



# Office of Rental Assistance and Homeless Solutions

## Policy Manual

### Recovery Housing Program (RHP)

735 E Michigan Ave  
P.O. Box 30044  
Lansing, MI 48909

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## **I. PURPOSE**

The Recovery Housing Program (RHP) provides funding for states and the District of Columbia to provide stable, transitional housing for individuals in recovery from Substance Use Disorder. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. MSHDA will secure and provide relevant technical assistance for all RHP subrecipients, utilizing up to 3% of all funding allocated for eligible costs.

MSHDA, as the non-entitlement recipient for the State of Michigan, received two allocations of RHP funding, totaling \$1,878,958 for HUD fiscal years 2022 and 2023. RHP was authorized under Section 8071 of the Support for Patients and Communities (SUPPORT) Act. HUD published its formula in the Federal Register on April 17, 2019 (84 FR 16027), identifying the 25 eligible grantees and allocation percentages, which includes Michigan. Per HUD, this program supports activities authorized under Section 8071 of the SUPPORT for Patients and Communities Act, entitled Pilot Program to Help Individuals in Recovery From a Substance Use Disorder Become Stably Housed, herein referred to as the Recovery Housing Program, or RHP. This pilot program authorizes assistance to grantees (states and the District of Columbia) to provide stable, temporary housing to individuals in recovery from a substance use disorder. The assistance is limited, per individual, to a period of not more than 2 years or until the individual secures permanent housing, whichever is earlier. The funds for fiscal year 2020 allocations described in this notice were made available by the Further Consolidated Appropriations Act, 2020, which was signed by President Trump on December 20, 2019.

2 Section 8071 of the SUPPORT Act (Section 8071) requires funds appropriated or made available for RHP be treated as Community Development Block Grant (CDBG) funds under title I of the Housing and Community Development Act of 1974 (HCD Act) unless otherwise provided in Section 8071 or modified by waivers and alternative requirements. The SUPPORT Act authorizes the Secretary to waive or specify alternative requirements to any provision of title I of the HCD Act, except for requirements related to fair housing, nondiscrimination, labor standards, the environment, and requirements that activities benefit persons of low- and moderate-income.

Note: Changes may occur as statutory interpretations and clarifications become available from HUD, or as MSHDA rules, procedures, or guidelines are revised. In such situations, once the regulatory/programmatic changes are implemented, a new, revised version of the Policy will be sent out to all MSHDA RHP grantees and subgrantees, as well as posted on the MSHDA RHP website.

Any questions regarding this policy can be directed at any time to [MSHDA-HS@michigan.gov](mailto:MSHDA-HS@michigan.gov).

## II. GUIDING PRINCIPLES

In administering this program, MSHDA affirms and supports the following guiding principles:

### HOUSING FIRST

Housing First is an approach to quickly and successfully connect individuals experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment, or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.

Recovery Housing, when administered in a manner consistent with best practices and in a community that has adopted the principles of Housing First communitywide, can be a part of a larger community approach grounded in choice for people who are experiencing homelessness and have substance use disorders. HUD strongly encourages CoC's (Continuums of Care) to adopt a system-wide Housing First orientation that removes barriers whenever possible and that addresses the housing needs of people at all stages of recovery. When operated in a manner consistent with this guidance, Recovery Housing might not be in conflict with this approach so long as entry into the program is based on the choice of the program participant. Unless court ordered, no recipient should require a person to enter Recovery Housing or only provide this type of program as a housing option. Where a person experiencing homelessness with a substance use disorder indicates that their preference is to live in a community that uses a peer community to support sobriety, Recovery Housing is an appropriate option. For example, while a Recovery Housing program is otherwise low barrier, programs can limit entry to persons who are not currently using drugs or alcohol and are committed to living in a housing setting with peers who are committed to abstinence and have chosen the program and its design. The key is that the program participant has sought out this type of program as their preferred choice for supporting their personal commitment to their sobriety and holistic recovery.

In fact, Recovery Housing shares several core elements consistent with the Housing First approach including:

- minimal barriers to entry;
- person-oriented and respects resident choice—the resident is choosing a housing setting focused on supporting sobriety/abstinence which uses a peer community to support them in their individual decision to pursue sobriety; and
- failure to participate in formal service programs is not cause for eviction, although actively participating in community-led activities, such as attending resident meetings, is often expected in recovery housing.

Recovery Housing can and should be a component of any CoC that needs this type of resource to prevent and end homelessness in its community. Recovery Housing, however, should be offered by the CoC in proportion to the client need and desire for such an option within the community. Communities should ensure that their housing programs accept and serve people at all stages of recovery, including people who are still using alcohol or drugs. Organizations that operate successful Recovery Housing programs may also operate other programs and housing units that target persons experiencing homelessness with substance use disorders, but which emphasize harm reduction practices—likely in units not located on the same site as its Recovery Housing. Within an effective system for addressing the needs of people with substance use disorders, program participants should be able to choose to move to the living environment best aligned with their preferred choice. In support of residential stability and ending homelessness, CoCs should promote flexible policies that allow individuals and families to transition from one living environment to another even when the projects are not owned or sponsored by the same organization.

## RACIAL EQUITY

People of color experience homelessness at disproportionately high rates due to historic and ongoing systemic racism.<sup>1</sup> Funders, CoCs (Continuums of Care), homeless and housing services, and recovery programs have a significant and direct responsibility to minimally ensure they are not contributing to or supporting a disparate housing and service impact on Black, indigenous, and any people of color experiencing homelessness.

Additionally, all partners must proactively and intentionally engage to implement organizational, structural, policy-focused, and service-driven changes informed by data and – most importantly – lived experience. Understanding racial disparities data within service delivery is a critical first step towards establishing improved racial equity in service outcomes.

### III. FEDERAL AND MSHDA FUNDING REQUIREMENTS

All services provided under MSHDA RHP via grantees and subgrantees must meet the federal and MSHDA funding requirements as outlined in the topic areas below.

#### FAIR HOUSING

The goal of affirmatively furthering fair housing is to help bring an end to discriminatory housing practices, both past and present, that directly impact fair access and equal opportunity to safe and affordable housing. MSHDA requires all RHP grantees and subgrantees to following the detailed practices below.

##### **Affirmative Outreach**

Under [section 808\(e\)\(5\) of the Fair Housing Act](#), HUD has a statutory duty to affirmatively further fair housing. Grantees and subgrantees must communicate and make known that use of RHP funded facilities, assistance and services are available to all on a nondiscriminatory basis. Grantees and subgrantees must develop and implement affirmative outreach written procedures and communication tools and materials to inform persons without regard to race, color, religion, sex, national origin, familial status, or disability, how to obtain access to facilities and services. If it appears the procedures grantees and subgrantees intend to use to accomplish this will not reach persons of any race, color, religion, sex, national origin, familial status, or disability who may qualify for those activities and services, grantees and subgrantees must establish additional procedures to ensure those persons are made aware of assistance opportunities.

Reasonable accommodations for persons with disabilities must be available to ensure disabled participants have an equal opportunity to utilize housing, including shelters, and receive essential services. Greater levels of accessibility may be required for some shelters in compliance with The Americans with Disabilities Act (ADA).

##### **Nondiscrimination**

MSHDA RHP grantees and subgrantees are required to comply with all state and federal statues relating to nondiscrimination and cannot take any of the following actions based on race, color, religion, sex, national origin, familial status, or disability:

- Refuse to rent housing or provide services
- Make housing or services unavailable
- Deny a dwelling or service
- Set different terms, conditions or privileges for rental of dwelling or obtaining services
- Provide different housing services or facilities or different services
- Falsely deny that housing is available for inspection or rental or that services are available
- Deny anyone access to a facility or service.

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<sup>1</sup> <https://endhomelessness.org/resource/racial-equity-resources/>

## Limited English Proficiency (LEP)

The Federal government has issued a series of policy documents, guides and regulations describing how grantees and subgrantees should address the needs of citizens who have limited English proficiency (LEP). The abbreviated definition of persons with limited English proficiency is those who: have difficulty reading, writing, speaking, or understanding English, and do not use English as their primary language.

Grantees and subgrantees must have a LEP policy document within their CoC coordinated entry policies that describes actions they take to identify LEP populations in their service areas and defines actions they will take to provide language assistance and address language barriers. The policy must also state how and how often staff will receive training about assisting LEP persons, how the level of success of the policy will be identified and how changes will be made if needed.

Additional resources on Fair Housing:

- [MSHDA Fair Housing](#)
- [HUD Fair Housing](#)

## VIOLENCE AGAINST WOMEN ACT (VAWA)

On November 16, 2016, HUD published the [Violence Against Women Act \(VAWA\)](#) final rule regarding housing protections for victims of domestic violence, dating violence, sexual assault, or stalking. This final rule prohibits an applicant for assistance or tenant assisted with RHP from being denied assistance under, denied admission to, terminated from participation in, or evicted from housing on the basis or as a direct result of the fact that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, so long as the applicant otherwise qualifies for admission, assistance, participation or occupation ([24 CFR 5.2005 \(b\)\(1\)](#)).

In addition, the VAWA Final Rule requires that each housing provider produce a detailed emergency transfer plan, which ensures that a tenant receiving rental assistance through or residing in a unit subsidized under an RHP housing program who is a victim of domestic violence, dating violence, sexual assault, or stalking qualifies for an emergency transfer within the criteria stated in [24 CFR 5.2005 \(e\)\(2\)](#).

All MSHDA RHP housing providers must maintain records on emergency transfers requested under [24 CFR 5.2005\(e\)](#). Documentation of emergency transfer requests can be completed using the optional [HUD Form 5383](#). MSHDA RHP housing providers are responsible to track data on the outcomes of each request and must be able to provide to MSHDA RHP program staff upon request.

All MSHDA RHP rental assistance activities must provide applicants and participants the RHP Notice of Occupancy Rights Under the Violence Against Women Act (VAWA) Form. This MSHDA form satisfies VAWA Final Rule requirements.

Rental assistance programs must provide copies of the HUD Forms to the property owner or manager at the time of lease-up.

All referenced HUD forms and additional information regarding VAWA procedures and requirements can be found on the [MSHDA ESG website](#).

## HUD EQUAL ACCESS RULE

On September 21, 2016, HUD published a final rule in the [Federal Register](#) entitled “Equal Access in Accordance with an Individual’s Gender Identity in Community Planning and Development Programs.” Through this final rule, HUD ensures equal access to individuals in accordance with their gender identity in RHP. This rule builds upon HUD’s February 2012 final rule entitled “[Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity](#)” (2012 Equal Access Rule), which aimed to ensure that HUD’s housing programs would be open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status.

Gender identity is defined as the gender with which a person identifies, regardless of the sex assigned to that person at birth and regardless of the person's perceived gender identity. Perceived gender identity means the gender with which a person is perceived to identify based on that person's appearance, behavior, expression, other gender related characteristics, or sex assigned to the individual at birth or identified in documents. MSHDA RHP grantees and subgrantees are required to establish equal access on gender identity policies (in line with federal rules and the requirements in this document) for:

- Program admissions
- Occupancy
- Operating policies and procedures (including privacy and security policies)

### **Habitability and Lead Requirements**

- The grantee or subgrantee must ensure that housing meets any MSHDA standards that add to or exceed HUD's minimum standards.
  - Staff must conduct initial on-site inspections to ensure compliance with minimum habitability standards by using the MSHDA RHP Minimum Habitability Standards Checklist. The current MSHDA RHP Minimum Habitability Standards Checklist can be found on the [MSHDA RHP website](#).
- Housing must meet all standards for the entire period during which MSHDA RHP funds are provided.
- If housing is moved to a new site or structure, that new site or structure must meet all habitability standards for the remaining period that RHP funds are used.

### ***Lead-Based Paint Remediation and Disclosure***

Any housing space supported with HUD funding, which serves pregnant women or children under the age of six and was constructed prior to 1978, must follow all lead-based paint regulation as outlined in the following: [The Lead-Based Paint Poisoning Prevention Act](#), the [Residential Lead-Based Paint Hazard Reduction Act of 1995](#), and implementing regulations in [24 CFR part 35](#), subparts A, B, H, J, K, M and R. Any households meeting these requirements and accessing housing constructed prior to 1978 must be provided a copy of the lead-based paint notification pamphlet. RHP grantees must refer to [24 CFR part 35](#), subpart K of the implementing regulations for guidance on appropriate steps for lead based paint inspection and remediation. The grantee or subgrantee MUST contact MSHDA RHP program staff immediately if they suspect that they are out of compliance with these regulations.

### **FAITH-BASED ACTIVITIES**

The provisions listed under [24 CFR 576.406](#) allow that faith-based organizations are eligible, on the same basis as any other organization, to participate in HUD programs and activities, provided that the organization does not use RHP funds to support or engage in any explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), or in any other manner prohibited by law.

If a grantee or subgrantee engages in explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), the explicitly religious activities must be offered separately, in time or location, from the programs or activities supported by direct Federal financial assistance and participation must be voluntary for the beneficiaries of the programs or activities that receive direct Federal financial assistance.

### **DENIAL OF ASSISTANCE OR TERMINATION OF ASSISTANCE**

MSHDA RHP grantees and subgrantees must have written denial and termination policies and procedures. The policies and procedures should be readily available to program participants and applicants either in writing or by posting them in a public place. Copies and explanation of the policies and procedures must be provided directly to any participant or applicant when denial, termination or any other action affects the participant or

applicant's ability to receive assistance. The notice must provide the specific reason(s) for the action and provide a process the participant or applicant can follow to request a review of the decision. This process, at a minimum, must consist of the following:

- Written notice to the program participant or applicant containing a clear statement of the reasons for denial or termination;
- A review of the decision, in which the program participant or applicant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination; and
- Prompt written notice of the final decision to the program participant or applicant.

Termination or denial of assistance does not prevent grantees and subgrantees from providing further or future assistance to the same household or individual if they are determined eligible for such assistance.

**Note:** If the grantee or subgrantee is terminating rental assistance to a program participant, they must immediately notify the landlord of the date rental assistance for their tenant will end. Case managers may contact MSHDA RHP program staff for guidance.

## **GRIEVANCE AND APPEALS**

As part of written policies and procedures, each grantee and subgrantee must develop written policies allowing for submission and remediation of grievances. These policies must allow for an appeal process in which, if a participant disagrees with remediation measures, the participant is given the opportunity to present written or oral objections before someone other than the person (or a subordinate of that person) who made or approved the remediation measures in question.

## **CONFIDENTIALITY AND PRIVACY**

MSHDA RHP grantees and subgrantees must incorporate into their policies and procedures a process that will ensure the confidentiality of program participants' identifying information; records pertaining to any individual or family provided family violence prevention; and treatment services offered under any project assisted with RHP funds. Furthermore, the address or location of any housing for victims of domestic violence assisted under RHP will be anonymous except upon written authorization from the person or persons responsible for the operation of housing for this information to be made public.

# **IV. MSHDA RHP ELIGIBLE COSTS**

## **MSHDA RHP COMPONENTS**

### **Leasing Costs**

MSHDA RHP funds may be used for the Grantee's leasing of property or portions of property, not owned by direct Grantee, to expand Grantee or Subgrantee's capacity the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder. (Section 423 HEARTH Act)

### **Rental Assistance**

MSHDA RHP funds may be used for lease or rent, payments on behalf of an individual in recovery from a substance use disorder, for up to two (2) years or until the assisted individual finds permanent housing, where such payments result in either new service not previously provided and /or a quantifiable increase in the level of an existing service that had been provided in calendar year 2021. Such payment may not be paid directly to the assisted individual. (Section 423 HEARTH Act)

### **Utilities**

MSHDA RHP funds may be used to pay utility costs on behalf of an individual in recovery from a substance abuse disorder, or the Grantee's increased utility costs incurred by nature of Grantee's expanded capacity. Utilities include heat, electricity, sewer, and water.

## Administration Costs

The SUPPORT Act contains two requirements that modify existing CDBG requirements. Pursuant to Section 8071(c)(3), up to 5 percent of any RHP grant may be used for administrative costs. Therefore, the total of all costs classified as administrative for each subrecipient must be less than or equal to the 5 percent cap per awarded subrecipient grant. Secondly, Section 8071(d)(2) provides that no matching funds are required for subrecipients to receive RHP grants. MSHDA RHP grantees and subgrantees may use up to 5% of the total grant allocation for the payment of administrative costs related to the planning and execution of RHP activities.

- General Management, Oversight, and Coordination
- Training on RHP Requirements (conferences, trainings)

### *General Management, Oversight and Coordination*

The costs of overall program management, coordination, monitoring, and evaluation are eligible administrative activities. These costs include, but are not limited to, necessary expenditures for the following:

Salaries, wages, and related costs of the grantee or subgrantee staff engaged in program administration. In charging costs to this category, the grantee or subgrantee may either include the entire salary, wages, and related costs allocable to the program whose *primary* responsibilities with regard to the program involve program administration assignment, or the pro rate share of the salary, wages, and related costs of each person whose job includes any program administration assignments. The grantee or subgrantee may use only one of these methods for each fiscal year grant. Program administration assignments include the following:

- Preparing program budgets and schedules, and amendments to those budgets and schedules;
- Developing interagency agreements and agreements with subgrantees and contractors to carry out program activities;
- Monitoring program activities for progress and compliance with program requirements;
- Preparing reports and other documents directly related to the program for submission to HUD;
- Coordinating the resolution of audit and monitoring findings;
- Evaluating program results against stated objectives; and
- Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described above.

Also eligible are administrative services performed under third-party contracts or agreements (including general legal services, accounting services, and audit services) and other costs for goods and services required for administration of the program (including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

### *Training on RHP Requirements*

Eligible costs include those of providing training on RHP requirements and attending HUD or MSHDA-sponsored RHP trainings.

## INELIGIBLE ACTIVITIES

Ineligible activities that cannot be funded with MSHDA RHP include, but are not exclusive to:

- Replacement of existing mainstream resources
- Leasing or Rental payments made directly back to RHP grantee
- Payments made directly to program participants
- Payments on a mortgage or land contract (rent to own/lease to purchase)
- Construction or rehabilitation
- Case Management
- Program services, including but not limited to:
  - Car repair for program participants
  - Food

- Medical or dental care and medicines
- Clothing and grooming
- Entertainment activities
- Payments on credit card bills or other consumer debt, including child support or garnishments
- Provision of cash assistance
- Payment of costs of discharge planning programs in mainstream institutions such as hospitals, nursing homes, jails, or prisons
- Payment for religious activities (**Note:** While organizations that are religious or faith-based are eligible to receive MSHDA RHP funds, religious activities must be conducted separately, in time and location, from MSHDA RHP-funded activities and participation must be voluntary for program participants).

### **Habitability Standards**

Housing for all RHP program participants receiving rental assistance must meet HUD minimum habitability standards for permanent housing. MSHDA RHP grantees and subgrantees must document compliance with this standard by completing a Habitability Standards Checklist before the participant signs a lease or before the grantee or subgrantee provides any RHP rental or financial assistance specific to the unit. The current checklist can be found on the [MSHDA RHP website](#).

### **Lead-Based Paint Requirements**

All HUD-funded programs with housing occupied by program participants are required to incorporate lead-based paint remediation and disclosure requirements. Generally, these provisions require the recipient to screen for, disclose the existence of, and take reasonable precautions regarding the presence of lead-based paint in leased or assisted units constructed prior to 1978.

RHP-funded programs are required to incorporate the Lead-Based Paint Poisoning Prevention Act ([42 U.S.C. 4821-4846](#)), the [Residential Lead-Based Paint Hazard Reduction Act of 1992](#) (42 U.S.C. 4851-4846), and [24 CFR part 35](#), subparts A, B, H, J, K, M, and R in the unit.

### **Lease Agreement**

Each program participant or RHP grantee receiving or providing rental assistance must have a legally binding, written lease for the rental unit. The lease must be between the owner and the program participant (known as rental assistance) or between the owner and the RHP grantee (known as leasing assistance) and must be signed by both parties. Lease agreements can be month-to-month or annual, but participants can only be assisted up to 24 months.

## **V. RECORDKEEPING**

Consistent with applicable statutes, regulations, waivers and alternative requirements, and other federal requirements, the records maintained by the successful applicants shall be sufficient to: (1) enable HUD to make the applicable determinations described at [24 CFR 570.493](#); (2) make compliance determinations for activities carried out directly by the state; (3) show how activities are consistent with the descriptions of activities in the RHP Action Plan in the DRGR system and with the requirements that apply to the use of RHP funds; and (4) demonstrate that monitoring standards and procedures are sufficient to ensure program requirements are met and provide for continual quality assurance and adequate program oversight. For fair housing and equal opportunity (FHEO) purposes, and as applicable, such records shall include data on racial, ethnic, and gender characteristics of persons and households who are applicants for, participants in, or beneficiaries of the program.

Successful applicants will submit costs for review and approval to ensure that expenditures align with eligible costs and that costs do not exceed established caps. MSHDA will utilize an online grant management system (IGX) to monitor billing, reporting, and program compliance. Additional forms and documents may be required as HUD guidance for RHP is amended or expanded.

## **V. ROLES AND RESPONSIBILITIES**

MSHDA reserves the right to alter any/all recommendations based on issues of prior applicant performance, applicant capacity, eligibility of project activities, and consistency with the criteria and standards discussed in this NOFA.

Grantees will be responsible to:

- Execute grant documents, including a signed grant agreement and applicable organizational documents required by MSHDA.
- Assure the use of funds in accordance with the grant agreement and communicate knowledge of fraudulent activities to MSHDA.
- Complete IGX billing in a timely and complete manner.
- Leverage all available resources to support the success of Individuals in Recovery.
- Attend monthly RHP Check-In meetings via Zoom.
- Attend technical assistance training opportunities paid for by MSHDA.
- Follow HUD Fair Market Rent (FMR) when providing Rental or Leasing Assistance.
- Evaluate the quality of services and provide oversight of the program based upon documented outcomes.
- Maintain financial and client level records to support billings. This information must be retained for five years.
- Create or maintain relationship with local Continuum of Care (CoC) or local planning body (LPB).

MSHDA Roles and Responsibilities:

- Manage and monitor the Recovery Housing Program and its grantees via the online grant management system, IGX.
- Complete additional monitoring of subrecipients through annual risk assessments based on agency spending patterns and program compliance, as well as through the administration of two desk or on-site monitoring visits within the first year of the program.
- Monitor ten percent (10%) of all participant files, as well as the financial records of subrecipients, and provide a copy of the findings report to the subrecipient.
- Retain 3% of total RHP allocation to secure Technical Assistance for all grantees.
- Host monthly RHP Check-in meetings via Zoom.

## **VII: REPORTING AND OUTCOMES**

HUD-funded transitional housing (TH) and permanent supportive housing (PSH) projects are subject to program and system level performance measures, including the rate at which program participants obtain or remain in a permanent housing situation. However, at the local level CoCs should use caution when comparing other TH or PSH programs to Recovery Housing programs, especially for the purposes of prioritizing funding. Recovery Housing is intended to support recovery from addictions, including recovery for people with severe substance use disorders; therefore, it could take longer to achieve permanent housing, employment, and stability outcomes than for other programs, but those outcomes should still be clear expectations for all programs. Although re-entry into transitional housing after relapse could adversely affect permanent housing placement outcomes, HUD is encouraging flexible practices regarding relapses.

HUD will continue to provide and refine guidance on program- and system-level outcome measures that account for unique models like Recovery Housing. In the meantime, MSHDA is targeting local measures that are appropriate to the model, and which focus on the change in condition of program participants between program entry and exit. Pending further guidance from HUD, below are examples of what MSHDA will ask grantees and subgrantees to track:

- **Housing Stability:** In Recovery Housing, grantees and subgrantees will report on exits to stable permanent housing.
- **Income:** Obtaining and maintaining employment and/or increasing income is a positive outcome.
- **Sobriety:** An increase in number of days sober in comparable periods before and after treatment or across two equal treatment periods is a positive outcome. Alternatively, a decrease in the number of days of relapse in comparable periods could be measured.

HUD and the U.S. Interagency Council on Homelessness also intend to provide more guidance regarding the alignment of Recovery Housing programs within communities' overall approach, strategies, and systems for addressing substance use.

## **VI. GRANT APPLICATION, BUDGET, AND BILLING**

This section provides an overview of the grant application process and the expectations for MSHDA RHP budget development and billing. Additional guidance regarding these elements, including required documentation and forms, can be found in the annual release of the MSHDA RHP Notice of Funding Availability, and the MSHDA RHP Application Detailed Instructions.

### **NOTICE OF FUNDING AVAILABILITY (NOFA)**

On an annual basis, MSHDA will provide a Notice of Funding Availability (NOFA) statewide for potential RHP applicants to review and respond to via the MSHDA RHP application process. The NOFA will outline the availability of MSHDA RHP funding and the process by which to apply. Potential grantees are expected to review these opportunities and determine the approach to application, including potential funding of grantees.

### **APPLICATION**

MSHDA uses an online grant management system (IGX) to establish authorized fiduciaries and subgrantees, accept grant applications, and complete payments to fiduciaries and subgrantees based on approved Financial Status Reports (FSRs). For any agency to be considered for MSHDA RHP funding, the following documents are required and must be reviewed and affirmed by MSHDA:

#### **All Applicants**

- Organizational Mission Statement and Target/Service Area
- List of Board of Directors & Officers
- Organizational Chart – including a staff roster with relevant program staff
- Most Recent Completed Financial Audit (If your agency receives more than \$750,000 in federal funds annually)
- Most Recent Financial Statements (If your agency receives less than \$750,000 in federal funds annually-must be reviewed by CPA or equivalent)
- Single Audit Certification Form (MSHDA Form)
- Conflict of Interest Policy and Certification Form (MSHDA Form)
- Administrative Compliance Certification Form (MSHDA Form)
- Fair Housing Certification Form (MSHDA Form)
- Fraud Policy
- Indirect Cost Allocation (If applicable)
- Proof of Liability Insurance and Crime and Dishonesty Insurance
- Proof of MARR Certification (Tribal entities that are not currently certified must show proof of MARR certification by the grant start date)
- Proof of SAM.gov UEI Active Status

- Letters of Support, including the [Continuum of Care \(CoC\) or Local Planning Body \(LPB\)](#) (*Optional*)

### **Non-profit Applicants Only**

- Most recent 990 (Corporate Tax Return)
- Current Fiscal Year Operating Budget
- Certificate of Good Standing, dated within last 12 months
- IRS 501(c)3 Designation
- Articles of Incorporation
- Organizational Bylaws
- Employee Status (list indicating the number of paid personnel working 35 hours or more per week and the number working less than 35 hours per week)

## **BILLING**

### ***Advancement and Reimbursement Requests (Financial Status Reports)***

The Fiduciary is minimally required to submit quarterly Financial Status Reports (FSRs) within the IGX grant system. FSRs can be considered for reimbursement of eligible costs or advancement funds to pay for eligible costs. Reimbursement requests must be submitted with supporting documentation as required by expense type. All FSRs are reviewed by MSHDA's RHP staff and can only be fulfilled through MSHDA-process approval.

The following documents must be submitted with each FSR:

- MSHDA approved coversheet spreadsheet
- Detailed general ledger(s) by category relating to MSHDA RHP expenses only that includes all of the following:
  - Individual expenses by service type; MSHDA ESG Billing and Reporting Procedures
  - Date of payment;
  - Landlord or business name; and
  - Amount paid.
- Payment Detail Request Form
- Copy of Lease Agreement must be included for the first payment made for unit/property (subsequent payments do not require repeat submissions of the Lease Agreement)
- Copies of invoices and bills for all costs related to Admin must also be reflected in the general ledger.

### ***Grant Amendments and Budget Deviation***

Fiduciaries may request changes to grants via grant amendment. These changes include addition or removal of funded components and movement of funds within and between budget components. Any changes to budgets must include acknowledgement from Fiduciary, if different than agency providing services. MSHDA provides final approval of any amendment. All amendments must be approved prior to grantee and subgrantee expenditure.

**Note:** Budget deviation does not apply to any established budget caps, such as Administration (5%) however, grantees and subgrantees may elect to decrease this percentage.

### ***Funds Spend Down***

Grantees and subgrantees are expected to fully obligate or expend grant funds during each funding cycle and after expending funds from previous funding cycles. MSHDA will review grant spending in accordance with the grant agreement and MSHDA policy.

**Note:** MSHDA and HUD closely track grantee and subgrantee expenditures in order to meet requirements and allow for reallocation as needed if grantees and subgrantees do not spend their funds on a timely basis.

## **RECORD RETENTION**

MSHDA RHP grantees and subgrantees must retain all program records relevant to expenditures paid with MSHDA RHP funds in a manner consistent with the requirements of state and federal law. At present, MSHDA

RHP program records must be retained for five (5) years. Fiscal records, which include books, documents, papers, plans, and agency records that document all program expenditures, must be retained for a minimum of five (5) years, or such longer period as may be required due to any audit, controversy, or litigation arising out of, or related to, program use.

In the event a MSHDA RHP funded grantee or subgrantee ceases business operations or those operations supported through MSHDA RHP funding, the following expectations must be met:

- The grantee or subgrantee will maintain all books, records, or other documents (electronic or otherwise) relevant to the grant at all times during the term of the grant, including any extension of the grant, for a period of three (3) years after the expiration date or final payment is made under the grant, at the recipient's cost, and must send copies of said books, records, or other documents to MSHDA upon request. Federal auditors and any persons duly authorized by MSHDA must have full access to and the right to examine, audit, or monitor any of these materials during said period. Files should be maintained by grant year in a manner that is easily obtainable. Closed files should be documented and maintained in a secured storage location. Upon retention maturity, all files should be destroyed in an appropriate manner.
- A file log and Release of File Authorization must be signed and retained by both the conveyor and the grantee.
- The conveyance of all files must be completed in a secured manner.

## **VII. MONITORING**

Under [2 CFR Part 200](#), monitoring of grantee and subgrantee activities is required to ensure that subawards are used for authorized purposes and follow federal statutes/regulations. Lack of monitoring or insufficient monitoring may result in the loss of RHP funding. Regulations under [2 CFR Part 200](#) requires recipients to also establish and maintain effective internal controls for themselves and ensure that their grantees and subgrantees do the same.

As an RHP recipient, MSHDA is required to monitor the performance of its grantees and subgrantees annually. Monitoring of grantees and subgrantees may be conducted by MSHDA, Michigan's Office of the Auditor General, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, or another Federal/State agency. Monitoring may include program report reviews and desk/on-site assessments. MSHDA may terminate a grant, recapture funds, or refuse to make additional disbursements under a grant agreement if it finds that the grantee and/or subgrantee is not complying with the requirements of the program, or the grant agreement. Results of the monitoring will be shared with the Executive Director of the grantee and the main contact that is assigned in the IGX system.

## VIII. GLOSSARY

### ACRONYMS

SUD	Substance Use Disorder
AMI	Area Median Income
CFR	Code of Federal Regulations
CoC	Continuum of Care
DV	Domestic Violence
RHP	Recovery Housing Program
MSHDA	Michigan State Housing Development Authority
FMR	Fair Market Rent
FSR	Financial Status Report
HUD	United State Department of Housing and Urban Development
TA	Technical Assistance
VAWA	Violence Against Women Act