



IMPLEMENTATION NOTICE

SUMMARY

Federal Register Notice (FR-6225-N-01) (the Notice) implements the pilot Recovery Housing Program (RHP) authorized by the SUPPORT for Patients and Communities Act (SUPPORT Act), which was passed in 2018. The intent of RHP is to support individuals in recovery from substance use disorders (SUD) on a path to self-sufficiency by providing stable, temporary housing. RHP funds may be used to develop or maintain housing for individuals in recovery from SUD. Assistance for individuals is limited to the earlier of two years (cumulative) or until they secure permanent housing.

The Notice includes program rules, waivers, and alternative requirements that apply to the \$25,000,000 made available for the program by the FY 2020 Appropriations Act. RHP rules fall under the umbrella of the [Community Development Block Grant](#) (CDBG) Program, as modified for RHP by the Notice.

As required by the SUPPORT Act, the U.S. Department of Housing and Urban Development (HUD) allocated funding to states and the District of Columbia with an age-adjusted rate of overdose deaths above the national overdose mortality rate.

ADMINISTRATION AND PARTNERSHIPS

RHP grantees may use and direct funds to all areas of their jurisdiction, including entitlement communities and tribal lands, and may also act directly through employees, contractors, and subrecipients. In developing the implementation team, HUD recommends involving program administrators with experience in CDBG, the Disaster Recovery Grant Reporting system (DRGR), and other federally funded programs supporting recovery from SUD. If multiple state agencies will share responsibilities, HUD recommends partner agencies execute Interagency Agreements to clarify and formalize roles and responsibilities.

HUD encourages grantees to focus RHP funds toward projects that complement – but do not supplant – federal substance-abuse related assistance, such as State Opioid Response (SOR) Grants or Substance Abuse Prevention and Treatment Block Grants (SABG), awarded by the Substance Abuse and Mental Health Services Administration (SAMHSA) of the U.S. Department of Health and Human Services (HHS). For example, grantees could use RHP funding for eligible temporary housing costs in coordination with other counseling and medication-assisted treatment (MAT) services funded by other federal programs, or other wrap-around services such as employment programs by the U.S. Department of Labor under the Workforce Innovation and Opportunity Act. HUD also encourages grantees to coordinate with other programs that may serve a similar clientele, such as HUD's Continuum of Care (CoC) Program, Emergency Solutions Grants (ESG) program, Housing Opportunities for Persons with AIDS (HOPWA) Program, and HUD-VASH, a joint effort between HUD and the U.S. Department of Veteran's Affairs (VA).

RHP ACTION PLAN

RHP Grantees must develop and submit a RHP Action Plan, SF-424, SF-424D, and required certifications by **August 16, 2021**. The SUPPORT Act requires all grantees to distribute RHP funds with priority given to **entities with the greatest need and the ability to deliver effective assistance in a timely manner**. Grantees must describe how they will comply with this requirement in their RHP Action Plans.

The RHP Action Plan must also describe how the grantee will comply with RHP expenditure requirements and deadlines, including to expend at least 30% of its RHP funds within one year from the date HUD signs the RHP grant agreement, to expend 100% of the RHP funds before the end of the period of performance on September 1, 2027, and to limit administrative costs to 5% of the RHP grant.

NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES

All RHP activities must comply with the **Limited Clientele National Objective**, as modified by the Notice, and must support activities that benefit low- and moderate-income persons. Grantees may not use RHP funds to aid in the prevention or elimination of slums or blight or for activities designed to meet urgent needs.

Grant administration is an allowable expense, capped at 5% of the allocation plus 5% of any RHP program income. Technical assistance is also authorized, capped at 3% of the allocation plus 3% of any RHP program income. Administrative matching funds are not required. To be eligible for reimbursement, pre-award and pre-agreement costs must be included in the RHP Action Plan and must meet all applicable requirements.

Not all CDBG-eligible activities are consistent with the purpose of RHP funding, which is **to provide stable, temporary housing for individuals in recovery from a substance use disorder**. Eligible activities that HUD finds meet the RHP intent are limited to:

- (1) Public facilities and improvements;
- (2) Acquisition of real property;
- (3) Lease, rent, and utilities;
- (4) Rehabilitation and reconstruction of single-unit residential buildings;
- (5) Rehabilitation and reconstruction of multi-unit residential buildings;
- (6) Rehabilitation and reconstruction of public housing;
- (7) Disposition of real property;
- (8) Clearance and demolition;
- (9) Relocation; and
- (10) Expansion of existing eligible activities to include new construction of housing.

More information on eligible activities and national objectives is provided in the table below.

WAIVERS AND ALTERNATIVE REQUIREMENTS

Below are the applicable waivers and alternative requirements to the CDBG program requirements at Title I of the Housing and Community Development Act (HCDA) and 24 CFR Part 570 that HUD has found are necessary to expedite or facilitate the use of RHP funds. Except as specified in the Notice, the statutory and regulatory provisions of the annual CDBG program apply to RHP grantees.

Waived/Modified CDBG Requirement	Recovery Housing Program Alternative Requirement
Applicable CDBG Regulations	
24 CFR 570, Subpart I – <i>State CDBG Program</i>	24 CFR 570, subparts A , C , D , J , K , and O are imposed only for the District of Columbia to permit use of the entitlement CDBG regulations for its RHP grant.
States Carrying Out Activities Directly, in Entitlement Communities and on Tribal Lands	
42 U.S.C. 5306(d) and 24 CFR 570.480(g) – <i>State making of grants</i>	States may carry out activities directly and provide funds to subrecipients (as well as units of general local government). For this alternative requirement, subrecipient is defined at 24 CFR 570.500(c) and the requirement for states to establish applicable procurement policies and procedures (24 CFR 570.489(g)) applies.
24 CFR 570.500(c) – <i>Definition of subrecipient</i>	The definition of subrecipient is modified to expressly include Indian tribes. Tribes receiving RHP from a state must comply with the Indian Civil Rights Act.
24 CFR 570.486(c) – <i>State CDBG-funded activities located in entitlement areas</i>	States may use RHP funds for activities in entitlement areas without contribution from the entitlement jurisdiction.
24 CFR 570.490(b) – <i>Units of general local government recordkeeping</i>	This requirement is waived when a state carries out activities directly. Records must facilitate HUD review per 24 CFR 570.493 .
24 CFR 570.489(j) – <i>Change of use of real property</i>	All references to “unit of general local government” shall be read as “state and unit of general local government”
42 U.S.C. 5304(e)(2) and 24 CFR 570.480(c) – <i>HUD review of state activities</i>	Reviews and audits shall also include review of RHP activities in accordance with certifications and grant requirements.
24 CFR 570.492 – <i>Responsibility for review and handling of noncompliance</i>	State shall make reviews and audits of any designated public agencies, units of general local government, and subrecipients. In the case of noncompliance, the state shall take action to prevent further deficiencies and mitigate consequences.
24 CFR 570.489(g) – <i>Procurement</i>	State procurement requirements are expanded to include all subrecipients as well as units of general local government. States must comply with 24 CFR 570.489(g) procurement requirements and establish policies and procedures for subrecipients and units of general local government.
<i>Means of carrying out activities and use of subrecipients</i>	States may carry out activities directly through employees, procured contracts, or under agreements with subrecipients. States must ensure RHP funds are used in accordance with all program requirements, including 2 CFR Part 200 . All costs charged to the RHP grant must be reasonable and necessary.
24 CFR 58.4(b) – <i>Responsible Entity for environmental review</i>	When the state carries out RHP activities directly, the state must submit the Request for Release of Funds to HUD for approval. The state may act as the Responsible Entity for activities carried out by units of general local government.
24 CFR 570.480(g) – <i>State making of grants</i>	The regulation is waived to the extent necessary for states to carry out activities in all areas of jurisdiction and distribute RHP funds to entitlement and non-entitlement units of general local government, Indian tribes, or tribally designated housing entities.
Administrative Costs, Elimination of State Matching Funds and Related Provisions	

42 U.S.C. 5306(d)(3) and (d)(6)(a) and 24 CFR 570.200(g) and 570.489(a) – <i>Administrative costs cap</i>	RHP funds have a 5% cap on administrative costs with no match requirement. Grantees may spend up to 5% of the RHP grant plus 5% of any RHP program income received on administrative costs. Planning grants are not eligible for RHP funds.
42 U.S.C. 5306(d)(5) and (6) and 24 CFR 570.489(a) – <i>Technical assistance costs cap</i>	In addition to the 5% allowable for administrative costs, grantees may use up to 3% for technical assistance activities: 3% of the allocation plus 3% of any RHP program income.
42 U.S.C. 5304(a)-(c), and (e) , and 24 CFR 570.304 and 570.485 – <i>Consolidated Plan requirements</i>	Consolidated plan submission requirements are waived to allow the grant process and RHP action plan requirements imposed by the Notice.
Pre-Award Costs, Pre-Agreement Costs and Timeliness	
24 CFR 570.200(h) and (h)(1)(i)-(vi) – <i>Pre-award costs</i>	For the District of Columbia and its subrecipients, the effective date of the RHP grant agreement is the date HUD executes the RHP grant agreement. Pre-award costs may be reimbursed up to 25% of the grant, provided the District of Columbia has described such costs in its RHP Action Plan and the costs comply with all RHP requirements.
24 CFR 570.489(b) – <i>Pre-agreement costs</i>	For states, allowable pre-agreement costs incurred by itself, its recipients, or subrecipients may be charged to the RHP grant, provided the state described such costs in its RHP Action Plan and the costs comply with all RHP requirements.
42 U.S.C. 5304(e) and 24 CFR 570.494 and 570.902 – <i>Timeliness</i>	RHP timeliness requirements: 30% expenditure in the first year after execution of the grant agreement, and 100% expenditure by September 1, 2027.
RHP Action Plan and Consistency with Consolidated Plan	
42 U.S.C. 5304(a)(1) and (m) ; 42 U.S.C. 5306(a)(1) and (d)(2)(C)(iii) and 24 CFR 570.485 and 570.304 – <i>Submission and approval process for CDBG grants</i>	The RHP Action Plan shall be submitted separately from the consolidated plan, and the RHP program does not need to be referenced in the consolidated plan submitted in IDIS. Each grantee may prepare a single RHP Action Plan once per RHP allocation, not annually. Updating the current consolidated plan's needs assessment, market analysis, and strategy is not required.
24 CFR 570.486 and 24 CFR 91.505 – <i>Citizen participation and local government requirements</i>	The RHP Action Plan is subject to the process provided for substantial amendments in a grantee's Citizen Participation Plan. The CPP may be amended concurrently by grantees to allow at least 15 calendar days of RHP public comment.
42 U.S.C. 5304(a)-(c) , 24 CFR 570.304 and 570.485 – <i>Consolidated plan consistency</i>	The use of RHP funds is not required to be consistent with a grantee's consolidated plan.
42 U.S.C. 5304(e) – <i>CAPER</i>	HUD is not required to annually review RHP program performance for consistency with the consolidated plan
Eligible Activities, National Objective, and Overall Benefit	
42 U.S.C. 5305(a) – <i>Eligible activities</i>	All RHP-eligible activities shall be for the purpose of providing stable, temporary housing for individuals in recovery from a SUD.
42 U.S.C. 5305(a)(8) , 24 CFR 570.207(b)(4) , 201(e) & 482(c)(2) – <i>Limitations on income payments, public services cap, and state activities not subject to public services cap</i>	Lease, rent, and utilities costs may be paid for an eligible individual for up to 2 years. There is no limit on the portion of the grant that may be used for such costs. Payments must result in a new service or quantifiable increase in an existing service.

42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3) – <i>Ineligible activities: new construction of housing</i>	Expands eligible activities to allow new construction of housing, subject to the same requirements applicable to rehabilitation activities under 42 U.S.C. 5305(a)(4) and 24 CFR 570.202(b) .
24 CFR 570.208(a)(2) and 570.483(b)(2)(i)(B) – <i>Limited Clientele Activities</i>	Expands Limited Clientele criteria to enable assistance for acquisition, rehabilitation, reconstruction, or new construction activities, when at least 51% of beneficiaries are LMI. Any cost or other limitations on beneficiary participation may not be prohibitive for low-income persons.
24 CFR 570.208(a)(2)(i)(A) or 570.483(b)(2)(ii)(A) – <i>Limited Clientele presumptions</i>	Expands eligible categories of Limited Clientele to include persons who meet the federal poverty limits or persons who are insured by Medicaid.
42 U.S.C. 5301(c) – <i>Primary objective of the HCD Act</i>	RHP funds may not be used for activities to aid in the prevention or elimination of slums or blight, or activities addressing urgent needs. All RHP funds must be used for activities that benefit LMI persons.
Program Income	
24 CFR 570.489(e)(1) – <i>State definition of program income</i>	The provision is modified to include gross income received by subrecipients that is generated with RHP funds.
24 CFR 570.489(e)(2) and 570.500(a)(4) – <i>Program income exclusions</i>	The provision is modified to exclude from the definition of program income funds received/retained by a nonprofit whose primary mission is serving individuals in recovery from SUD.
<i>Treatment of program income and assets</i>	Prior to closeout, RHP grantee must transfer RHP program income and assets to another open RHP grant or to its CDBG program. Grantee must transfer program income and assets received after all RHP grants are closed out to its CDBG program; RHP waivers and alternative requirements no longer apply.
24 CFR 570.489(e)(3)(ii)(A) – <i>Units of general local government program income retention</i>	State must require units of general local government to return RHP program income if it will not continue the originally funded RHP activity. State must treat the funds as program income.
<i>Revolving loan funds</i>	Grantees are prohibited from establishing revolving loan funds with program income generated from the use of RHP funds.
Period of Performance and Closeout	
24 CFR 570.509 – <i>Entitlement grant closeout procedures</i>	The District of Columbia may follow the state closeout procedures referenced at 24 CFR 570.489(o) , which impose the closeout requirements of 2 CFR 200.343 (now moved to 2 CFR 200.344).

HELPFUL RESOURCES

1. [CDBG-RHP Federal Register Notice](#) (FR-6225-N-01) (11/23/2020)
2. [Recovery Housing Program Press Release](#) (11/24/2020)
3. [HUD OIG Integrity Bulletin: Subrecipient Oversight and Monitoring](#) (9/15/2016)
4. [HUD Recovery Housing Policy Brief](#)