

Testimony of Edwin King
for the
House Subcommittee on Housing and Insurance
August 16, 2018 – Field Hearing in Lexington, KY

Chairman Duffy, Members of the Subcommittee:

I am Edwin King, executive director of Kentucky Housing Corporation (KHC), the Commonwealth's housing finance agency. On behalf of KHC's Board of Directors and staff, thank you for conducting this field hearing in Lexington and affording me the opportunity to provide testimony. I want to thank Congressman Barr publicly for bringing attention to the problem of opioid addiction in the Sixth District and for working to implement common-sense solutions. The passage of his bill, the Transitional Housing for Recovery in Viable Environments (THRIVE) Act, demonstrates his commitment to housing solutions for those on the road to recovery. It is my pleasure to share information about Kentucky's accomplishments in leveraging housing resources to help our citizens on the path of recovery from substance use disorder.

We all understand that opioid addiction is a major public health issue with significant personal and societal consequences. We have found that there are many effective recovery strategies, depending on the personal circumstances of those caught in the grip of addiction. Stable housing is a basic human need and one of the primary social indicators of public health. Access to stable housing is one common factor that is essential for all of these strategies to produce positive results.

One of the most successful recovery strategies we have seen in Kentucky is the Recovery Kentucky model. In 2004, the late Don Ball took the helm as chair of the KHC Board of Directors. Mr. Ball brought with him a personal commitment, a strong will, and a solid plan to establish a network of recovery centers across Kentucky. Because of Mr. Ball's vision, Kentucky now has 14 recovery centers that have helped thousands of our residents start a new life of recovery from addictive substances. These 14 centers are in addition to the four prototype recovery centers (two in Louisville, The Healing Place for men and The Healing Place for Women, and two in Lexington, The Hope Center for men and The Hope Center for women). Today, these 18 recovery programs serve over 2,000 men and women daily.

The Recovery Kentucky Centers follow a peer-to-peer education and self-help model that uses mutual self-help, a "social model" approach, to provide sustained addiction recovery services. The centers are not licensed medical facilities and, thus, do not qualify for Medicaid reimbursement. All residents have Medicaid or private health insurance. Therefore, physical or mental health needs can be provided through licensed service providers in their local community. The recovery centers provide a highly structured program for residents. Peer Mentors model behaviors and spiritual principles that focus on providing life skills to residents by following the spiritual principles of the 12 steps of Alcoholics Anonymous.

Information from the University of Kentucky Center for Drug and Alcohol Research points to the significant success of the Recovery Kentucky model:

- 83% of all residents in the recovery programs used illegal drugs 6 months before entering a recovery center. Follow-up surveys of former residents showed that only 5 % had used illegal drugs within six months of having left a recovery center.

- Six months prior to entering a recovery center, 63% of residents reported opioid misuse. At follow-up one year later, only 2% reported opioid misuse since leaving the recovery center.
- 38% of residents were homeless at intake; 2% were homeless at follow-up.
- 56% had been arrested and 76% had been incarcerated six months before entering a recovery center. At follow-up, 3% had been arrested and 13% had been incarcerated.
- Cost savings analysis suggests that for every dollar invested in recovery services there has been an estimated \$2.60 return in avoided costs.

Overall, Recovery Kentucky program clients made significant strides in all the targeted areas and have much more support for their recovery after participating in the program. The program saves taxpayer dollars through avoided costs based on the rates of drug and alcohol use.

Recovery Kentucky – and the tremendous impact this program has had on so many plagued by the scourge of drug addiction – would not have been possible without the housing program dollars appropriated by Congress. The Recovery Centers rely on a complex array of federal funds for construction and operation, including the following:

- Low Income Housing Tax Credits
- HOME Investment Partnerships Program
- Community Development Block Grant (CDBG) Funding
- Section 8 Housing Choice Voucher Program
- Supplemental Nutrition Assistance Program (formerly Food Stamps)

Other important sources of funding come from the Kentucky Affordable Housing Trust Fund and Department of Corrections, as well as the Federal Home Loan Bank.

It has become increasingly difficult to develop more Recovery Centers for two primary reasons:

- There is less funding in key federal programs.
 - HOME Program funds have contributed to constructing the Recovery Centers. The 50% reduction in HOME funds since the Recovery Kentucky initiative began has sharply limited the ability of developers to pull construction financing together to build more centers.
 - CDBG funding has been critical for the ongoing operation of the facilities.
 - The Section 8 Housing Choice Voucher program provides rental assistance that supports residential facility maintenance and operating costs. KHC currently has a three-year waiting list for our Housing Choice Voucher program. Additional funding would help meet the need for people in recovery in addition to the low-income residents of rural Kentucky who also receive assistance from these vouchers.
- These federal programs have stringent regulations that impede the effective use of the dollars.
 - KHC has experienced significant challenges recruiting landlords to participate in the Section 8 Housing Choice Voucher, tenant-based program, with many citing programmatic red tape as an obstacle. Additionally, federal statutes restrict the amount of tenant-based rental assistance that may be used for a specific property (pursuant to the project-based rental assistance option) to 20% of a public housing authority's Housing Choice Vouchers. While some urban public housing authorities have been permitted to exceed this limit under a demonstration program, many authorities,

including KHC, are at or near the 20% limitation. One useful reform would be to raise the 20% cap and allow public housing authorities, like KHC, to use these vouchers to meet our specific needs at the local level to connect people to housing with services. This is an extremely important source of funding for developing supportive housing for individuals completing recovery and acute treatment programs to keep them on the path toward employment, self-sufficiency, and family reunification. I sit on the Board of Directors of the National Council of State Housing Agencies, and after speaking with my counterparts in other states, I can tell you that this policy change would be welcomed on a bipartisan basis across the country.

- Many other states have expressed interest in replicating the Recovery Kentucky model because of its demonstrated effectiveness. However, many of these states report that they have not been able to access resources like CDBG for a Recovery Kentucky Model. The operations of almost all of the Recovery Kentucky centers are subsidized by CDBG funds. It would be helpful to have a dedicated source of funding for recovery centers outside of the CDBG funding, so that CDBG funds can be freed up for infrastructure and other community needs, while recovery centers receive their own dedicated source of funding.

I will conclude my remarks with these key statements:

- Recovery Kentucky is a housing-based model that has produced remarkable outcomes and has proven to be highly cost effective.
- Housing is a key component of successful recovery programs and is essential for long-term recovery.
- Greater flexibility with federal housing program regulations will provide states more control of the resources needed to achieve the goals of the President's Commission on Combating Drug Addiction and the Opioid Crisis.

Thank you for taking on this difficult, but important, work to help ensure access to effective recovery programs. KHC led the way more than a decade ago and remains a dedicated partner to this effort.