So the first, of course, is national objectives. With recovery housing, that is benefit to low and moderate income persons based on the limited clientele criteria. And those are slightly modified by the notice. You have to have an eligible activity, of course, and only those listed in the notice are eligible for Recovery Housing Program funding.

And then lastly, there has to be a connection to the program purpose, and that is to provide stable temporary housing for individuals in recovery from a substance use disorder.

So now we'll talk about some things that you need to do, or thought processes you need to go through before you begin your action plan. As those of you who are experienced CDBG grantees know, you don't just sit down and write your action plan. You have to do some work ahead of time.

You have to plan and study and engage with stakeholders to be able to write the plan. So many of you are probably well underway with this effort, coordinating with partners, evaluating what needs to happen before you can begin your action plan. But we'll review some of those considerations. It could be a linear process of engaging partners, surveying capacity, and defining who's going to do what. But it also could be a feedback loop.

And I think you could start at any of these three points, and move to others, and refine your actions, and make decisions, and then go around again. So you could start by engaging partners and getting clues on the addiction treatment and recovery landscape within your state. You could also do your own research on who is serving the population. So survey existing capacity, starting on your own. Or you could start by deciding what your agency has the expertise to do, defining what your own role will be, and then engage with partners to fill gaps.

But I think that these three elements will all inform each other until you have your decisions nailed down. Okay, so for the sake of this webinar, we'll start with partner engagement. And, based on my conversations with some states, I know that at least a few of you started here. And we've talked a lot about partnerships already in this series. The last webinar, I believe, really great discussion and examples of what partners are out there and how they could be involved.

So hopefully you have some ideas about agencies to approach and you've already begun building those alliances. And I think we even have some partners on the webinar. So to those of you that are new to this series, welcome. So we'll begin with partners that could support your

administration, or maybe even administer the RHP program on your behalf. And as you engage with these partners, you'll also want to test the waters on their interest and bandwidth to be involved in program administration.

So really important partners to explore working with are your single state agency. And they administer drug and alcohol addiction and services funding, such as the state opioid response grants and substance abuse prevention and treatment block grants. And if you're a regular CDBG or housing agency administering Recovery Housing Program, the single state agency likely has different and necessary expertise that you need at the table.

And maybe they have funding they can bring to the table for treatment and services. And also, they could potentially connect you with other partners. Other agencies to engage at the state and local level are some that serve some of the same population. And I think for many of you, you probably already coordinate with some of these agencies, such as those that run ESG and HOPWA, if you don't do it at your own agency, because you have to coordinate on the CPD consolidated planning process.

So you probably have existing relationships with the continuums of care, BASH administrators, housing finance agencies, and public housing authorities as well. And then there are also agencies that operate or support recovery housing. This is also connected to the capacity survey and something you should be looking at there. But if recovery housing exists in your state, and in many states it does, you could engage agencies operating or supporting it. Also, if your state has a NARR affiliate, they could fit in here. But as a side note, HUD is not endorsing NARR.

Other potential delivery and funding partners are those that do this work and may also have additional funding to bring to the table. So they could partner with you on identifying and serving a target population as well. These could be state and local agencies that administer funding for other wraparound services that would also benefit Recovery housing participants. So an example they given the notice is from the Department of Labor, workforce investment funding for employment programs.

You could also look at state agencies that administer SNAP, TANF, or child welfare, your state Medicaid authority, Department of Corrections or Community Corrections. Think about any other government agencies that might be a little bit further removed from housing and addiction recovery, but they might have resources that could benefit some of the same population. And you could form a mutually beneficial relationship with RHP resources. Others are state or local nonprofits that operate or support recovery housing.

Local hospitals and behavioral health clinics; they may have funding to address special populations' needs. And then philanthropic community or foundations; are there any out there whose missions align with that of the Recovery Housing Program? And are they already supporting health and/or housing related efforts? Moving on to existing capacity; so, we talked about this in the notice webinar, but there are several areas of expertise that are needed to administer the Recovery Housing Program.

So you can start with your agency and other agencies at the table. What do you have? What is missing? And since Recovery Housing Program is based on the state CDBG regulations, obviously that base of knowledge is important. And I think, in many cases, the regular state CDBG agency is the one designated to administer RHP. And then given the intended population, you also need expertise in addiction services and treatment.

And then, of course, the way that you will interact with HUD in the planning and reporting system of DRGR, you need that expertise. I will say, as an aside, we're bringing some DRGR TA to this effort that we have underway now. Also, the federal housing program. So RHP is a housing program and your agency may or may not have it in-house. But it's important for activity structuring, crosscutting requirements, especially those that are housing-specific, like fair housing or Section 504 accessibility compliance.

And then, if recovery housing expertise exists in your state, which, in many, it does, that's important to know and evaluate. So some of the questions to ask as you evaluate potential key partners for program administration and delivery, you don't want to reinvent the wheel. You want to build upon the expertise and efforts that are already underway in your state. For other state or even local agencies that address substance use disorder and recovery, what kind of funding do they have? How could it align with RHP?

Could you potentially review projects together, like a joint underwriting effort to streamline the funding application process and get projects or programs closer to the finish line? As we all know, it can take a long time for a project to finalize its capital stack. And then think about these agencies. What's their capacity to partner? How much staff do they have? Or are they stretched totally thin, or are they well-staffed? And at what level of staff can they commit to a joint effort?

And then, of course, critically, is their leadership on board to partner with you? And then, would they have the capacity and interest in a subgrant partnership? So could you or would you subgrant to them? Would you consider that? For Recovery Housing providers, on the delivery side, there are potentially people providing or agencies providing Recovery Housing now. And as we've talked about a little bit, you want to evaluate them because there are problems that exist with some existing recovery homes that aren't well regulated; things like patient brokering, which I think we mentioned in an early webinar.

So if recovery housing isn't regulated, that doesn't necessarily mean that there's unethical practices going on, but it's something to keep in mind. As you look at existing recovery homes, you also investigate whether they're licensed or certified, or otherwise have a good reputation. If possible, go visit them, see for yourself. And if you determine that the recovery housing is well-operated, do they have the capacity to expand?

Could they help you implement your program? And if you get answers to questions like these, and I'm sure the many more that will arise, the pieces should start falling into place on your program, administration and design. And then finally, just determining administrative roles. So if you engage with partners and evaluate their capacity, another piece is to nail down your commitments to each other and the program. So who are the lead staff in each agency that have an administrative role? And what will that role look like?

That list of capacity that we need is related to this, but who's going to be responsible for developing the action plan and reporting in DRGR? Who will be involved in project review and selection? Who will execute the written agreements with subrecipients or contractors and oversee those relationships? And then who will be responsible for ongoing compliance? So make sure that all your bases are covered for a good program and that you have everyone you need at the table.

And then you'll start to think about your implementation method. So you have a lot of options with your implementation methods. And you don't have to choose just one -- you can have a combination. So program administrative -- do you want to do it in house? Do you want to provide a grant to a subrecipient to offer it for you? Do you want to distribute funding through a method of distribution? And if you opt for a subrecipient, what is your selection method and criteria? And don't forget the statutory requirements that you include -- evaluation of need and the ability to spend the funds timely in your criteria for selection.

And then if you select a method of distribution along with performance measures and oversight, how will you determine that distribution framework? And how will you ensure that the communities that will implement the program have the expertise and the information that they need? The last thing is just a note before you begin developing the action plan, is likely you need to revise your citizen participation plan. Many of you probably did that recently to accommodate the COVID-related flexibilities.

And if you haven't done this already for a recovery housing, the citizen participation plan should be amended again to incorporate recovery housing consultation and citizen participation requirements. So the notice requires consultation with and engagement of organizations interested in residential recovery programs for persons with substance use disorder. And the stakeholders need to have an opportunity to review and comment on the Recovery Housing Program action plan before it's submitted.

So the revised citizen participation plan must allow for a minimum of 15 days for public comment on the action plan before you submit. And then, of course, when you amend the citizen participation plan itself, you have to provide a reasonable period for the public to comment on those changes. Now we're going to transition to developing the action plan. So Chuck is going to take us through this part. Take it away, Chuck.

Chuck Kreiman: There we go. Very good. So you're all set to run. We're going to go through the content and scope of what your action plan's going to look like. So just as a broad overview, your action plan will describe how you're going to use the funds, how you're going to select the implementers of the activities that you're going to fund with your RHP funds. And how all that relates to providing focus on temporary housing for persons recovering from substance use disorder. So that's the general scope.

What we're going to do in the following is go through in the order that's its presented in the RHP notice the 12 elements that will eventually comprise your action plan. I wanted to direct your attention to a couple of things first before we jump into that. First, there's a pretty good general

overview of the process from starting the consultation to submitting and implementing a program. It's in the early part of the notice on page 16 of that notice that you see. It's already part of the version that you see on the HUD Exchange.

So that would be a good starting place to review the steps in that sequence of developing your action plan. Another thing I want to point out from a very practical standpoint -- I think Carrie mentioned this already -- the deadline is August 16 for submitting the action plan. So as you think about the individual steps -- the kind of consultation that Carrie described, the formulation of a plan for project selection -- you'll need to be working backwards from August 16 to get that action plan in on time. So we're going to start now just looking through the 12 items that HUD has presented. And there shouldn't be any technical issues in completing the standard form 424.

But moving along, the first piece of your program summary -- a lot of this is going to be a narrative that you draft up as you formulate this action plan. And this program summary may be something you come back to at the end of your process and write up as a concise summary. I want to jump ahead to the project examples that we're going to be discussing in a moment, but it could be something very concise describing several housing development projects or several resident subcity projects that you've decided to fund. Just summarize the outcome of your project selection process here.

And that will complete the first 2 of the 12-step process funding that HUD came up with a 12-step process for the action plan. The third item is, list the additional resources. Now these you can get carried away a little bit with talking about the funding of the services that will go along with your Recovery Housing Program. But what we're focusing more on is your projects are going to be providing housing, either through subsidizing the tenants or through some kind of housing development effort.

So those are the resources we're looking in addition to your RHP funds, which on an annual basis, range from just under a million to about a million and half per year. In addition to those funds, what are you going to bring to the table to carry out this housing development effort? The administrative summary is the summary of your administrative organization. How is the CDBG agency? What role are they going to play? What is your single state agency that administers the SAMHSA grants if they're involved? What role will they play?

Do you have a joint task force to carry out the project selection process that you've established? What are the roles and responsibilities of these agencies? If you've formalized that through an interagency agreement or a memorandum of understanding or involved -- as Carrie suggested -- some nonprofits, like NARR or similar agencies that are committed to serving persons with substance use disorder. If they have a role, you'd want to identify their role and how they're involved in the process at this point in your action plan.

So this next section really gets into the heart of this. Those of you who are familiar with the state CDBG Program -- and I think that's most of you on the call, but there are some who are, I think, from the substance use disorder field and work with the programming of assistance for recovery housing -- may find this a new term. Basically, the states who are receiving these recovery

housing funds typically function by distributing the funds directly to units of general local government.

And their typical CDBG process involves distributing those funds to local governments that normally don't receive their own direct allocation from HUD Community of Block Grant funds. Here in the Recovery Housing Program, is a variation of the standard approach. The state -- or I think we have our folks from D.C. -- I hope they're on the line -- but all the other RHP grantees are state governments. And I guess our D.C. folks are hoping to be a state government too. But in any event, unlike the general method of distribution which focuses on cities outside of the CDBG entitlement jurisdictions, the entire state could be the purview of your Recovery Housing Program allocations.

And this is very specific where the state would allocate the funds to a unit of local government, or -- we don't want to forget -- potentially to a tribal government or a tribal housing authority. All of these are authorized recipients of funds distributed by the state. In effect, what we're doing is we're creating another tier in the implementation process. My thought might be that this might be part of a program. But in general, moving right along, because the Recovery Housing Program provides the option that the state can undertake the distribution in the awarding of these funds directly unlike CDBG funds where the award goes to the unit of local government.

The state through the CDBG agency or through the agency that works in the substance use disorder field would award the funds directly to the provider of those services, the entity that would be expanding its housing stock or subsidizing its residents. So my suspicion -- and maybe we can get some feedback on this at some point -- that more often than not, the state will take advantage of this option to undertake direct implementation. This is on the order of what occurred with the neighborhood stabilization program which provided housing for funding in relation to the foreclosure crisis in the 2008-2011 period.

So we're anticipating that many states in cooperation with their substance use agency will directly be involved in awarding funds, including funds to agencies that will be operating within the locality of cities and counties that are receiving their direct CDBG allocations. But they are not recipients of Recovery Housing Program funds. So in describing your method of distribution or describing how you will undertake direct implementation, you'll want to describe who these eligible subrecipients are and what the threshold criteria are.

And this is an appropriate point to remind us that we have some fairly strict limitations on implementation requirements. Since you will be expected to expend 30 percent of the funds within 12 months of the award of the grant from HUD, one of your threshold criteria should consider how you're going to implement in a timely fashion and meet that 30 percent expenditure deadline in the first year. So that suggests that an entirely new entity just being formulated that doesn't have currently any direct experience, but it's just getting going, that there may be a threshold criteria where timely implementation will be a threshold requirement.

So from your method of distribution or the process that you undertake to distribute the funds directly to the providers of recovery housing, you'll be governed then by two overriding statutory priority criteria. You will look at entities where there is the greatest need for recovery housing

and entities with the ability to deliver effective assistance in a timely manner. And, again, this ties into the 30 percent requirement for expenditures in the first 12 months.

And if you have other evaluation criteria, you'd state that as part of your method of distribution or the direct allocation process that you've established. Additional element in the required action plan is a couple of specific definitions that you'll have to work through and adopt, the first of which is what is an individual in recovery? We have here an adaptation from the Substance Abuse and Mental Health Services Administration. This is their definition of recovery.

We also have the perspective that recovery is a process that involves four dimensions in support of recovery -- it's health, home -- as we're providing the housing part of the home environment for the person in recovery -- purpose -- seeing purpose in future direction in the community -- and allowing the individual to function within the community as an effective participant. So the first definition, we've talked about an individual in recovery. And then another definition -- what is a substance use disorder?

And the caveat included here is that programs cannot limit to a specific type of substance use disorder. We know that it comes in a variety of dimensions and a variety of aspects, variety of substances, which can be incidences of use disorder. So here's a couple of samples for you to consider -- one from SAMHSA, one from the Mayo Clinic. And you'll note that the Mayo Clinic shows that -- and this was part of my education as I came to the Recovery Housing Program -- that we're generally using the term "substance use disorder."

And I think just to recognize that the individuals and the people we're working with have a disorder. They're people who deserve our respect and who we're trying to achieve through stable housing to provide a suitable environment for them to overcome this use disorder that they're working with. And then not to beat this overmuch, there has to be an expenditure plan to meet the deadlines and also an administrative cap. Those of you who work with the state CDBG program are familiar with the administrative cap. But for RHP it's somewhat different.

It's a 5 percent total administrative cap from the entire grant. There's no match required for administrative funds. So that's good news for some of the managers of your agency. Within the 5 percent limit, there's 100 percent coverage of your administrative cost. So then we come to outcomes. The statute in the Recovery Housing Program notice dictate two mandatory outcome measures -- the number of individuals assisted and the number of individuals transitioning to permanent housing.

Note that, as we've covered in the past, recovery housing is a time-limited program that no individual resident can stay longer than two years. It's a maximum of two years for any individual. There are other program outcome measures that you may choose to associate. It may be similar to those in the homeless program in the continue of care in terms of income and other kinds of progress measures for the individuals that are participating. But there are two mandatory ones. When you come to draft your final action plan, you'll have a process you'll be describing in summary form; this is in participation.

You'll describe how you obtained citizen input, what comments that you received, and what responses you provided to the comments -- either that the comments and suggestions were incorporated into your final program, or whether they were not accepted because they were for whatever reason not feasible to be accepted, involved expenditures that were ineligible or exceeded the budget of eligibility or for whatever reason a particular suggestion was not considered. You'll also describe the public hearing.

And I believe that we're still allowing virtual public hearings to meet the citizen participation requirements for the Recovery Housing Program. And the point is that this whole process is going to be on a separate track more or less from the standard community block grant annual action plan development process. So this will all be stand-alone for Recovery Housing Program. You will summarize then the partners -- both at the federal and local level -- those that are receiving federal funds in assisting substance use disorders.

That is the opioid recovery grants and the substance abuse treatment grants -- which partners have you involved in your Recovery Housing Program? Finally, your action plan will address how you'll do oversight and monitoring. I would expect that all of the CDBG agencies have an existing plan for their oversight and management process. And the convenient approach would be to really add the Recovery Housing Program. And this may be a new dimension. For most of the state CDBG administering agencies, you're going to become involved with some new partners and some new entities that you probably haven't worked with in the past.

So recognizing that this Recovery Housing Program will be part of a larger scope of responsibility for subrecipient management and monitoring. Addressing this item by adding and incorporating that into your overall process would be an appropriate way to address that. And then finally, or next to last, preaward costs. The Recovery Housing Program is very generous in awarding and recognizing reimbursement for preaward and pre-agreement cost. And here's where you would describe what costs you're going to be seeking that preaward reimbursement.

And I guess the time spent on the webinar today would be part of the time that you might want to have reimbursed from the grant. And this would probably count toward your 5 percent administrative cost. And then finally, the 12th item. We've listed here a series of certifications. It goes on for several pages in the recovery housing plan notice. But these are basically promises of compliance that you'll make. And if there are any particular questions, most of these should be familiar to the CDBG agencies; everything from environmental review and lead paint at Section 3 in the Uniform Act certifying that you have the legal authority to undertake the program.

And this will be just a comprehensive listing with a final catch-all, other applicable laws. So those are the 12 elements that will comprise the action plan that you draft. It will likely then include the selected activities. And they will be identified and described in the -- I don't want to go down the hole of getting too deep into DRGR -- but there's a whole section where you'll just enter your narrative responses to these items on the action plan.

And then you will complete projects and activities with budgets and outcomes for the individual selected activities that you'll be carrying out with your Recovery Housing Program funds with one activity typically always being your administrative activity, which will be the mechanism by

which you'll recover your state administrative cost up to the 5 percent limit. So there we are. Carrie, can I return the ball to you?

Carrie Kronberg: Great. Thanks, Chuck. Okay. So now we'll talk a little bit in the abstract, so just conceptually about program implementation. Depending on the decisions you make in your existing processes, at least the first two steps in this flowchart may happen in parallel with the steps you take before and during the action plan. It's hard to present the circular webinar, but these things might be happening at the same time. And as we just heard from Chuck, the action plan requires a lot of detail on what you intend to fund, what other funds are coming to the table, who you're working with, expected outcomes.

So that leads to the conclusion that you should be pretty far along in your program design, and even project selection by the time you submit your action plan. In addition, given the tight timeline that Chuck emphasized, to spend the first 30 percent of the funds within a year of execution of your grant agreement with HUD, it's wise to have activities lined up and ready to go to sign that written agreement with them as soon as you have access to your RHP funds. So we'll go through these steps quickly. But the hope is by the time you get to implementation, you've laid out a really good framework for yourselves, you've done all that planning ahead of time.

The action plan has really walked you through all of the things that you need to consider and flesh out so that this should go smoothly. And of course, there are always unexpected twists and turns in program implementation. But hopefully, those are minor and you can deal with them as they come up. So once you've determined your administrative roles -- as we talked about -- before doing the action plan, you want to formalize those relationships with a written agreement. And depending your state's practices or district's practices and what your arrangement looks like, it could be an interagency agreement or intergovernmental agreement, maybe a memorandum of understanding.

And in that you want to make sure you clearly define who is doing what, what responsibilities each will have, and make sure they're all covered. So go back to that list of roles that need to be filled. You also want to establish your timelines and what you want to accomplish and when. And then determine both the scope and frequency of your communicating and reporting to one another. And then also, as you get into oversight of subrecipients or contractors, how that monitoring and reporting will be conducted, who's going to do that?

So project selection -- as I said a moment ago, this may also occur before you submit your action plan. And ideally, part of your administrative role determination before you submit your action plan or even complete it include planning for your project selection process. So you or your partners could publish a NOFA or other process consistent with your selection criteria, eligibility you've defined, everything you've already laid out. If you've identified a specific type of Recovery Housing Program eligible activity that you want to fund or target population.

And then you want to make sure that in that project selection that any applicants demonstrate that they can comply with the applicable cross-cutting requirements -- so of course, URA, potentially 104(d) -- if there will be any acquisition, including leasing, rehab, conversion of housing. And

then if you're developing a facility, this is also something to consider. And remember that acquisition of a tenant-occupied property has Uniform Relocation Act and budget implications.

Section 3 is a consideration if there will be any construction activity. Civil rights and fair housing is applicable to all that we do. Lead-based paint if any funded buildings are possibly built before 1978. Of course environmental review -- that's applicable to everything we do as well, but the timeline and the level of review will vary depending on the activity. Procurement is applicable to subrecipients or applicable to you if you're selecting a contractor rather than a subrecipient or distributing funding another way.

So you want to review and select your projects, ensure -- of course we all know this -- you have approval by your leadership or governing body, and then announce your awards. So there are two written agreements we've talked about. This is the second. These would be the written agreements with your funded agency. So you've selected projects at this point. You've developed and submitted your action plan. HUD has approved it and sent your grant agreement. And now you're ready to hit the ground running and implement those projects.

So, of course, at the written agreement stage, remember a couple of key cross-cutting considerations -- your environmental review must be complete. And you want to ensure compliance with URA or 104(d) so all occupants of acquired or rehabbed property, and owners as well, have the required notices, referrals, and assistance. And then you want to include all of the applicable CDBG, recovery housing, and cross-cutting requirements within that agreement. And then this is the point at which once that's signed, you would set up your activities in DRGR.

So once you've funded agencies and signed your written agreement, they get going on the project. So at this point, you've hopefully figured out what this will look like ahead of time. You have a lot of that you have to have in your action plan anyway. So you have your oversight and monitoring criteria. You include the requirements of your selection criteria and oversee those to make sure that they're doing what they promised. Are they meeting their intended milestones on time? If not, is there a risk there?

Do you need to intervene or provide technical assistance to get them back on track, or heaven forbid, have to de-obligate money and terminate the agreement if they're not able to do it? As we've said a couple of times, you have tight timelines to meet to ensure you disburse funding in accordance with the statute. So you really want to stay on top of that. Now we'll talk about some sample, hypothetical program designs or implementation. And this is what it could look like in practice. And as we're presenting these, please think carefully.

We'll have some poll questions, so think carefully about what might apply or if you have any concerns about a given program design. So the first one, you have a State Recovery Housing Program grantee and they've engaged with their single state agency and decided to partner with them. They'll evaluate applications together. And the state agency with RHP will bring the recovery housing funding. And the single state agency will bring the services funding. So they review applications together through a NOFA process.

And that results in one of the awards they give to a private nonprofit subrecipient to complete acquisition and minor rehabilitation of an occupied residential rental property. In this case, it's a four-bedroom home. It was built in 1950. And they plan to operate it as a recovery housing, so a shared housing model. And they will target individuals with substance use disorder who are transitioning from or at risk of homelessness.

So now we have a couple of polls, Medora [ph], if you want to open those up. Which of the cross-cutting requirements that apply do you expect to be the most challenging and require technical assistance either for you or for the subrecipient? So we have environmental review. We'll have to think about what's the appropriate level for an acquisition and minor rehab project. Let's say it's housing since the home was built before 1978. We have to think about lead-based paint, relocation since the property is occupied by tenants. Where do they go? What happens there?

And then finally, Section 3, the rehab is a construction activity. So go ahead and vote on what you think will be the hardest one. Okay. The poll has ended. So we're just waiting for the results to come up. Here we go. Okay. It seems like, of the folks that responded, the most popular response was relocation. I agree. That's always challenging making sure that you have the required notices at the right time.

Often, in many of our housing markets, they're pretty tight. So it can be difficult to find replacement housing if you're relocating people permanently. Environmental review people also thought would be challenging. And then Section 3, we have a new rule. And it has different outcomes measures and performance measures. So I anticipate challenges with that. Chuck, do you have anything to add on what you see here?

Chuck Kreiman: About as expected. I think most people have been trained on the lead-safe housing rule. So this just needs to follow that process -- hire people who know what they're doing.

Carrie Kronberg: Yeah. Let's see what we think about what might be hard or what the requirements of the lead-safe housing rule are. So, Medora, can you open our second poll? So compliance with the lead-safe housing rule does not require that you use safe practices in conducting remediation, determine if the structure was built before 1978, conduct final clearance testing, or determine lead content of paint based on taste? This one should be pretty quick. All right. Now we're just waiting for the results.

Okay. So most people that answered got it. And that is, no, you are not required to determine the lead content of paint based on taste. But all of the other pieces are required. And then the last poll on this sample implementation is, what does the Uniform Relocation Act require? A, the determination or market value of the property to be acquired? Do you have to determine relocation eligibility based on the date of initiation of negotiations? Are you required to provide displaced persons with decent, safe, and sanitary comparable replacement housing? Or all of the above?

Okay. The poll has ended so we're just waiting for the results. Okay. All of the above. Correct. So digging in a little bit more on this example -- the partners and the expertise and responsibilities that they bring to the table -- so you have in this case, it's the state economic development department that is the regular CDBG grantee. And they were designated by the governor to also receive Recovery Housing Program funding.

And their expertise are those CDBG program requirements, as well as Recovery Housing Program requirements, federal cross-cutting associated with CPD funds, and then DRGR. The single state agency brings knowledge on addiction services and treatment. And then the subrecipient itself has expertise in recovery housing and federal housing and homelessness programs. And this is something I often remind myself -- or maybe as a compliance person I could be a control freak -- but our funded partners have a lot of knowledge and expertise themselves. And we don't necessarily have or need all of that.

Let them do what they know how to do. And we just have to know enough to ensure that they meet program requirements. So we have to know our program requirements and then sort of work with them to implement and help them navigate any challenging cross-cutting requirements such as URA or environmental. We came up with some sample budgets and what those could look like, so this is a pretty small budget for a development project. But it's acquisition and rehab of a single large home. So it's to be expected. So acquisition [ph] are pretty straightforward.

The rehabilitation will likely include lead paint testing or presumption risk assessment and abatement given the size of the HUD investment, plus any other upgrades that are identified to be needed. Because we have to relocate the tenants, in this case, we looked at it and we're budgeting \$30,000. You also have to cover professional fees. And then project management -- the subrecipient is offering that in kind because they've done this activity before and they have that capacity in house. And then you have some soft costs associated with it. And then finally, the capitalized operating reserve, the local government has come to the table to help support that.

Chuck Kreiman: Just a quick point on the rehabilitation -- remember that you're going to have to do some reconfiguring of the property to serve as a recovery housing unit. There may be some reception areas, some security features. So when you think about rehabilitation, think about the specific reuse and make sure you budget appropriately for that.

Carrie Kronberg: Good point. Thank you. So an annual operating budget -- the subrecipient, they serve this population -- people experiencing homelessness that have substance use disorder and they have access to sufficient continuum of care funds to dedicate to this project to cover most operating expenses. And it's likely needed given the low anticipated income of residents, especially when they first move in. You're not going to have a lot of rental income, so you'll likely need another source to make sure that the property can cash flow.

So these cover admin expenses, general operating expenses such as utilities. And you'll have maintenance costs for things like repairs and landscaping, of course taxes and insurance, and the replacement reserve to squirrel money away for any upgrades or repairs that the property needs that go beyond regular maintenance. And then the annual services budget -- this is where the

single state agency comes in. But those funds could also potentially be Medicaid-eligible. So you've got case management and peer support.

Drug testing is a very common component of Recovery Housing Programs and can be quite expensive actually. They may be doing it on a weekly or twice-weekly basis. Transportation, food, and miscellaneous. And anyone familiar with the services needed, there are some others in here. But many times the case manager will have relationships and refer residents to other services, such as employment services or education and health care, those things. And this established nonprofit has relationships with philanthropy and so has ongoing donations. And they can dedicate some of that revenue to this.

So you'd have two written agreements associated -- the first would be with the single state agency. And that would have happened even before the action plan, hopefully. You've nailed down what your roles and responsibilities are going to look like. And then we're using a subrecipient model because based on polling from earlier webinars, most states anticipate acting directly or through subrecipients. In your subrecipient agreement, you'd want to make sure you include your Recovery Housing Program-specific requirements, such as expenditure deadlines and cross-cutting requirements.

And then as well, project-specific requirements such as scope of work, budget, your timeline and milestones, tenant selection, reporting, monitoring response. I think these are things that folks familiar with HUD funding, CDBG funding, you probably already have a written agreement drafted for those programs. I know that if I were implementing this program, we would probably start with our existing CDBG subrecipient agreement with UGLGs, but then work with subrecipients. We would take a look at that agreement and use that as a starting point.

So your implementation steps once they're funded -- these are pretty consistent with regular CDBG as well. You'd have your project startup activities, so ensuring that you've got adequate financial controls in place and that all cross-cutting requirements are met or underway, such as those we mentioned earlier that have early trigger dates, environmental and URA. And then of course, executing your written agreement. And then given that this is a real property activity -- we're acquiring property -- you could record a deed restriction to ensure that the RHP requirements run with the land for the period agreed upon.

And at this point, you'd also set up the activity in DRGR. And then ongoing project management reporting and oversight -- so you'd manage the contract in accordance with your written agreement. In Colorado, we have a single staff person who is assigned by region to manage written agreements associated with their area. So that would be a good way to go. That person provides technical assistance as needed, reviews reports, evaluates and approves payment requests, and conducts on-site, in-depth monitoring. And that should be consistent with the level of risk associated with the project.

In this case, I think it's a pretty high capacity subrecipient. So there may not be a lot of risk. But especially initially, you want to make sure that those assumptions are correct. And then once the development activities are complete and the RHP funds are spent, you'd conduct your close-out activities and close-out monitoring, get the reports that you need. And then ongoing monitoring,

while not be required by CDBG, it's a best practice. And you'd want to do it as needed for the compliance period agreed upon. So with CDBG, it's typically a minimum of five years, but you could require longer.

Sample program implementation number two -- and I really want you to think about if you see any red flags with this or if there's anything that concerns you. The state RHP grantee has decided to partner with the National Alliance for Recovery Residences, the state affiliate to evaluate applications. The NOFA process results in an award to a private nonprofit Recovery Housing Program for rental assistance to new and existing tenants. The target population is low-income individuals with substance use disorder that need financial assistance for recovery housing until they are stable and employed.

Here's our last poll question. But these answers go into the chat or Q&A box. What are some key considerations or potential issues that you could see with this sample program implementation? Oh, I see we have a poll specific that allows open-ended answers. Great. Thanks, Medora. And we're going to talk through the example. Go ahead.

Moderator: Carrie, I was just thinking while folks are writing that in, maybe I could ask a couple of questions that have come into the Q&A?

Carrie Kronberg: Oh, sure. Yeah.

Moderator: One of them is, does RHP require an environmental review?

Carrie Kronberg: Yes. It does. And that's one cross-cutting requirement. There are many. But HUD didn't make any changes to environmental review requirements. So the environmental review level would be consistent with the activity. Building new construction is a full environmental review. I think in the case of this acquisition rehab, it might be a categorically excluded subject to or not subject to.

Chuck Kreiman: Probably subject to. Yeah.

Carrie Kronberg: Yeah.

Moderator: Thank you. Another question is, are we suggesting that projects or activities be selected before entering an action plan in DRGR?

Carrie Kronberg: Yeah. And I actually had this conversation with HUD. So if you have anything to add, please feel free. But just looking at the requirements in the specificity that need to be in the action plan, you may have to select project. That's probably a good idea. Otherwise, you'll end up amending your action plan after the fact. And at that point, you have your grant agreement and it might be difficult to spend your money on time if you haven't selected projects. I don't know if Cory or Robert has anything to add.

Chuck Kreiman: I think if you're just doing a method of distribution, that you might have an action plan that did not have the selection of projects at that point. But otherwise, especially with direct action, you should be in a position to describe the specific projects you've selected.

Cory: Yeah. And their notice does say that. The notice says that if grantees aren't carrying out activities directly, then the action plan requires a description of the eligible activities that they're going to be carrying out. So there's that distinction between when grantees are carrying out activities directly or when they're awarding them to communities by an MOD or through another method.

Carrie Kronberg: Great. Thank you, Cory.

Medora: Hi, Carrie. I just wanted to jump on to say that I closed the poll. And participants can now submit their responses into the Q&A box.

Carrie Kronberg: Okay. Great. I guess they weren't that obvious. I guess that's good for us to talk through. Maybe we talk through this, and then I think we'll have time for questions at the end. Okay. So we've highlighted in red maybe some of the things that you'd want to consider. The state RHP has decided to partner with the National Alliance for Recovery Residences state affiliate to evaluate applications. I think we need to understand what that relationship looks like, because NARR is not a public agency. It's a nonprofit.

Some recovery residences work with NARR and get a certification. And NARR does some oversight with them. But if you had some recovery residences that are certified, some that are not, could there be a conflict of interest there on NARR's part if they're evaluating applications? Would they favor those that they already have relationships with? And then another piece is specifically the state's engagement with NARR are, how much is NARR doing? Are they going to be running the program on their behalf? In that case, they would likely need to be procured.

Or if they're awarded a sole-source contract, you'd have to justify that and document your rationale. Or are they just like a non-paid subject matter expert with an interest in this type of work? And then another piece -- sort of a little tricky piece in here -- is that the nonprofit intends to assist new and existing tenants. And while regular CDBG public services have to be an expansion of a service paid for or offered by the grantee, in this case, the notice talks about it has to be an expanded service, period. It doesn't specifically say by whom. So only the new tenants would be eligible. Only an expansion and the number of people served would be allowed.

So we've made some changes to sort of clean this up a little bit. The State Recovery Housing Program grantee decides to partner with the NARR state affiliate. NARR's role will be to provide subject matter expertise at no cost to the states. And this is the case in some states that all of the recovery housing providers are NARR-certified. So there wouldn't be a real or perceived conflict of interest, because NARR wouldn't favor one over the other based on affiliation. And then the nonprofit would be increasing the number of people served. Okay. I think that's it for the presentation. We can go back to the questions.

Moderator: Great. Thank you, Carrie. One of the questions that I have here is, has any state submitted their RHP action plan yet? And if yes, would HUD be willing to share it? If not, for the housing trust fund, HUD came out with a sample allocation plan; would HUD be willing to do that?

Carrie Kronberg: I think that's a question for HUD. So I don't know if Cory or maybe Erinn wants to respond.

Cory: No. No state has submitted their action plan yet. So we don't have any to share if we were to do that. We can consider that sharing the action plan. But we do have some peer-to-peer learning technical assistance that ICF is going to provide in the coming months. So I don't know whether that might be the first order in terms of sharing grantee experiences and grantee action on the designing and implementing the program rather than sharing an action plan. But we can look into sharing one when it becomes available.

Robert: We currently share under the annual CDBG program and other CPD programs or consolidated and annual action plans. Those are currently shared on the HUD Exchange. So we don't have any reason to not share, so it shouldn't be a problem.

Chuck Kreiman: I think one of the things that may be useful in responding to that request is even prior to the actual final action plan being drafted up, if somebody has established some kind of NOFA or process for seeking proposals from actual providers of recovery housing, that might be a useful early step in the process.

Moderator: Thank you. Another question that we've received is, can a state determine who they will award funding to based on data and the ability to carry out the grant in a timely manner without putting together a review committee to determine who to award funds to?

Carrie Kronberg: There aren't really proscribed requirements around selecting subrecipients. HUD can speak to this a little bit more. I think in Colorado, we had -- doesn't get RHP funding -- but CDBG doesn't have specific requirements around selecting a subrecipient. The state itself had [inaudible] requirements that we had to follow. So I would take a look at that. And I would also think about fairness or how you're going to ensure that you select the best projects. And there could be other ways, but there isn't a required subrecipient selection process. Contractors, they would have to be procured.

Chuck Kreiman: I think that's a key point, Carrie, that if you enter into a contractual relationship, your own rules might force you to go into a formal procurement process. Because otherwise, typically, the selection of grant recipients is not necessarily considered by itself. That process is not defined as a procurement.

Moderator: Thank you. And I believe the last question we've got in our queue is, what is the minimum or maximum amount to apply for?

Carrie Kronberg: I think that could be determined as part of the state's program design. They could set those minimums and maximums. Of course, grantees can't promise any more funding

than they have. So the absolute max would be the allocation. Of course, you need to make sure you have funds for administration and potentially technical assistance. But the Recovery Housing Program itself doesn't have a requirement or a cap on how much one project could apply for. That would be determined at the state or district level.

Moderator: Thank you. And those are all the questions we have in the queue at the moment. If anyone has any other questions, please feel free to enter them into the Q&A box.

Carrie Kronberg: We have some resources as well. Links will be [inaudible] when this is posted on the HUD Exchange. But the HUD Exchange does have a Recovery Housing Program page. And there are some great resources on some of the key cross-cutting requirements that could apply. Environmental review and relocation, as we already talked about, could be challenging, as well as lead-based paint. And, Chuck, did you have something to add?

Chuck Kreiman: I thought we might mention that in addition to the 5 percent administrative cost, HUD is paying for ICF to provide technical assistance. But in the RHP, there's an additional allocation of a 3 percent for technical assistance that a state grantee or the district might purchase with the additional part of their RHP grant.

Moderator: And we've got a few more questions that just came in. One was, will copies of the slides be sent to participants? Copies of the slides will be posted on the HUD Exchange website in about a week. So they'll be available there, as well as a recording of the session. The next question we got is, if we received FY 20 and FY 21 allocations, can we combine into one AAP?

Cory: That will be addressed in the second notice that will come out that we're going to publish this year, hopefully in the coming month or two, that will address for grantees that have received both allocations under FY 20 and FY 21 how to submit an action plan. So we're aware that grantees that have received two will want to submit one action plan. We'll notify you when that comes out.

Moderator: And those are all the questions at this time.

Carrie Kronberg: I think one thing to mention, HUD is also providing technical assistance directly to grantees. So there have been notifications sent out that that's available. But you can now request direct technical assistance through the HUD Exchange or your Recovery Housing Program. So if you're getting into this stuff and struggling a little bit, you have access to [inaudible] and help to support you.

Any other final thoughts or notes? I think we can give people 5 minutes back or 4 minutes. All right. Thank you, everyone. And we'll see you on the next one.

Chuck Kreiman: Thank you, everyone, for participating.

Moderator: Thank you.

(END)