



Recovery Housing: Funding Sources and Financial Sustainability

Insights from NARR-Certified Recovery Residences

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Executive Summary

Access to safe and stable recovery housing is essential to initiating and maintaining long-term recovery for many individuals with substance use disorders (SUDs), a chronic disease affecting over 48 million individuals nationwide. Recovery houses are stable, sober-living environments that help individuals maintain recovery by cultivating a sense of community and mutually accountable bonds with others recovering from addictions. Recovery housing is associated with an array of positive SUD and economic outcomes, including decreased substance misuse and incarceration, increased employment, educational opportunities, and worker productivity, and improved social relationships and community engagement. Despite the successes associated with recovery housing, little is known about sustainable financing mechanisms to increase access to this recovery support service.

This study seeks to understand current trends in recovery housing financing while identifying sustainable funding sources to improve access to recovery housing for individuals affected by SUDs across the United States. In January and February 2025, the National Alliance for Recovery Residences (NARR), a national nonprofit dedicated to supporting high-quality recovery housing, administered a questionnaire to their 32 state affiliate members. Affiliate members were asked about availability, operating challenges, and funding sources for recovery housing in their state.

Results From NARR Affiliates Across 31 States

Most states have houses dedicated to serving a range of populations.

65% of states report resident payments as their top funding source.

Operators/owners face substantial challenges financing capital expenses, such as leasing or purchasing properties.

Rising housing costs and discrepancies between federal, state, and local policies pose barriers to opening new recovery houses.

Not all states formally recognize recovery housing in the substance misuse care continuum.

Opportunities for Expanding and Sustaining Recovery Housing

- **Consider funding services** through state contributions, including general revenue funds
- **Explore state funding** as a way to incentivize residence certification or chartering and quality assurance
- **Frame the value of recovery housing** in comparison to involvement in the criminal justice system or state mental health hospitals
- **Explore cost sharing**—combining funding sources to minimize costs to residents—as a promising strategy
- **Involve community partners**, such as local hospitals, universities, judicial systems, and corrections departments
- **Consider using** Medicaid section 1115 demonstrations
- **Explore the use** of alternative payment models
- **Maximize the use** of existing federal funding sources

CHAPTER 1

Introduction

Substance use disorder (SUD) is a chronic disease affecting over 48 million individuals each year in the United States.¹ Access to supportive and stable housing is a critical component to initiating and maintaining recovery from SUDs and associated with positive outcomes such as:

- Decreased substance misuse
- Reduced relapse rates
- Improved social relationships and community engagement
- Increased employment²⁻⁶

The Substance Abuse and Mental Health Services Administration (SAMHSA) defines recovery housing as “safe, healthy, family-like substance-free living environments that support individuals in recovery from addiction,” noting that recovery houses “vary widely in structure but are centered on peer support and connection to services that promote long-term recovery.”⁷ Recovery houses serve as an essential bridge between treatment and sustained recovery.

Recovery Housing and Recovery Capital

Recovery housing offers residents an environment that fosters the development of recovery capital—the essential internal and external resources needed to begin and maintain long-term recovery.

Types of Recovery Housing

There are several types of recovery homes tailored to different stages of recovery and individual needs, encompassing a range of treatment and recovery support services. Certified or chartered houses must meet certain standards for resident safety but specific licensing, certification, and accreditation requirements vary by state.

National Alliance for Recovery Residences Levels of Recovery Residences

Level 1 Democratically run residences with onsite support provided by the other residents. This type of residence is **peer-run**, and clinical services are not offered.

Level 3 Recovery residences that deliver weekly structured programming, including peer-based and other recovery support services and life skills development programming. **Staff are supervised, trained, or credentialed** and are often graduates of a recovery residence.

Level 2 Recovery residences that use house rules and peer accountability to manage the environment and maintain safety and health. An **appointed resident leader** helps manage the residence. Clinical services are not offered.

Level 4 Recovery residences that integrate the social and medical model, typically by using a combination of supervised peer and professional staff in a licensed residential setting. **Clinical treatment services** are provided by credentialed, paid staff.

The National Alliance for Recovery Residences

(NARR) is a national nonprofit that sets and monitors recovery housing quality standards across the United States. Through its 32 state affiliates, NARR certifies recovery residences at four different levels, using standard criteria. The levels are determined by governance, availability of clinical services, and range of recovery support services available.⁸

Abstinence and peer support are foundational to all levels of recovery housing. One of the best known types of recovery houses, [Oxford Houses](#), is a fully peer-run shared home environment where people in recovery live together, share house responsibilities, and support each other. While Oxford House operates independently from NARR, they maintain similar quality standards for chartering houses and are classified as Level 1 under NARR standards. States do not have to work through a NARR affiliate and can use other mechanisms to fund and certify houses, but many states require houses to be NARR-certified or chartered through Oxford House to receive state funding or client referrals from treatment providers.

Estimates suggest there are close to 18,000 recovery houses in the United States.^{9,10} Unfortunately, a definitive count is not available, and longitudinal trends have not been published. Availability of recovery housing varies widely across the United States, often influenced by state and local policies, funding mechanisms, and the needs of specific populations, such as women, veterans, or individuals with co-occurring mental disorders. For example, there are more recovery houses in non-rural areas and on the East and West coasts.¹⁰

**In 2023,
NARR had:**

 **6,462**
recovery houses

 **1,634**
operators/owners

 **56,965**
resident capacity

**In 2024, Oxford
Houses had:**

 **4,029**
recovery houses

 **33,510**
resident capacity

Recovery Housing and the Substance Use Disorder Continuum of Care

The American Society of Addiction Medicine (ASAM) criteria provide standards for treatment placement, continuing care, and movement of individuals between types and levels of care.¹¹ In the fourth edition of its treatment standards, which provide comprehensive guidelines for addiction treatment, ASAM includes recovery housing as a key component of the continuum of care. Further, it emphasizes the Chronic Care Model, recognizing that SUDs are chronic, relapsing conditions that require ongoing management. This perspective stresses the importance of sustained, structured support and community engagement beyond completion of formal treatment.

By offering a critical resource for individuals with SUDs whose needs are met by this critical service, recovery houses have the potential to significantly enhance the efficiency and effectiveness of other services within the continuum of care. Without access to recovery housing and associated recovery capital, individuals are at higher risk for experiencing recurrence of substance misuse,^{12–14} which can lead to repeated and costly cycles of treatment, incarceration, and homelessness. Inclusion of recovery housing in the ASAM standards is a substantial step toward private and public insurance coverage of recovery housing, but current financing options are limited and unsustainable.

Recovery Housing Costs and Financing

Compared with the high personal and societal costs associated with homelessness, incarceration, and institutional treatment programs, recovery housing is a cost-effective recovery support service that extends beyond direct interaction with treatment systems.^{15,16} By expanding linkages to employment and educational opportunities, providing life skills trainings, and cultivating positive social relationships with others in recovery, recovery housing equips individuals with the resources and skill set to maintain long-term recovery.^{3–6,15,16} One economic analysis found individuals residing in a recovery

Recovery Housing Outcomes



house produced an annual savings of \$613,000 in productivity and incarceration costs, an average of \$8,173 per resident.⁵ Another cost-savings analysis conducted in 2024 by the University of Kentucky Center on Drug & Alcohol Research found its programs produced an estimated \$3 of savings in avoided costs for each \$1 spent.¹⁷

Despite the cost-effectiveness of recovery housing, this service is not covered by most public or commercial health insurance plans. Estimates suggest that 70–90 percent of costs are covered by resident fees.^{18,19} As housing costs rise across the country, heavy reliance on resident fees could threaten access to this essential service for those in need.

Sustainable funding for recovery housing often comes from a combination of public and private sources, including federal and state grants, Tribal funds, and philanthropic contributions.¹⁸ Medicaid may reimburse providers for specific

services offered in recovery house settings, such as medication management or case management, but does not directly pay for recovery housing. This patchwork of funding coverage and accessibility creates significant challenges in scaling and maintaining recovery housing.

Study Purpose

1. Understand recovery housing funding by looking at the array of recovery housing approaches included in the NARR network.
2. Identify actionable strategies and funding mechanisms to sustain and expand access to these important services.

CHAPTER 2

Methodology

Through an environmental scan and consultation with subject matter experts, a questionnaire was developed and distributed by NARR to its 32 state affiliates. Affiliates provide resources for, promote the best practices of, and help certify recovery residences within each of their states. Data from the scan and survey were collected from January to February 2025.

Data from the survey of NARR affiliates were compiled and analyzed. Data analyses were conducted using SAS and SPSS software. Descriptive statistics include frequencies, correlations, and cross-tabulations run between key financial and operational variables.

The final survey, programmed in SurveyMonkey, included 39 questions in 6 areas (See Appendix C):

- 1. Funding sources**
- 2. Operating costs**—Expenses incurred to run the house, including rent, staff salaries, administration, accreditation, utilities, and maintenance. The allowable use of funds for operating costs varies by funding source.
- 3. Capital costs**—Expenses related to leasing or purchasing property, renovating property, making special accommodations for residents, or startup costs.
- 4. System support costs**—Expenses related to activities including certification, training, technical assistance, resolution of complaints, and public information about recovery housing in the state.
- 5. Funding challenges**
- 6. State practices and supports**

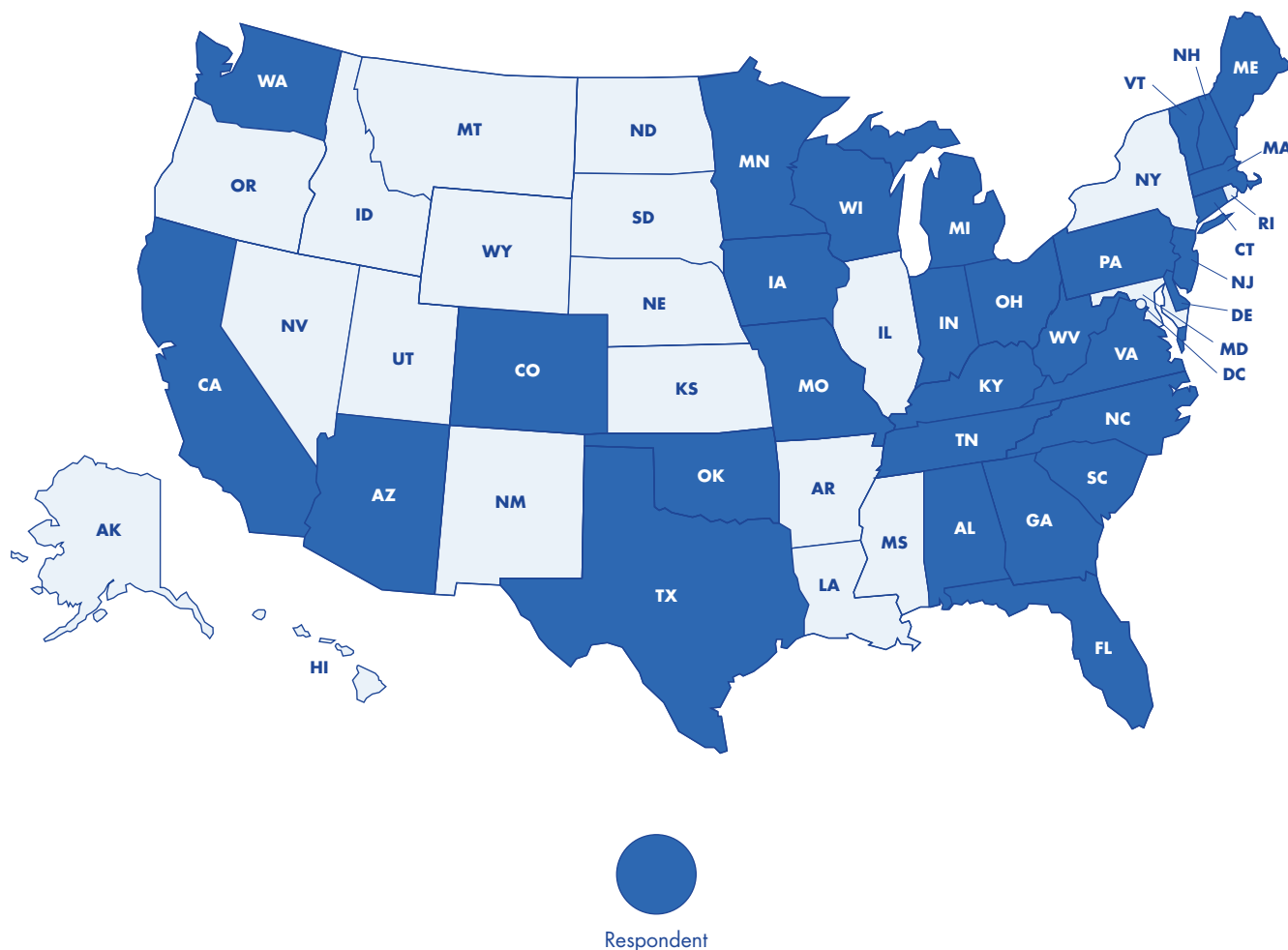


CHAPTER 3

Findings

Out of 32 state affiliates, 29 responded to the survey. 2 states in the process of becoming certified affiliates responded.* Findings are presented in three main categories: (1) recovery housing characteristics, (2) data on the three cost categories (operating costs, capital costs, and system support costs), and (3) perceived financial challenges.

Figure 1. NARR State Affiliate Respondents (n = 31)



* Three state affiliates did not respond to the survey (Illinois, Montana, Oregon). Two state affiliates in development (Iowa, New Jersey) did respond to the survey. After dissemination of this survey, New York became a certified state affiliate.

Recovery Housing Characteristics by State

NARR state affiliates reported the number of NARR-certified recovery houses, operators/owners, and the number of beds available in their state.

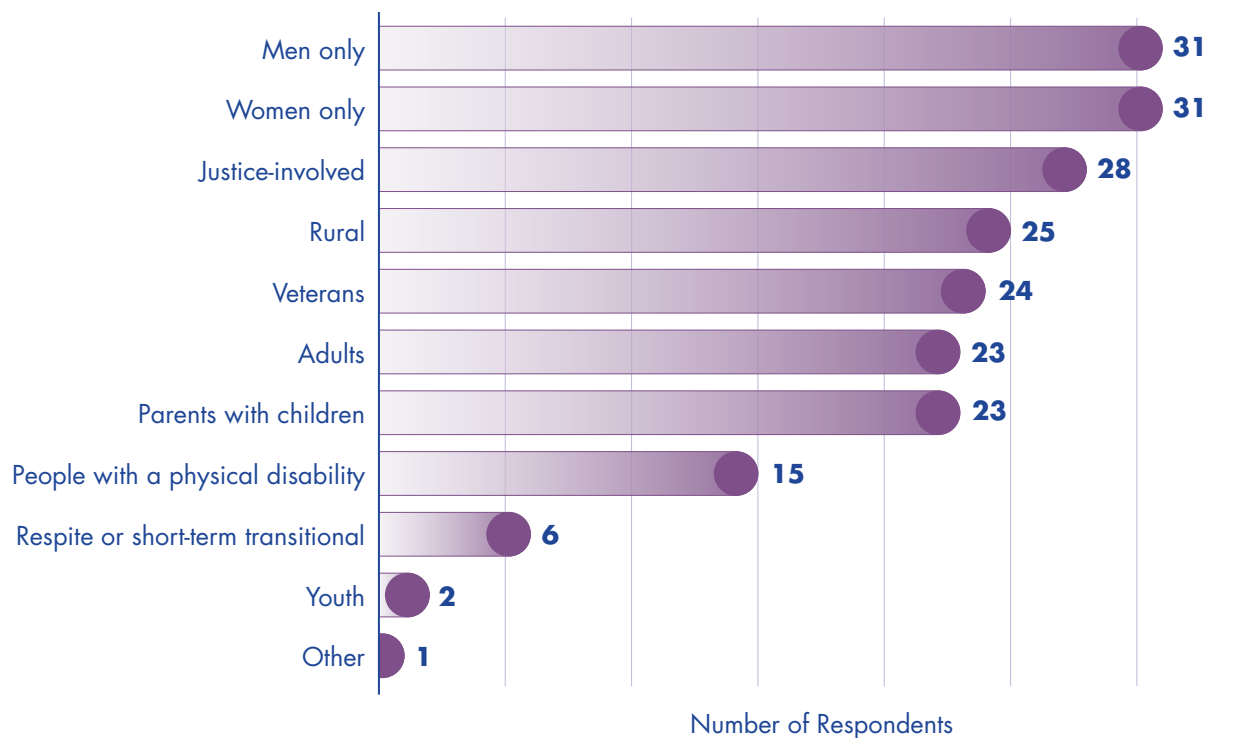
Table 1. Number of NARR-Certified Recovery Houses, Operators/Owners, and Bed Capacity by State (n = 30)

State	Recovery houses	Operators/owners	Bed capacity	Number of beds per 10,000 residents
Alabama	25	23	518	1.0
Arizona	300	200	1,560	2.1
California	339	155	2,411	0.6
Colorado	336	165	3,547	6.0
Connecticut	85	31	1,013	2.8
Delaware	45	10	350	3.3
Florida	720	244	9,440	4.0
Georgia	78	15	3,200	2.9
Indiana	200	90	2,089	3.0
Iowa	12	12	300	0.9
Kentucky	628	191	7,494	16.3
Maine	91	39	1,102	7.8
Massachusetts	200	106	3,418	4.8
Michigan	304	81	2,510	2.5
Minnesota	151	53	1,500	2.6
Missouri	251	74	3,219	5.2
New Hampshire	96	14	1,370	9.7
North Carolina	150	25	800	0.7
Ohio	1,524	658	13,298	11.2
Oklahoma	280	37	1,830	4.5
Pennsylvania	175	77	1,040	0.8
Rhode Island	59	22	745	6.7
South Carolina	49	20	625	1.1
Tennessee	157	31	1,916	2.7
Texas	200	50	756	0.2
Vermont	20	5	111	1.7
Virginia	158	51	1,540	1.7
Washington	595	63	1,605	2.0
West Virginia	110	40	1,496	8.5
Wisconsin	150	12	324	0.5
National Totals	7,488	2,594	71,127	2.1

Populations Served by Recovery Houses in the United States

All responding states have some recovery houses dedicated to serving men only and others dedicated to serving women only. Some residences also provide housing and support for special populations such as justice-involved individuals, rural community members, and veterans.*

Figure 2. Populations Served by Recovery Houses (n = 31)



* Respondents were asked to choose all that apply.

Barriers to Funding Recovery Housing for Certain Populations

Some populations require different levels of support, which can be more costly. The top three populations affiliates identify as difficult to fund accommodations for are:



24%

Parents
with children



17%

Rural community
members



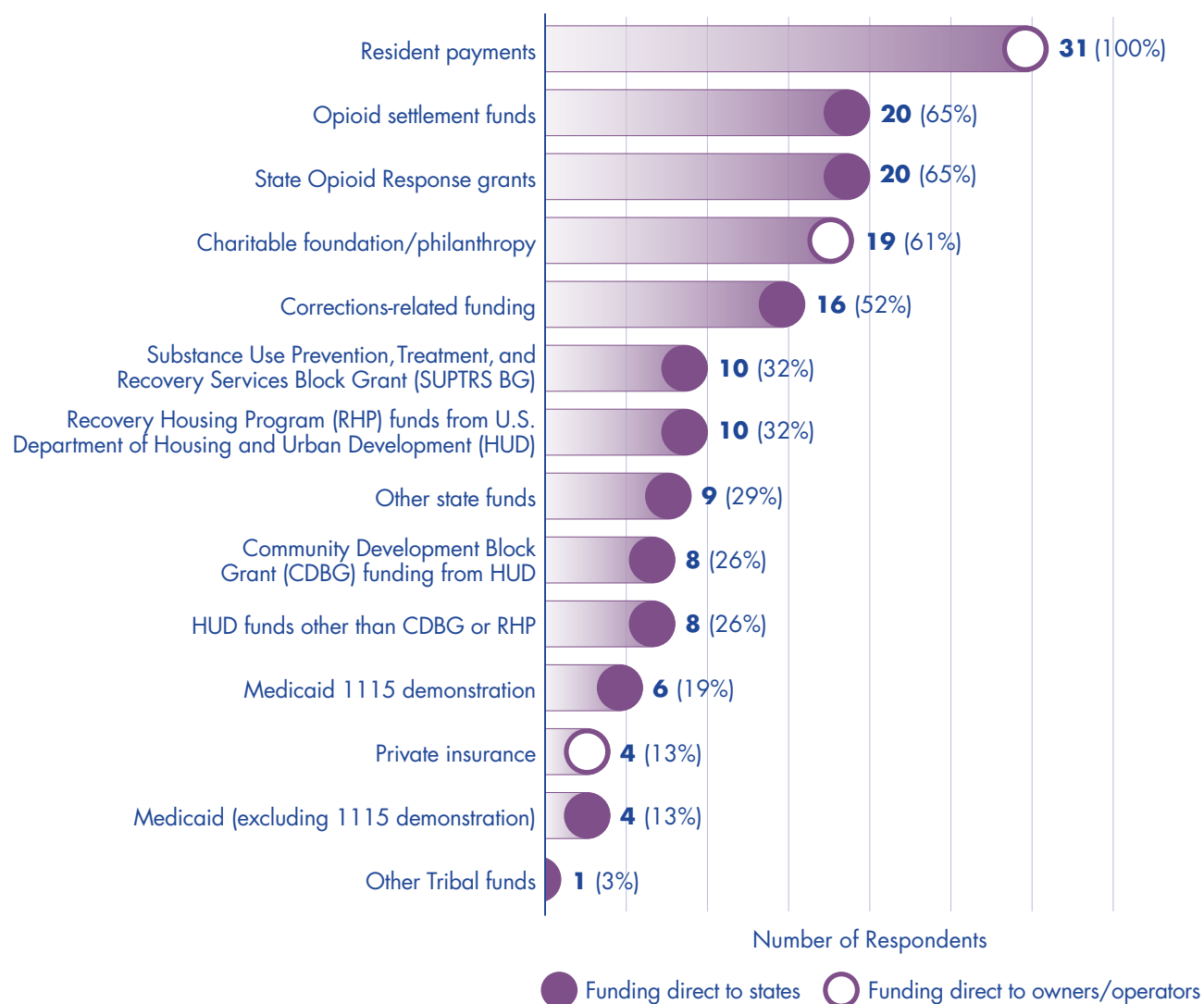
10%

People with
physical disabilities

Funding Sources for Recovery Housing

States received funding for recovery houses from a variety of public and private sources, including resident payments, federal grants, and Medicaid. All respondents reported accepting resident payments.*

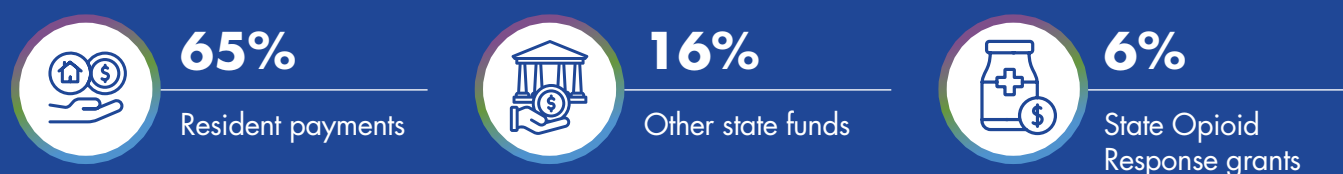
Figure 3. Recovery Housing Funding Sources (n = 31)



* Percentages will not sum to 100 because respondents were asked to choose all that apply.

Largest Funding Sources for Recovery Housing (n = 31)

The top three largest sources of funding for recovery houses are resident payments, other state funds, and state opioid response grants. The percent of state affiliates reporting each as their largest funding source is as follows:



Recovery Housing Expenses: Operating, Capital, and System Support Costs

Operating Costs

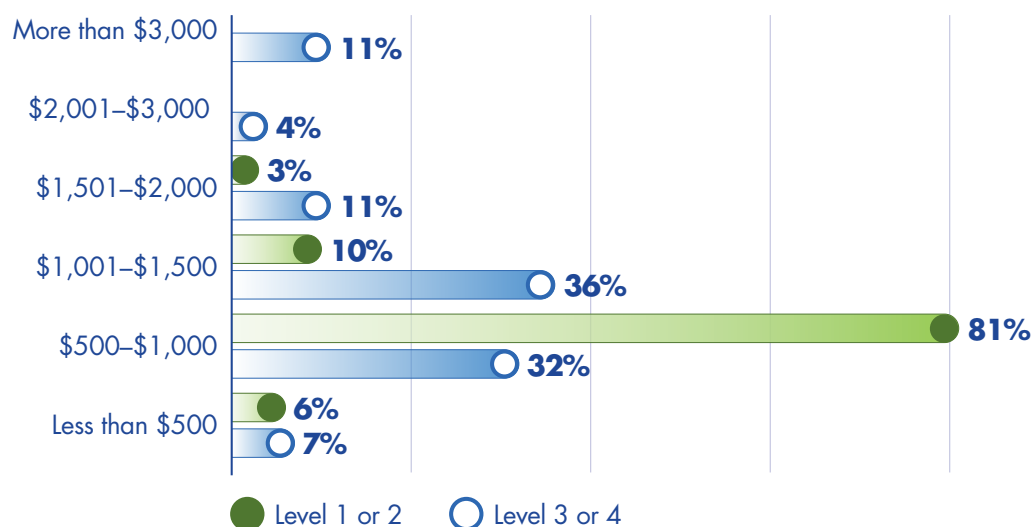
Across all levels of recovery houses, states report funding operating costs through the following sources* ($n = 30$):

- Resident payments (93 percent; $n = 28$)
- State Opioid Response grants (43 percent; $n = 13$)
- Philanthropic donations (43 percent; $n = 13$)
- Opioid settlement funds (37 percent; $n = 11$)
- Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUPTRS BG) (27 percent; $n = 8$)

Key Term

Operating costs: Expenses incurred to run the recovery house, including rent, staff salaries, administration, accreditation, utilities, and maintenance.

Figure 4. Average Monthly Fee per Resident in Level 1 or 2 ($n = 31$) and Level 3 or 4 ($n = 29$) Recovery Houses



* Respondents were asked to choose all that apply.

Level 1 or 2 Recovery Housing



\$500–\$1,000

Average monthly fee per resident reported by most affiliates

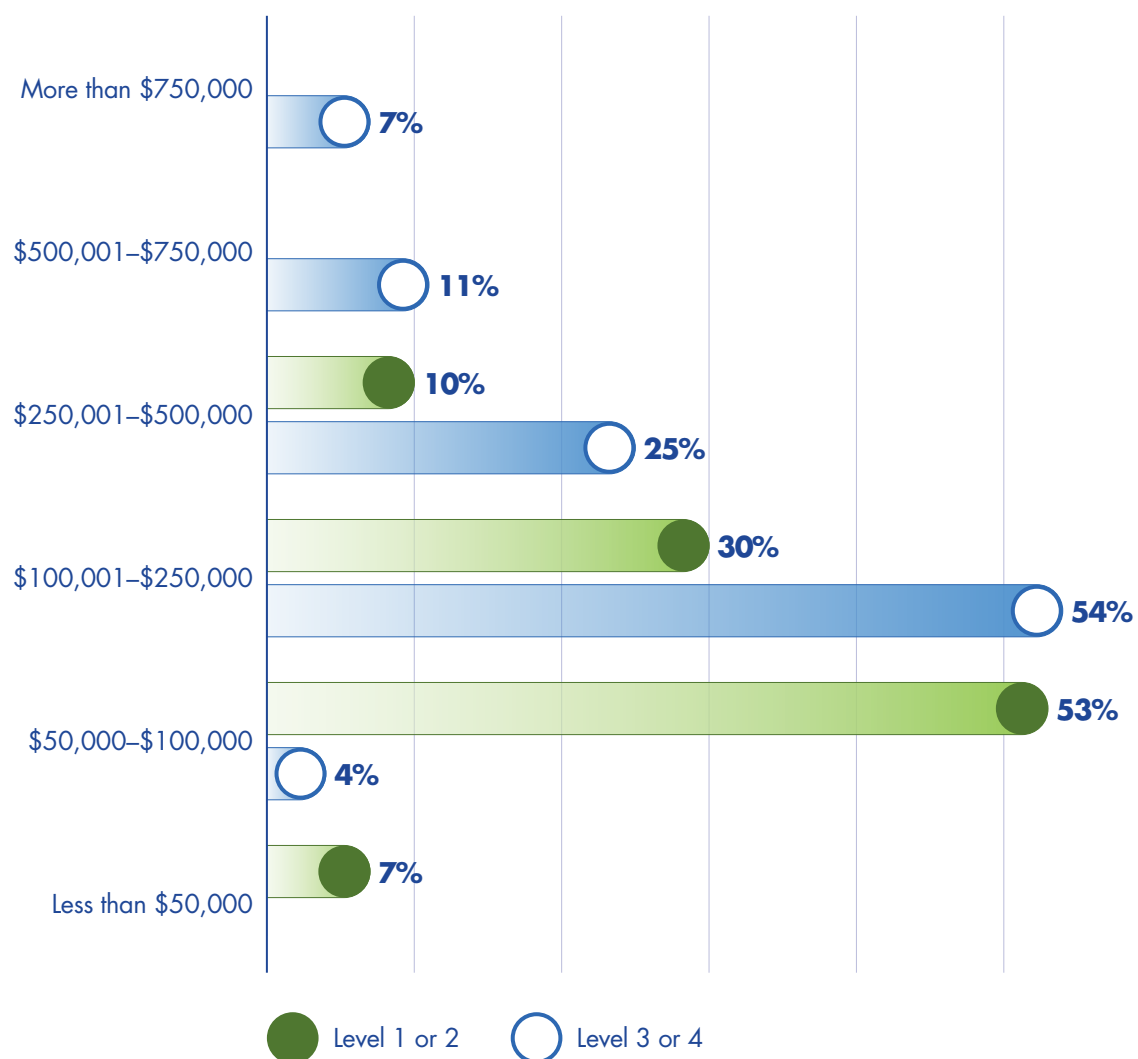
Level 3 or 4 Recovery Housing



\$1,500 or less

Average monthly fee per resident reported by most affiliates

Average Annual Operating Costs

Figure 5. Average Annual Operating Costs for Level 1 or 2 ($n = 30$) and Level 3 or 4 ($n = 28$) Recovery Houses

Level 1 or 2 Recovery Housing

**\$50,000–\$100,000**Average annual operating costs*
reported by most affiliates

Level 3 or 4 Recovery Housing

**\$100,001–\$250,000**Average annual operating costs*
reported by most affiliates

* Expenses incurred to run the house, including rent, staff salaries, administration, accreditation, utilities, and maintenance.

Capital Costs

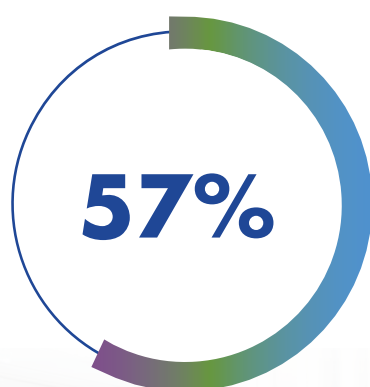
Across all levels of recovery houses, state affiliates report funding capital costs through the following sources* ($n = 28$):

- Resident payments (86 percent; $n = 24$)
- Conventional bank financing (39 percent; $n = 11$)
- State Opioid Response grants (36 percent; $n = 10$)
- Philanthropic donations (36 percent; $n = 10$)
- Opioid settlement funds (29 percent; $n = 8$)

Key Term

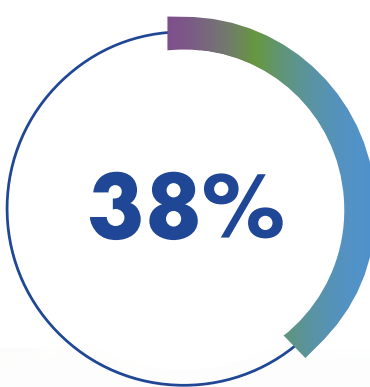
Capital costs: Expenses related to leasing or purchasing property, renovating property, implementing special accommodations for residents, or startup costs.

Figure 6. Percentage of Recovery Houses Operated on Leased, Owned, or Free or Donated Property ($n = 29$)



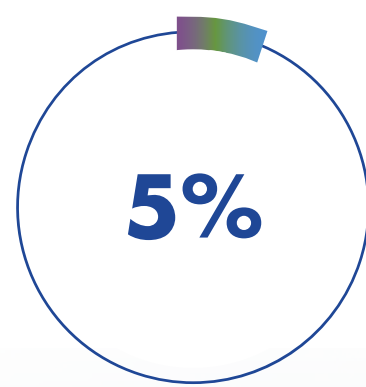
Leased Property

Range of reported percentages from survey: 10–100%



Owned Property

Range of reported percentages from survey: 0–80%



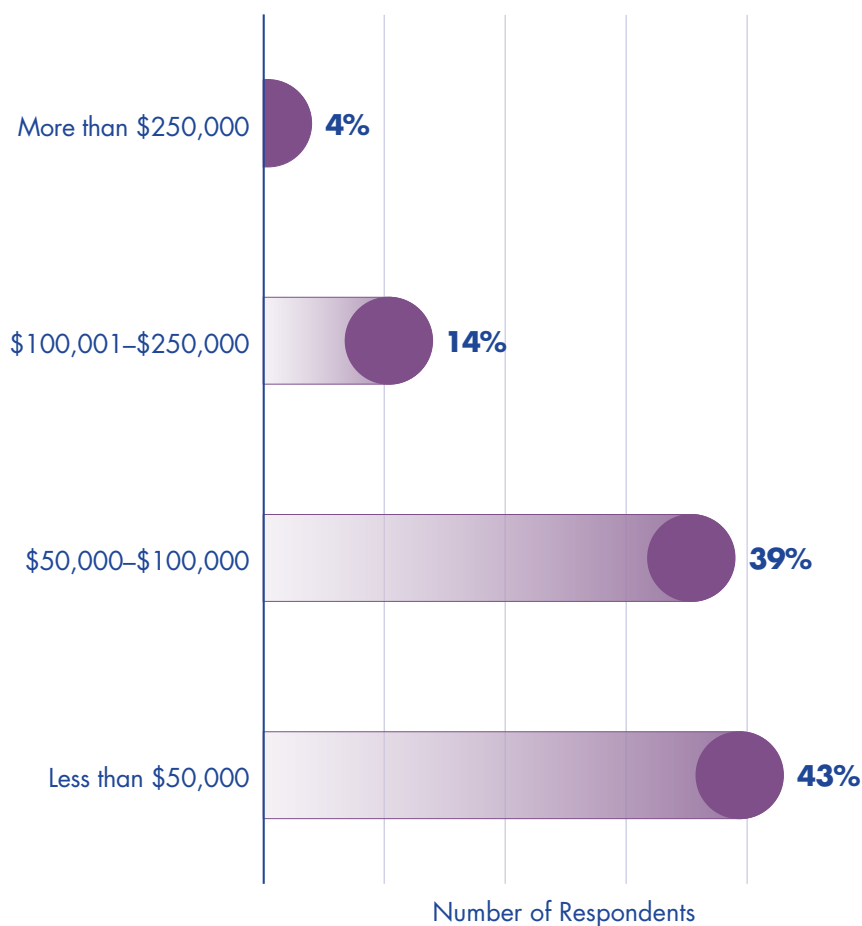
Free or Donated Property

Range of reported percentages from survey: 0–33%

* Respondents were asked to choose all that apply.

Average One-Time Startup Costs

Figure 7. Average One-Time Startup Cost for Recovery Houses ($n = 28$)



Key Terms

Startup costs include one-time payments associated with acquiring furnishings and appliances, conducting renovations, and making utility deposits.

Startup Costs

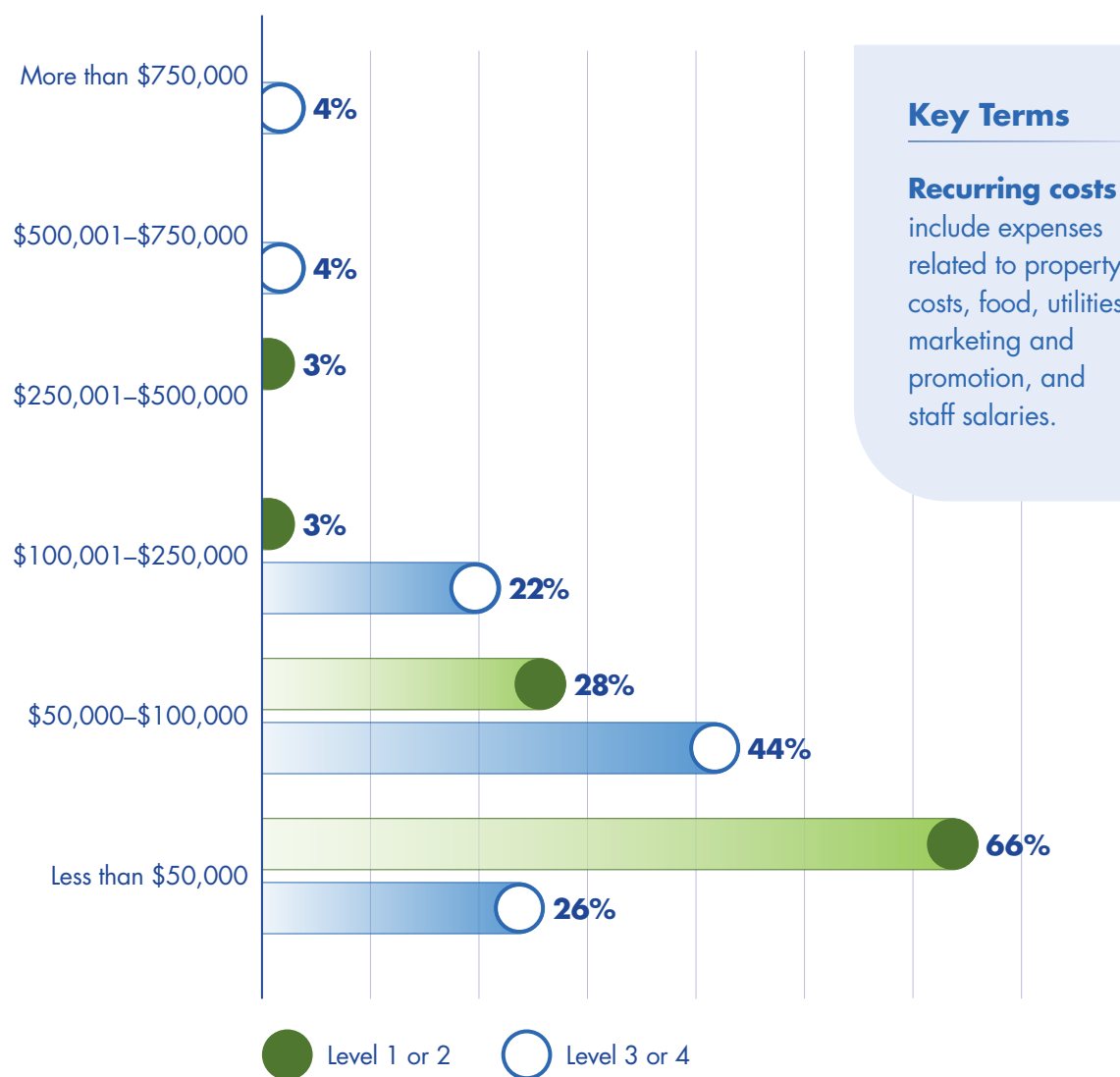


\$100,000 or less

Average recovery house startup cost reported by most affiliates

Average Monthly Recurring Costs

Figure 8. Average Monthly Recurring Costs at Level 1 or 2 ($n = 29$) and Level 3 or 4 ($n = 27$) Recovery Houses



Level 1 or 2 Recovery Housing



Less than \$50,000

Average monthly recurring costs reported by most affiliates

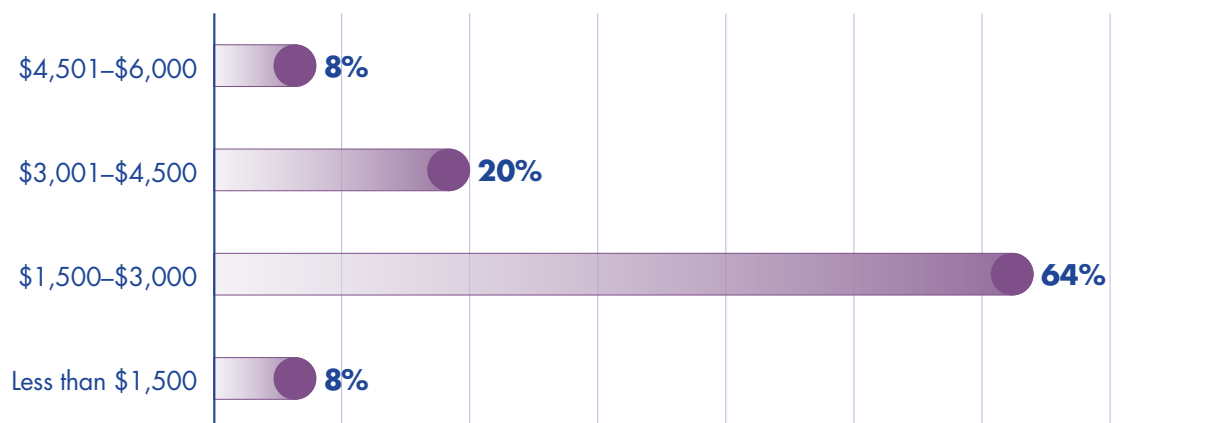
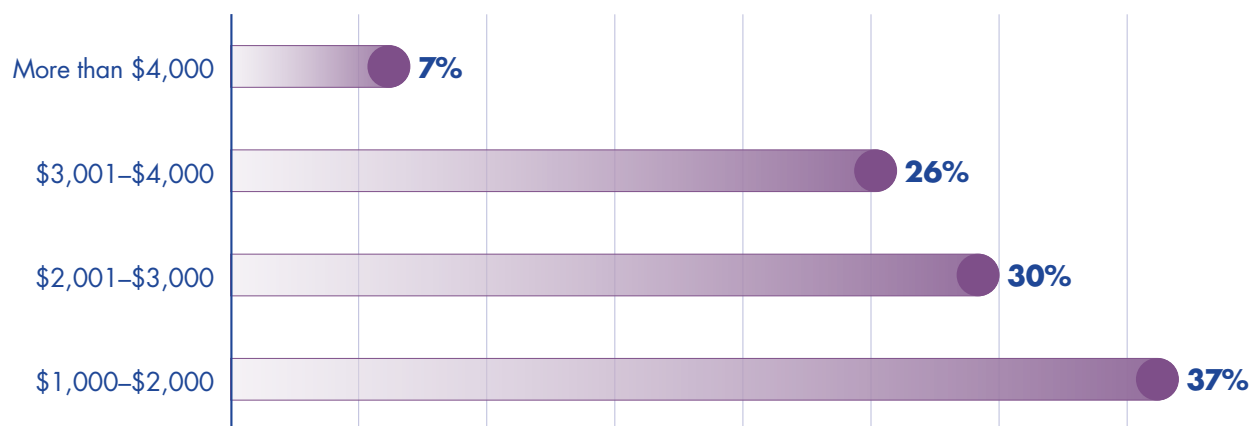
Level 3 or 4 Recovery Housing



\$50,000–\$100,000

Average monthly recurring costs reported by just under half of affiliates

Average Monthly Recurring Costs (continued)

Figure 9. Monthly Mortgage for a Typical Recovery House Among Providers That Own Property ($n = 25$)Figure 10. Monthly Lease Cost for a Typical Recovery House Among Providers That Lease Property ($n = 27$)**\$1,500–\$3,000**

Average monthly mortgage among providers that own property

**\$1,000–\$3,000**

Average monthly lease among providers that lease property

System Support Costs

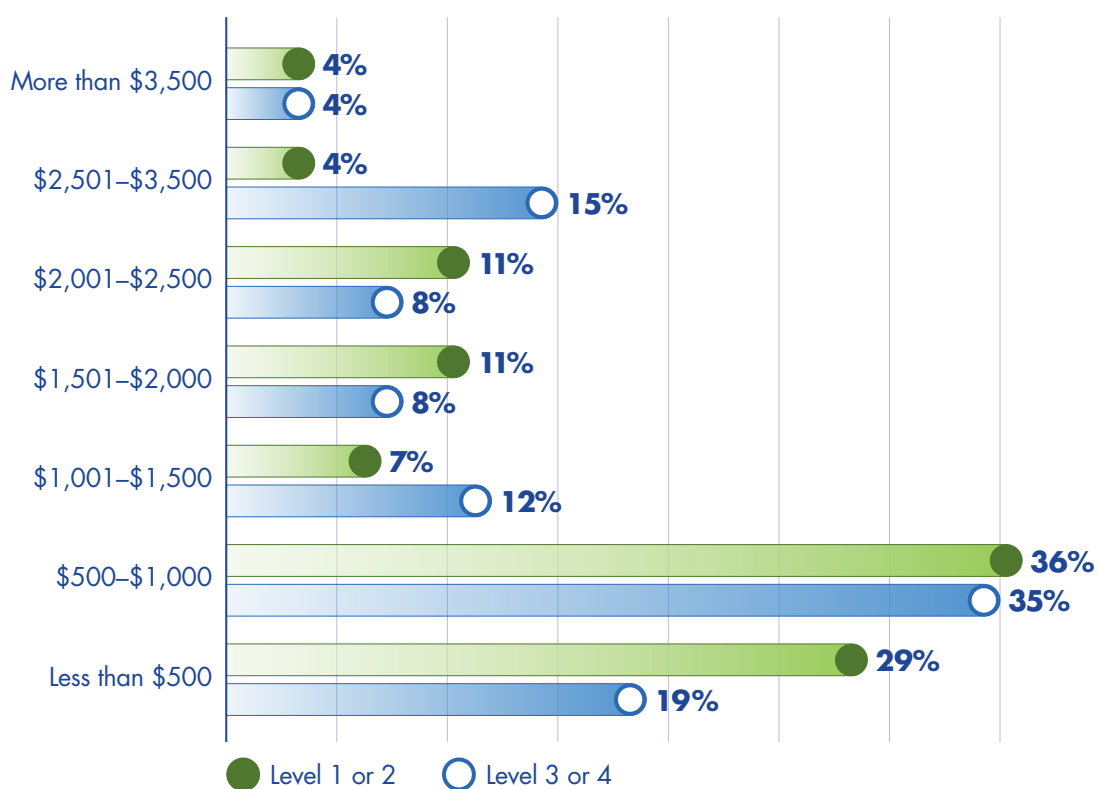
Across all levels of recovery houses, states report funding system support costs through the following sources* (n = 28):

- Resident payments (68 percent; n = 19)
- State Opioid Response grants (43 percent; n = 12)
- Recovery residence operators/owners (32 percent; n = 9)
- Opioid settlement funds (25 percent; n = 7)
- Philanthropic donations (25 percent; n = 7)

Key Term

System support costs: Expenses related to activities including certification, training, technical assistance, resolution of complaints, and public information about recovery housing in the state.

Figure 11. Average Annual Cost for System Support Services for Level 1 or 2 (n = 28) and Level 3 or 4 (n = 26) Recovery Houses



* Respondents were asked to choose all that apply.



\$500–\$1,000

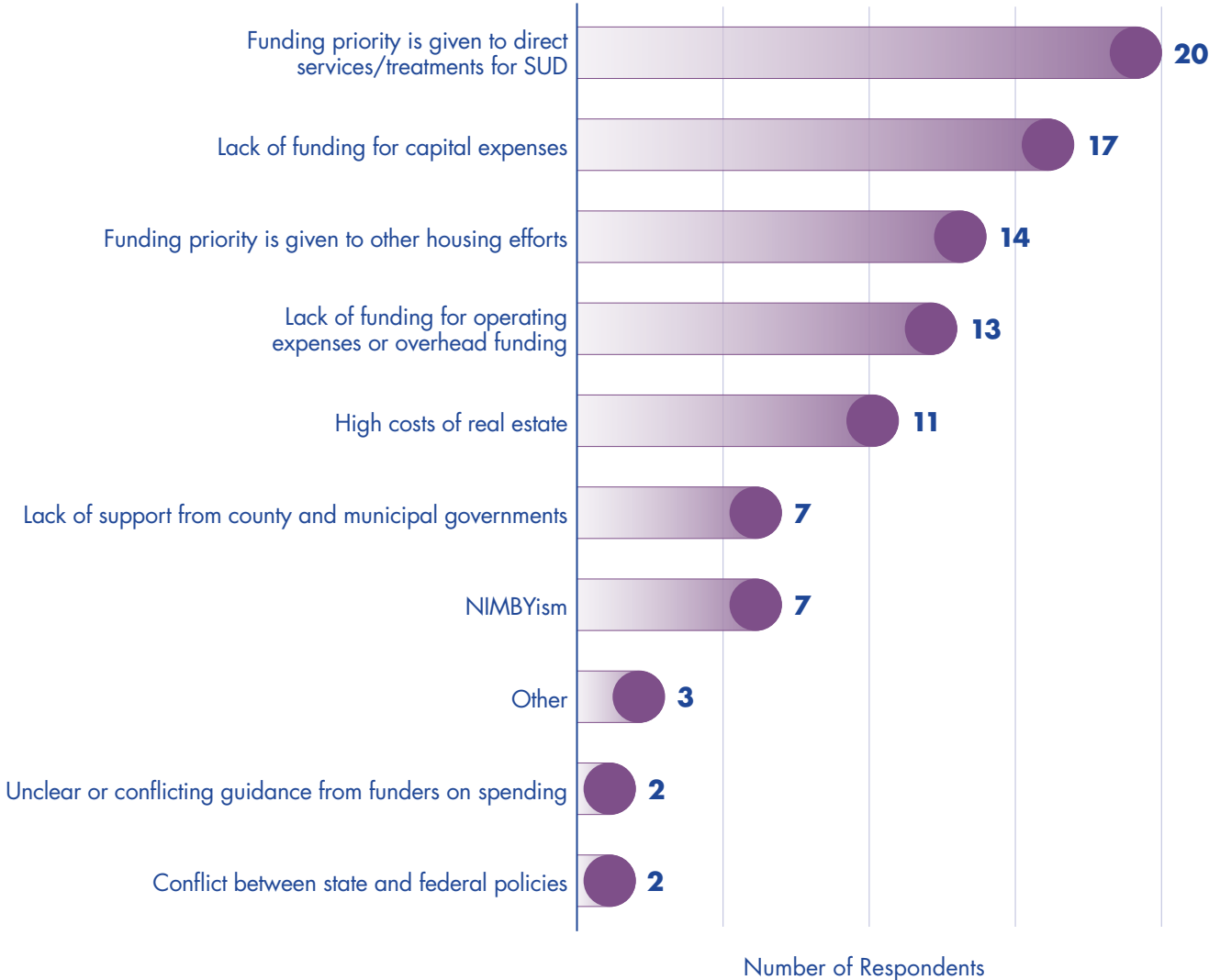
Average annual cost for system supports across all levels of recovery housing

Funding Challenges

State affiliates identified their top three funding challenges:*

- 1. Funding priority is given to direct SUD services and treatments over recovery housing (69 percent)
- 2. Lack of funding for capital expenses (59 percent)
- 3. Funding priority is given to other housing efforts (e.g., Housing First, Permanent Supportive Housing) over recovery housing (48 percent)

Figure 12. Top Recovery Housing (RH) Funding Challenges (n = 29)



Note: NIMBYism refers to resident opposition to locating recovery houses in the neighborhood.

* Respondents were asked to choose their top three responses.

CHAPTER 4

Implications

Value of Recovery Housing

Recovery housing is an integral component of the substance misuse continuum of care, providing individuals in recovery with a supportive, structured, and substance-free environment. This setting builds recovery capital that extends beyond direct treatment services and improves their likelihood of long-term recovery. Findings from this study show that recovery houses serve a variety of different individuals in need, including those who are justice-involved, live in rural areas, are single parents, or are veterans.

By offering peer support, accountability, and a safe environment for residents, recovery houses help individuals develop essential life skills, build self-efficacy, and focus on their recovery goals. These homes foster a sense of community among residents, which can be crucial in fostering emotional support to maintain long-term recovery. Ultimately, recovery housing plays a key role in reducing the risk for recurrence of substance misuse and improving overall outcomes for those in recovery, while also representing a cost-effective approach relative to the financial burden associated with continued use, repeated intensive treatment episodes, and homelessness or incarceration.

Challenges

Findings from this study identified several challenges to sustainable funding and expansion for recovery housing. The biggest challenge is that there is no dedicated funding source that covers the operating, capital, and system support costs of recovery houses. Operators must piece funding together to cover costs. The top three challenges include reliance on limited funds, high startup costs, and lack of prioritization or support from state policymakers.

Reliance on limited funding sources:

- Eighty-seven percent of NARR state affiliates reported resident payments as their first or second largest source of funding for recovery housing in their state, which presents challenges among residents with limited financial resources.
- State Opioid Response grants are a common source of funding but are only authorized through fiscal year 2027 and can only be used for individuals with opioid and stimulant misuse and use disorders.
- Though SUPTRS BG funds are awarded annually and can be used to support individuals in recovery housing, respondents noted several limitations in its use. The SUPTRS BG allotment amounts have not changed in several years, and funds are generally committed to more established treatment programs. Although SUPTRS BG allows a diverse array of recovery support services, it prohibits expenditures to pay rent, purchase or improve land, and purchase, construct, or permanently improve any building or other facility.

High startup costs:

- Fifty-nine percent of NARR state affiliates reported not having enough funding for capital expenses such as purchasing and leasing property.
- Few recovery houses are operated on free or donated property. Rising real estate costs in many areas limit operator/owners' ability to expand or open new houses.
- Factors including high property costs, strict tenancy regulations, NIMBY ("not in my backyard") attitudes, and zoning laws create barriers that inhibit operators/owners from opening new homes despite the demand for recovery houses.

Lack of adequate state financial support:

- Although data can help raise awareness of the value of recovery housing, several states do not currently fund these services.
- Some states do not recognize or support recovery housing as a recovery support service within their substance misuse continuum of care and prioritize other SUD services over recovery housing.
- There are alternative housing models, such as supportive housing, in which sobriety is not required. In some states, priority is given to these alternative models of housing.

Pathways to More Sustainable Funding

Drawing on results from the survey, an environmental scan, and conversations with subject matter experts, several promising approaches emerged to help support and expand financial stability for recovery housing.

Consider funding services through state contributions

States with legislative support and general revenue contributions for recovery housing reported greater ease covering costs and reduced dependency on less reliable funding streams.



Explore state funding as a way to incentivize residence certification and quality assurance

Through recurring state appropriations and quality standards requirements, states can develop long-term financial plans independent of differing grant cycles and inconsistent private and philanthropic funding channels, while simultaneously promoting residence certification and adherence to recovery housing best practices.



Frame the value of recovery housing in comparison to involvement in more expensive systems, such as the criminal justice system or state mental health hospitals

Given the high costs associated with incarceration and intensive inpatient SUD and mental health conditions treatment, recovery housing represents a cost-saving opportunity. This relatively inexpensive recovery support service is associated with improved worker productivity, reduced criminal activity, and lower risk for continued substance misuse.¹⁵



Explore cost sharing as a promising strategy

Cost sharing, which combines resident fees with other funding sources, can lower the financial burden on recovery house residents. Some states have implemented resident payment support programs that encourage community engagement, such as offering housing fee stipends to residents that volunteer at local community service organizations.



Involve community partners

Some states have entered partnerships with local hospitals, universities, judicial systems, and corrections departments to support services, trainings, and voucher programs to subsidize resident payments. Potentially valuable partners also include Federally Qualified Health Centers, Community Mental Health Centers, and Certified Community Behavioral Health Clinics. Such partnerships can reduce financial barriers to accessing recovery housing for residents while building recovery capital through community involvement and financial planning.¹⁴



Consider using Medicaid section 1115 demonstrations



Some states have leveraged Medicaid section 1115 waiver demonstration authority to support recovery housing through the behavioral health and other community-based Medicaid options. Programs implemented through this expansion allow states to receive Medicaid to cover substance misuse and recovery services in institutions for mental diseases, defined as facilities with 16 or more beds, if the program is budget neutral (i.e., federal contributions do not exceed what would otherwise be spent without the waiver program).²⁰

Explore using alternative payment models



Recovery housing alternative payment models (APMs) focus on rewarding providers for the quality and cost-effectiveness of services, rather than the volume of services provided. The models aim to improve outcomes and reduce unnecessary spending in SUD treatment. There are a number of APMs to explore for use with recovery housing.^{21,22} As one example, the Addiction Recovery Medical Home (ARMH) APM is an innovative approach to treating SUDs that emphasizes comprehensive, patient-centered, integrated care.²³ It advocates for payment structures that align with recovery trajectories and phases of care. For instance, fee-for-service payments are used during stabilization, static bundled payments with quality-based incentives and bonuses during treatment and recovery initiation, and declining bundled payments with quality-based incentives during community-based recovery management. By incentivizing providers to focus on sustained recovery, the ARMH APM model—like other APMs—has the potential to improve recovery rates, enhance care quality, and reduce overall costs associated with addiction treatment.

Maximize the use of existing federal funding sources



The U.S. Departments of Housing and Urban Development (HUD), Veterans Affairs, and Justice offer federal sources of funding (e.g., through the HUD Recovery Housing Program) for individuals who meet specific eligibility criteria. Although these are important sources of funding for recovery housing and related supports, they tend to provide smaller amounts of money and have more eligibility requirements.



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APPENDIX A

Contributors

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APPENDIX B

Definitions and Terminology

Capital Costs

Expenses related to leasing or purchasing property, renovating property, implementing special accommodations for residents, or startup costs.

Community Development Block Grant (CDBG)

Federal grant administered by the U.S. Department of Housing and Urban Development (HUD) to states, cities, and counties to support sustainable housing and economic opportunities for low- and moderate-income individuals.

Level 1 Recovery Houses

Democratically run recovery houses with onsite peer-to-peer accountability and offsite mutual support groups. Residents self-identify as in recovery, with some identifying as in long-term recovery. No onsite paid staff. Oxford Houses are considered Level 1 recovery houses.

Level 2 Recovery Houses

Residents are in stable recovery but have a more structured and supportive living environment with peer-to-peer accountability. Level 2 homes typically have a “house manager,” a senior resident appointed by the owner/operator to serve as the head of household. The resident house manager is often compensated with free or reduced resident fees, and residents participate in governance with staff and the owner/operator. Examples of Level 2 recovery houses include sober homes/sober-living environments.

Level 3 Recovery Houses

Designed to support those who need more intensive support (e.g., structured recovery programming, life skills development programming, clinical services) in developing recovery capital than provided by Level 1 or 2 homes. Staff include administrative support,

a paid house manager, and certified peer recovery support service providers. Staff are supervised, trained, or credentialed and often graduates of a recovery residence. Some states require licensure of Level 3 homes.

Level 4 Recovery Houses

Licensed treatment programs that deliver onsite clinical service and substance use disorder treatment, mutual support group meetings, life skills training, and peer recovery support services. Staff are paid, licensed professionals and provide clinical oversight.

Medicaid Section 1115 Demonstration

Under section 1115(a) of the Social Security Act, the Secretary may authorize a state to implement a demonstration which tests new and innovative ideas around eligibility, coverage, service delivery, and payment reform, all of which must assist in promoting the objectives of Medicaid.

National Alliance for Recovery Residences (NARR)

Nonprofit organization responsible for setting and monitoring national recovery housing standards and quality. Collaborates with NARR-affiliated states to certify recovery houses nationwide and verify registered residences uphold the highest standard of quality and professionalism.

Operating Costs

Expenses incurred to run the recovery house, including rent, staff salaries, administration, accreditation, utilities, maintenance, and other related services.

Owner/Operator

An individual or organization responsible for managing a recovery house or houses.

Opioid Settlement Funds

Funds distributed through settlements reached with companies involved in opioid-related misconduct to resolve litigations brought by state and local governments.

Oxford Houses

Network of democratically run recovery homes in the United States. Oxford Houses are considered Level 1 recovery houses.

Recovery Capital

Resources available to an individual to achieve and maintain recovery. Recovery resources may include personal (e.g., access to health care, housing), family/social (e.g., friends, family, relationships supportive of recovery), and community supports (e.g., peer-led recovery support, community organizations).

Recovery Housing

Safe, healthy, family-like, substance-free living environments that support individuals in recovery from addiction. Recovery housing operates according to social model principles (strengths-based, experiential wisdom, abstinence), relies on peer support, and encourages community-based activities to promote long-term recovery. This term is often used interchangeably with recovery residence.

Recovery Housing Program

Federal discretionary grant administered by HUD to U.S. states and the District of Columbia to support stable transitional housing for individuals in recovery from a substance use disorder.

Recovery Residence

In this report, recovery residence refers to a recovery house that adheres to principles and quality standards as defined by NARR.

Recurring Costs

Expenses related to property costs, food, utilities, marketing and promotion, staff salaries, etc., for recovery housing.

Resident Payments

The cost (i.e., rent) paid by the resident or family member.

Social Model of Recovery

Expanded from Alcoholics Anonymous and the 12-step model for individuals, the social model of recovery emphasizes the importance of community, social inclusion, and support in the recovery process, focusing on individual strengths rather than deficits. This model is distinct from professional-driven treatment approaches in its emphasis on peer-to-peer relationships, support, and accountability.

Startup Costs

One-time costs associated with acquiring furnishings and appliances, conducting renovations, making utility deposits, etc., for recovery housing.

State Opioid Response Grants

Federal grant administered by the Substance Abuse and Mental Health Services Administration (SAMHSA) and available to all U.S. states and territories. Funds are used to address the opioid overdose crisis through increased access to U.S. Food and Drug Administration–approved medications for the treatment of opioid use disorder. They are also used to support the continuum of prevention, treatment, and recovery support services for individuals with opioid and stimulant misuse and use disorders.

Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUPTRS BG)

Federal block grant administered by SAMHSA and distributed to all U.S. states, territories, and one Tribe. Funds are used to provide prevention, treatment, and recovery support services for individuals with substance use disorders.

System Support Costs

Expenses related to certification, training, technical assistance, resolution of complaints, and public information about recovery housing in the state.

APPENDIX C

Survey

General

1. What state do you serve? [drop-down menu]
2. How many recovery residences does your affiliate support (certified or otherwise)?

3. How many recovery residences providers (which oversee multiple residences) does your affiliate support?

4. What is the bed capacity for currently certified, or homes in the process of being certified, in your state?

5. Which populations does your state have recovery residences dedicated to serving? (check all that apply)
 - ☐ Men only
 - ☐ Women only
 - ☐ Adults
 - ☐ Youth (up to 18) only
 - ☐ Parents with children
 - ☐ Rural
 - ☐ People with a physical disability
 - ☐ People who were justice-involved (including formerly incarcerated or reentering the community)
 - ☐ Veterans
 - ☐ Respite or short-term transitional
 - ☐ Other

6. For which of these populations is it most difficult to fund recovery residences? (choose one)
 - ☐ Men only
 - ☐ Women only
 - ☐ Adults
 - ☐ Youth (up to 18) only
 - ☐ Parents with children
 - ☐ Rural
 - ☐ People with a physical disability
 - ☐ People who were justice-involved (including formerly incarcerated or reentering the community)
 - ☐ Veterans
 - ☐ Respite or short-term transitional
 - ☐ Other

Funding Sources

7. What are the sources of funding for recovery residences in your state? (check all that apply)
 - ☐ Resident fees (fees paid by resident or family member)
 - ☐ Medicaid (excluding 1115 waiver)
 - ☐ Medicaid 1115 waiver
 - ☐ Private insurance
 - ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)
 - ☐ CDBG (Community Development Block Grant, through HUD)
 - ☐ HUD Recovery Housing Program (RHP)

- ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
- ☐ State Opioid Response (SOR) grants
- ☐ Opioid settlement funds
- ☐ Corrections-related funding
- ☐ Charitable foundation/philanthropy
- ☐ Other city/county

☐ Other state

☐ Other federal

☐ Other Tribal

☐ Other

8. What is the largest source of funding for recovery residences in your state? (choose one)

- ☐ Resident fees (fees paid by resident or family member)
 - ☐ Medicaid (excluding 1115 waiver)
 - ☐ Medicaid 1115 waiver
 - ☐ Private insurance
 - ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)
 - ☐ CDBG (Community Development Block Grant, through HUD)
 - ☐ HUD Recovery Housing Program (RHP)
 - ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
 - ☐ State Opioid Response (SOR) grants
 - ☐ Opioid settlement funds
 - ☐ Corrections-related funding
 - ☐ Charitable foundation/philanthropy
 - ☐ Other city/county
-

☐ Other state

☐ Other federal

☐ Other Tribal

☐ Other

9. What is the second largest source of funding for recovery residences in your state? (choose one)

- ☐ Resident fees (fees paid by resident or family member)
 - ☐ Medicaid (excluding 1115 waiver)
 - ☐ Medicaid 1115 waiver
 - ☐ Private insurance
 - ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)
 - ☐ CDBG (Community Development Block Grant, through HUD)
 - ☐ HUD Recovery Housing Program (RHP)
 - ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
 - ☐ State Opioid Response (SOR) grants
 - ☐ Opioid settlement funds
 - ☐ Corrections-related funding
 - ☐ Charitable foundation/philanthropy
 - ☐ Other city/county
-

☐ Other state

☐ Other federal

☐ Other Tribal

☐ Other

Operating Costs

Operating costs are expenses incurred to run the house (e.g., rent, staff salaries, administration, accreditation, utilities, maintenance)

10. What is your average monthly fee for each resident of a Level 1 or Level 2 residence in your state? (NOTE: Please consider the average monthly fee from all sources, regardless of whether fees are paid by residents, a third party, by charitable sources, etc.)
 - ☐ Less than \$500
 - ☐ \$501–\$1,000
 - ☐ \$1,001–\$1,500
 - ☐ \$1,501–\$2,000
 - ☐ \$2,001–\$3,000
 - ☐ More than \$3,000
11. What is the average monthly fee for each resident of a Level 3 or Level 4 residence in your state? (NOTE: Please consider the average monthly fee from all sources, regardless of whether fees are paid by residents, a third party, by charitable sources, etc.)
 - ☐ Less than \$500
 - ☐ \$501–\$1,000
 - ☐ \$1,001–\$1,500
 - ☐ \$1,501–\$2,000
 - ☐ \$2,001–\$3,000
 - ☐ More than \$3,000
12. What is the annual operating cost for the “average” Level 1 or Level 2 recovery residence in your state?
 - ☐ Less than \$50,000
 - ☐ \$50,000–\$100,000
 - ☐ \$100,001–\$250,000
 - ☐ \$250,001–\$500,000
 - ☐ \$500,001–\$750,000
 - ☐ More than \$750,000
13. What is the annual operating cost for the “average” Level 3 or Level 4 recovery residence in your state?
 - ☐ Less than \$50,000
 - ☐ \$50,000–\$100,000
 - ☐ \$100,001–\$250,000
 - ☐ \$250,001–\$500,000
 - ☐ \$500,001–\$750,000
 - ☐ More than \$750,000
14. Which funding sources are used to cover recovery residence **operating costs** in your state? (choose all that apply)
 - ☐ Resident fees (fees paid by resident or family member)
 - ☐ Medicaid (excluding 1115 waiver)
 - ☐ Medicaid 1115 waiver
 - ☐ Private insurance
 - ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)
 - ☐ CDBG (Community Development Block Grant, through HUD)
 - ☐ HUD Recovery Housing Program (RHP)
 - ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
 - ☐ State Opioid Response (SOR) grants
 - ☐ Opioid settlement funds
 - ☐ Corrections-related funding
 - ☐ Charitable foundation/philanthropy
 - ☐ Other city/county

 - ☐ Other state

 - ☐ Other federal

 - ☐ Other Tribal

 - ☐ Other

15. How difficult is it for recovery residences to fund **operating costs** in your state?

- ☐ Very easy
- ☐ Easy
- ☐ Neither difficult nor easy
- ☐ Difficult
- ☐ Very difficult

Capital Costs

Capital costs are expenses related to leasing or purchasing property, renovating property, special accommodations for residents, or startup funds.

16. What is the one-time **startup cost** for an “average” recovery residence in your state? (NOTE: These are the one-time costs associated with acquiring things like furnishings, appliances, renovations, utility deposits, etc., and do NOT include regular monthly mortgage or lease payments.)

- ☐ Less than \$50,000
- ☐ \$50,001–\$100,000
- ☐ \$100,001–\$250,000
- ☐ More than \$250,000

17. What percentage of capacity is operated on... (Note: Enter the percentage for each; adding to 100%)

- ☐ _____ % leased property
- ☐ _____ % owned property
- ☐ _____ % donated property or free use of property

18. What are the total monthly **recurring costs** for an “average” Level 1 or Level 2 recovery residence in your state? These include property costs, food, utilities, marketing and promotion, and staff salaries.

- ☐ Less than \$50,000
- ☐ \$50,000–\$100,000
- ☐ \$100,001–\$250,000
- ☐ \$250,001–\$500,000
- ☐ \$500,001–\$750,000
- ☐ More than \$750,000

19. What are the total monthly **recurring costs** for an “average” Level 3 or Level 4 recovery residence in your state? These include property costs, food, utilities, marketing and promotion, and staff salaries.

- ☐ Less than \$50,000
- ☐ \$50,000–\$100,000
- ☐ \$100,001–\$250,000
- ☐ \$250,001–\$500,000
- ☐ \$500,001–\$750,000
- ☐ More than \$750,000

20. For providers that own property, what is the typical monthly **mortgage** payment for the “average” recovery residence? NOTE: Answer for all residence levels.

- ☐ Less than \$1,500
- ☐ \$1,501–\$3,000
- ☐ \$3,001–\$4,500
- ☐ \$4,501–\$6,000
- ☐ More than \$6,000

21. For providers that lease property, what is the typical monthly **lease** cost for an “average” recovery residence? NOTE: Answer for all residence levels.

- ☐ Less than \$1,000
- ☐ \$1,001–\$2,000
- ☐ \$2,001–\$3,000
- ☐ \$3,001–\$4,000
- ☐ More than \$4,000

22. Which funding sources are used to cover recovery residence **capital costs** in your state? (choose all that apply)

- ☐ Resident fees (fees paid by resident or family member)
- ☐ Medicaid (excluding 1115 waiver)
- ☐ Medicaid 1115 waiver
- ☐ Conventional bank financing (includes savings and loans, credit unions, etc.)
- ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)

- ☐ CDBG (Community Development Block Grant, through HUD)
- ☐ HUD Recovery Housing Program (RHP)
- ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
- ☐ State Opioid Response (SOR) grants
- ☐ Opioid settlement funds
- ☐ Corrections-related funding
- ☐ Charitable foundation/philanthropy
- ☐ Other city/county

☐ Other state

☐ Other federal

☐ Other Tribal

☐ Other

23. How difficult is it for recovery residences to fund capital costs in your state?

- ☐ Very easy
- ☐ Easy
- ☐ Neither difficult nor easy
- ☐ Difficult
- ☐ Very difficult

System Support Costs

System support costs are composed of services that include certification, training, technical assistance, resolution of complaints, and public information about recovery housing in the state.

24. How much do operators pay directly each year for these services for the “average” Level 1 or Level 2 recovery residence?

- ☐ Less than \$500
- ☐ \$501–\$1,000
- ☐ \$1,001–\$1,500

- ☐ \$1,501–\$2,000
- ☐ \$2,001–\$2,500
- ☐ \$2,501–\$3,500
- ☐ More than \$3,500

25. How much do operators pay directly each year for these services for the “average” Level 3 or Level 4 recovery residence?

- ☐ Less than \$500
- ☐ \$501–\$1,000
- ☐ \$1,001–\$1,500
- ☐ \$1,501–\$2,000
- ☐ \$2,001–\$2,500
- ☐ \$2,501–\$3,500
- ☐ More than \$3,500

26. Which funding sources are used to cover recovery residence **system support costs** in your state? (check all that apply)

- ☐ Resident fees (fees paid by resident or family member)
 - ☐ Recovery residence providers
 - ☐ Medicaid (excluding 1115 waiver)
 - ☐ Medicaid 1115 waiver
 - ☐ Private insurance
 - ☐ HUD (Department of Housing and Urban Development), other than Community Development Block Grant (CDBG) or Recovery Housing Program (RHP)
 - ☐ CDBG (Community Development Block Grant, through HUD)
 - ☐ HUD Recovery Housing Program (RHP)
 - ☐ SUPTRS BG (Substance Abuse Block Grant, through the Substance Abuse and Mental Health Services Administration [SAMHSA])
 - ☐ State Opioid Response (SOR) grants
 - ☐ Opioid settlement funds
 - ☐ Corrections-related funding
 - ☐ Charitable foundation/philanthropy
 - ☐ Other city/county
-

☐ Other state

☐ Other federal

☐ Other Tribal

☐ Other

27. How difficult is it for recovery residences to fund system support costs in your state?

☐ Very easy

☐ Easy

☐ Neither difficult nor easy

☐ Difficult

☐ Very difficult

28. What are the top three challenges to funding recovery housing in your state? (choose ONLY three)

☐ Conflict between state and federal policies

☐ Funding priority is given to other housing efforts (e.g., Housing First, Permanent Supportive Housing) over recovery housing

☐ Funding priority is given to direct services/treatments for SUD over recovery housing

☐ Unclear or conflicting guidance from funders on spending (e.g., allowable expenses)

☐ NIMBYism (residents oppose recovery housing in their communities)

☐ High costs of real estate

☐ Lack of funding for operating expenses or overhead funding

☐ Lack of funding for capital expenses (e.g., property acquisition or renovation)

☐ Lack of support from county and municipal governments

☐ Other

State Practices and Supports

29. Do state and federal policies conflict in your state?

☐ Yes (Please describe: _____)

☐ No

☐ Don't know

30. Are referrals tied to quality standards (e.g., residence certification) in your state?

☐ Yes, statewide

☐ Yes, not statewide

☐ No

☐ Don't know

31. Is funding tied to quality standards (e.g., residence certification) in your state?

☐ Yes, statewide

☐ Yes, not statewide

☐ No

☐ Don't know

32. How strict is the regulatory oversight in your state for recovery homes (e.g., to ensure quality standards and resident safety)?

☐ State does not exercise regulatory oversight over recovery housing

☐ Loose

☐ Neither strict nor loose

☐ Strict

33. How often is a residence physically inspected by a statewide government agency?

☐ State does not physically inspect recovery housing

☐ Once at the start

☐ Every year

☐ Every few years

☐ Only for a cause (e.g., in response to complaints)

☐ Other

34. How helpful is your Single State Agency (the lead agency responsible for managing federal funds to cover substance use prevention, treatment, and recovery) in administering public funding for recovery housing?
- ☐ Very unhelpful
 - ☐ Unhelpful
 - ☐ Neither helpful nor unhelpful
 - ☐ Helpful
 - ☐ Very helpful
35. How helpful are your State and Local Housing Authority Supports in administering public funding for recovery housing?
- ☐ Very unhelpful
 - ☐ Unhelpful
 - ☐ Neither helpful nor unhelpful
 - ☐ Helpful
 - ☐ Very helpful

Open-Ended

36. In a few sentences, please explain more about the most significant barriers to sustainable funding (e.g., dependable and consistent revenue) for recovery residences in your state.
-
37. In a few sentences, please explain more about the most significant successes in your state related to acquiring sustainable funding for recovery residences.
-
38. To your knowledge, are there any creative or innovative funding approaches for recovery residences in your state? Please describe anything NOT covered by the other questions.
-
39. Is there anything else you would like to share with us about recovery residence funding in your state?
-

SAMHSA's mission is to lead public health and service delivery efforts that promote mental health, prevent substance misuse, and provide treatments and supports to foster recovery while ensuring access and better outcomes for all.

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