INTRODUCTION

The Tennessee Department of Health\(^1\) states that in 2017, a total of 1,776 Tennesseans died from drug overdoses, and nearly three-fourths, 1,268, of those deaths were opioid-related. Prescription opioids were associated with more overdose deaths in 2017 than any other group of drugs. Deaths related to fentanyl, a substance similar to heroin but much more potent and dangerous, increased by 70 percent since 2016, while heroin-related deaths increased by 20 percent. According to the National Survey on Drug Use and Health, 90.5 percent of those reporting opioid abuse are not receiving treatment.\(^2\)

To stem the tide of addiction, overdoses and deaths from overdoses, Tennessee has built multiple resources on the road to recovery for those living with addiction. Securing a stable living environment free from addictive substances can be a serious obstacle to continued abstinence. Unfortunately, drug users who complete a treatment program and return to their former housing arrangements may be exposed to the same social and neighborhood environment that facilitated the addiction, which can lead to a relapse. As such, housing is a critical aspect of recovery, supporting re-entry into the community after completing substance abuse treatment.

There are different recovery housing models. Most often, these models rely on peer support and other wrap around services on the premises. Even though the importance of stable housing is accepted as fundamental for the long-term successful recovery\(^3\), there are circumstances that make providing housing for this population difficult. Challenges include: the growing demand exceeding the existing, limited resources; tenants’ lack of income resulting from difficulties of finding or maintaining employment; and communities not being supportive of recovery housing in their neighborhoods.

An overview of the opioid epidemic, efforts to combat this issue within Tennessee, and long-term housing solutions implemented in other states are presented below.

OPIOID ADDICTION: A GROWING PROBLEM

Opioids are drugs used to reduce or manage pain, which include prescription opioids such as oxycodone, a synthetic opioid pain reliever fentanyl, and the illegal drug heroin. According to the Centers for Disease Control and Prevention (CDC), drug overdose deaths, including those involving opioids, are on the rise both in the U.S. and in Tennessee.\(^4\) In 2016\(^5\), there were 1,630 drug overdose deaths in Tennessee, which translates into 24.5 deaths per 100,000 persons, placing Tennessee 13\(^{th}\) highest in overdose death rates, after states like West Virginia, Ohio, Pennsylvania, and Kentucky. The national rate during the same period was 19.7 deaths per 100,000 persons. Currently, opioids, both prescription and illegal, are the main driver of the drug related overdose deaths.
The CDC identifies three distinct waves in the rise of opioid overdose deaths in the nation between 1999 and 2016. The first wave began around 1999 with increasing overdose deaths involving prescription opioids (natural and semi-synthetic opioids and methadone). Around 2010, the second wave started with rapid increases in overdose deaths involving heroin. The third wave, beginning in 2013, marked significant increases in overdose deaths caused by synthetic opioids.

The opioid overdose deaths in Tennessee follow this national trend (see above figure). In 2016, more than 70 percent or 1,186 of total drug overdose deaths in Tennessee, were opioid-related. In Tennessee, heroin overdose deaths have increased from 17 in 2010 to 260 deaths in 2016 and deaths from synthetic and prescription opioids have also increased to 395 deaths and to 739 deaths, respectively.

Without action to stem the tide through improved and expanded recovery resources, the problem is not going away. Tennessee ranks third for prescribing opiates in the U.S. While the overall opioid prescribing rate in 2017 was 58.7 prescriptions per 100 people in the U.S., Tennessee had a rate of 94.4 per 100 people. Non-prescription drug misuse and overdoses are even more prolific in rural areas, mostly resulting from greater drug availability combined with economic distress factors in these areas.

**WHY HOUSING IS KEY FOR LONG-TERM RECOVERY**

Stable housing is an important part of the recovery process for people with opioid addiction. Maintaining sobriety may be difficult for individuals without access to stable housing, even among those successfully completing treatment. When opioid users experience homelessness or unstable housing conditions, recovery from addiction is almost impossible. SAMHSA has outlined four major dimensions that support a life in recovery, including health, home, purpose, and community.

Housing for those in recovery is on a continuum, starting with detox short-term housing, moving to transitional and long-term recovery housing. A range of models in this continuum represents different levels of care that support individuals at multiple points during their recovery process. Recovery housing, housing with treatment and wrap around services, can reinforce an addiction-free lifestyle and provide direct connections to peers in recovery and recovery support services. Recovery housing increases the chances of the residents’ achievement of long-term recovery from addiction and increases employment and income, while reducing the chance of both relapse and incarceration. Recovery housing, the final offering in the continuum of recovery-based residential settings, traditionally fits into one of two models (with some overlap): sober
living with no controlled substances allowed and sober living that allows for medication assisted treatment (MAT) such as methadone or Suboxone on the premises as a part of the therapeutic housing environment.

Housing for those in recovery can be complicated by criminal backgrounds, low or no income, poor rental history, poor credit, limited education and minimal work history. Additionally, most federal policies do not consider addiction a disability so people in recovery cannot access the same income, employment, and housing benefits available to people with mental illness or other disabilities.

Opioid addiction creates additional costs to the society beyond the private monetary costs to the individuals. According to a 2017 Council of Economic Advisors (CEA) report, these costs include increased use of healthcare resources, foregone earnings from gainful employment and higher costs to criminal justice system. In 2013, opioid addiction and overdose costs in the U.S. were $78.3 billion, of which 73 percent was attributed to increased use of the healthcare and judicial systems and loss of productivity. In addition to these costs, CEA also used the "value of a statistical life" (VSL) analytic method to further quantify the costs of opioid-related deaths. Using alternative methods for calculating VLS and adjusting for age, CEA’s opioid fatality cost estimates in 2015 are between $221.6 billion and $549.8 billion. Considering these costs associated with opioid addiction and overdoses, recovery housing that provides safe and affordable housing options to those recovering addicts is cost effective not just for the individual but also for society. Reduced use of healthcare and justice systems and increased productivity through gainful employment provide both direct monetary and nonmonetary benefits to the individual and to society.

STRUCTURING FINANCING FOR RECOVERY HOUSING

States are exploring multiple avenues to address the specialized affordable housing needs that support recovery. Recovery housing has three primary needs for funding and resources:

- capital for construction
- dollars for operational activities
- funding for supportive services

Funding for land, construction, acquisition and/or rehabilitation may come through several avenues. Common across many states tackling the housing component of addiction recovery is the use of the federal Low Income Housing Tax Credit program (LIHTC). LIHTC is a tax credit program administered by the Tennessee Housing Development Agency (THDA) and designed to increase the supply of quality, affordable rental housing by helping developers offset the cost of development through federal income tax credits. This program is the largest driver of the production of new affordable rental housing in the U.S. and is a part of both state examples examined later in this brief.

Similar to the LIHTC program, the Multifamily Tax-Exempt Bond Authority program can also provide significant funding for the development of recovery housing. Also administered by THDA, this program provides debt financing using proceeds from the sale of tax-exempt bonds in exchange for developers constructing new affordable rental housing units, converting existing properties through adaptive reuse, or for the acquisition and rehabilitation of rental units.

The Tennessee Housing Trust Fund Competitive Grants Program funds nonprofit organizations, cities, counties, Public Housing Authorities, and other departments of Tennessee State government to rehabilitate or construct affordable rental housing for low-income households, the elderly, and special needs Tennesseans. In fact, this program provided substantial funding to Renewal House, Nashville’s largest addiction recovery housing development for women and children. This project is discussed in greater detail in the following section.
Other programs administered by THDA that could potentially fund a portion of construction and/or operational costs include the National Housing Trust Fund, the Community Investment Tax Credit program, and the Section 8 Housing Choice Voucher program. Cities and counties can also contribute dollars toward recovery housing through their local housing trust funds such as the Barnes Housing Trust Fund in Nashville and the newly created Chattanooga Housing Trust Fund. Finally, dollars from other state agencies such as the Tennessee Department of Correction, Human Services, TennCare, and Mental Health and Substance Abuse Services could support the long-term operations and wrap around services provided to those living in a recovery housing model.

RECOVERY HOUSING IN TENNESSEE

Tennessee is already host to state and local efforts to provide recovery housing to residents needing support on their sobriety journey. Most of the recovery housing programs were established more than ten years ago when heroin was the predominant substance abused in the state. Multiple state partners have dedicated funding to the effect to support the housing needs of those in recovery, perhaps most notably, The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) and THDA.

One of the most utilized recovery housing models in Tennessee is Oxford House. This program is a self-supported and self-run program in recovery homes scattered throughout the United States. The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) has provided financial support to the expansion of the Oxford House model in the state. All of the homes operate under the umbrella of Oxford House, Inc. which creates a network for all Oxford Houses and allocates resources to duplicate the Oxford House concept in new communities. The number of residents in an Oxford House may range from six to 15 and, to date, there are more than 80 Oxford Houses in the State of Tennessee. Researchers looked into the Oxford House model, comparing residents in recovery housing to a person returning to a community without recovery supports, and documented a cost savings of $29,000 per person. This study considered the cost of substance use, illegal activity, and incarceration that might occur. Benefits in the study are derived from the self-reported monthly income, days engaged in illegal activities in the past month, no incarceration, and abstinence in the prior 90 days. A unique point about this model is that there is only one rule applicable to all Oxford Houses: membership is conditioned on not drinking or taking drugs. The model states that all other rules tend to evolve from the membership of the House itself. While this provides a sense of autonomy among the residents of this model, some individuals working on long-term sobriety may find it difficult to live in an environment with limited structure and no wrap around services.

Another model that is more localized but produces a substantial impact on long-term recovery is Renewal House. Based in Nashville, this program provides specialized addiction treatment to women and their children. Supportive services through this model include individual and group therapy, transportation, vocational support, and trainings on parenting skills, relapse prevention, and life skills. THDA’s Housing Trust Fund, Tennessee Department of Human Services, TDMHSAS, and the federal Community Development Block Grant program funds supported the launch and long-term operation of this program. Renewal House is the only long-term supportive housing program in Middle Tennessee that treats women and their children together. Since 1996, more than 630 women and 500 children have been served through the Renewal House supportive housing program. According to their annual impact report, 75 percent of residential clients completed licensed treatment achieving sustained sobriety and 90 percent of children exiting the residential program had improved social and emotional wellbeing. Other notable supportive housing models in Tennessee include Mending Hearts who support women and their children who are or are at risk of becoming homeless as a result of their addiction, and The Next Door which provides an integrated model to address co-occurring disorders in response to the common need among residents for mental health and addiction counseling. Both of these organizations have also received operational dollars for their supportive housing through the Tennessee Housing Trust Fund.

As previously mentioned, there has been a dramatic shift in the non-medical use of prescription opioids, which has amplified the need to build on and expand existing models to meaningfully combat the growing opioid crisis in our urban and rural communities. The following are two examples of states that have received national attention for their commitment to housing as a part of their opioid recovery model.
RECOVERY HOUSING IN KENTUCKY

In 2005, then-Governor Ernie Fletcher and the Kentucky Housing Corporation (KHC) created Recovery Kentucky, a statewide housing and treatment initiative to address the drug addiction epidemic that was devastating the state. Through a partnership with the Department of Corrections, there are 14 Recovery Kentucky centers across the state, providing stable housing for up to 2,000 Kentuckians at a time. This model gives preference to those who are referred through the criminal justice system. Recovery Kentucky also prioritizes for entry to the housing program those chemically-dependent individuals who are homeless, have a history of homelessness, or are at risk of homelessness. Further, Recovery Kentucky was designed to save Kentuckians millions in tax dollars that would have been spent on emergency room visits and jail costs.

As the state housing finance agency, KHC took the lead in providing funding to construct each facility. An annual allocation of $2.5 million in LIHTC provided the bulk of the funding, and HOME funds, dollars from the state’s housing trust fund, and funding from the Federal Home Loan Bank were added to the capital stack for construction costs. Recovery Kentucky also utilized the following funding for operational and service costs: Section 8 Housing Choice Vouchers; Department of Corrections funding at $31 per day for each person referred through probation and parole; Community Development Block Grant funds; and Supplemental Nutrition Assistance Program (SNAP – formerly Food Stamps) benefits for most of the residents living in their recovery facilities.

The Recovery Kentucky model has already seen positive results. A recent report of their program revealed that approximately 63 percent of their clients were misusing opioids when entering the program but in their one-year follow-up assessment, only 2 percent of those clients were still using opioids.

<table>
<thead>
<tr>
<th>Recovery Kentucky Client 6-Month Follow-Up Results</th>
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<tbody>
<tr>
<td><strong>Client Intake</strong></td>
</tr>
<tr>
<td>83% reported any illegal drug use</td>
</tr>
<tr>
<td>50% reported any alcohol use</td>
</tr>
<tr>
<td>63% reported any opioid use</td>
</tr>
<tr>
<td>38% reported any heroin use</td>
</tr>
<tr>
<td>66.3% met criteria for depression</td>
</tr>
<tr>
<td>38% reported being homeless</td>
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<tr>
<td>45.8% were employed</td>
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$2.60 estimated return for each dollar invested.

Recovery Kentucky provided a model for other states struggling with addiction and homelessness. West Virginia, Virginia, and North Carolina have replicated a variation of the Recovery Kentucky program model in their states.

RECOVERY HOUSING IN OHIO

Ohio adopted a robust funding strategy to develop and sustain affordable recovery housing. In 2018, Ohio dedicated $3.5 million in state general revenue funding and $20 million in capital funds for recovery housing construction. In the same year, the Ohio Housing Finance Agency (OHFA) adjusted their Low Income Housing Tax Credit (LIHTC) Program to prioritize recovery housing developments for residents overcoming opioid and other drug disorders. OHFA included a set-aside for the development of recovery housing in the 2018 Qualified Allocation Plan (QAP) by dividing its supportive housing pool into two categories: traditional permanent supportive housing, and a new category specifically for substance abuse recovery housing. The substance abuse recovery housing category is funded with $500,000 in LIHTC, anticipating the funding of one project per year under the new category. In 2018, OHFA awarded funds from this pool to Pearl House, which will provide 34 units of recovery housing in Zanesville, Ohio. This program will prioritize parents with children who are homeless or at risk of homelessness.
Prior to the 2018 multi-pronged effort, OHFA helped finance another development with Pearl House in 2014. This 21-unit recovery housing development is located in the small rural community of Lancaster hard hit by the opioid epidemic. The $5.6 million development was financed primarily with LIHTC awarded by OHFA and also received money from the Housing Development Assistance Program through the Ohio Housing Trust Fund and the Federal Home Loan Bank of Cincinnati Affordable Housing Program.

Critical to the success of Pearl House Lancaster was a rich collaboration across housing and other wrap around services. A local non-profit treatment organization, The Recovery Center, provides a full spectrum of treatment services and is adjacent to the site. To sustain its housing affordability, the development has a 15-year project-based voucher contract with the Lancaster Metropolitan Housing Authority, and the supportive services are paid through Medicaid.

This model has also seen impressive results since its launch in 2014. According to the Pearl House developer, Jennifer Walters, all 21-units have remained fully occupied, seven families have been reunited and are in stable housing, about half of the residents are fully employed, five residents have completed their GEDs, and two residents are currently in college.

In addition to the state’s commitment to recovery housing, local jurisdictions including Cuyahoga and Trumbull Counties are providing rental stipends to new residents in recovery housing to help individuals with their transition, find employment, and connect to the community in healthy, purposeful ways. Hancock County purchased recovery homes directly and the Cuyahoga Land Bank allocates some of its portfolio for recovery housing.

CONCLUSION

From 1999 to 2017, deaths involving prescription opioids have quadrupled, with more than 399,000 individuals in the U.S. dying from an opioid overdose. Housing specifically designed to support individuals recovering from opioid addiction show great promise in keeping residents housed and helping them with long-term sobriety. Thankfully a national dialogue has led to the exploration of best practices to help policymakers, practitioners, and state and local government strategically address this issue. Still, important financial questions remain due to multiple demands on housing dollars and a growing demand for this model. All stakeholders need to collaborate with one another in order to secure funding for the development and operations of recovery housing but also for the much needed wrap around services for residents often dealing with limited resources, a lack of income, and the broader community not being supportive of their situation due to the stigma of this population. With its strong partnerships and expertise in housing development, the state needs a significant expansion of recovery housing in both urban and rural communities to better support Tennesseans in recovery.
Opioid overdose deaths include those caused by prescription and illicit opioids. 2017 data are the most recent available from the CDC. "Drug Overdose Deaths in the United States, 1999-2017," Centers for Disease Control and Prevention.

ABOUT THDA

As the State’s housing finance agency, the Tennessee Housing Development Agency (THDA) is a self-sufficient, independently funded, publically accountable entity of the State of Tennessee. THDA aspires to meaningfully expand safe, sound, affordable housing opportunities for low- and moderate-income Tennesseans. More information about THDA programs can be found online at [www.thda.org](http://www.thda.org).