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(Final) 2026 Substantial Amendment to HUD-approved Action Plans for RHP-NC

Recovery Housing Program (RHP) Grantee North Carolina

FY 21 Grant Award Amount: $ 778,974.00 *(Prior Year Allocation "B-21-RH-37-001" within a HUD-approved Action Plan)*

FY 22 Grant Award Amount: $ 806,625.00 *(Prior Year Allocation "B-22-RH-37-001" within a HUD-approved Action Plan)*

FY 23 Grant Award Amount: $1,054,616.00 *(Prior Year Allocation "B-23-RH-37-001" within a HUD-approved Action Plan)*

FY 24 Grant Award Amount: $1,166,440.00 *(Prior Year Allocation "B-24-RH-37-001" within a HUD-approved Action Plan)*

FY 25 Grant Award Amount: $1,166.440.00 *(Prior Year Allocation "B-25-RH-37-001" within a HUD-approved Action Plan)*

FY 26 Grant Award Amount: **$ 928,722.00** *(New Allocation for 2026 RHP Annual Allocation)*

Total Budget: **$5,901,817.00**

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Funding Sources

No Funding Sources Found

Narratives

Program Summary:

In response to the opioid epidemic that has plagued many parts of the nation, a pilot program, the Recovery Housing Program (RHP), has been authorized through Section 8071 of the "Substance Use–Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act'', also referred to as the "SUPPORT for Patients and Communities Act'' (SUPPORT Act). The SUPPORT Act requires funds appropriated through the pilot program RHP to be treated as Community Development Block Grant (CDBG) funds under the privy of the U.S. Department of Housing and Urban Development (HUD), as modified by Federal Register Notice (FR-6225-N-01) with the intent to expedite and facilitate the use of RHP funds.

RHP, pilot program, provides formula grant funds to states and the District of Columbia to assist individuals in recovery from a substance use disorder (SUD) with stable, transitional housing while on the path to self-sufficiency. 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. RHP grantees are mandated to utilize eligible activities to distribute funds by giving priority to entities (entitlement, non-entitlement, or non-profit) with the greatest need and ability to deliver effective assistance in a timely manner. Coordination with other federal substance abused-related assisted partners is strongly encouraged by the program.

- Public facilities and improvements;
- Acquisition and disposition of real property;
- Payment of lease, rent, and utilities
- Rehabilitation, reconstruction, and construction of both single family, multifamily, and public housing;
- Clearance and demolition;
- Relocation; and/or
- Administration and technical assistance

In February of 2020, the first cycle of RHP funds were allocated to 25 grantees (24 states and the District of Columbia). HUD was directed to allocate RHP funds only to state with age adjusted rate of drug overdose death above the national overdose mortality rate based on 2016 findings (19.8 per 100,000), which was 21% higher than the rate in 2015 (16.3), according to the Centers for Disease Control and Prevention (CDC). Fiscal year 2020 allocation excluded the State of North Carolina from receiving RHP funds. Even though, data from NC Opioid and Prescription Drug Abuse Advisory Committee (OPDAAC), a group of more than 150 stakeholders, reported that North Carolina experienced a dramatic increase in the rate of death caused by an overdose of opioid prescription drugs. Also, this increase at the time was running parallel with the ever-increasing rate of prescription of opioid painkillers in the United States.

Mid-year of 2021, a second cycle of RHP funds were allocated to 27 grantees (26 states and the District of Columbia), this cycle included an allocation of $778,974 to the State of North Carolina. Then, May of 2022, a third cycle of RHP funds were allocated to 25 grantees (24 states and the District of Columbia), this cycle included another allocation of $806,625 to the State of North Carolina. North Carolina allocation was attributed to the state's age adjusted rate of drug overdose death rising closer to the national overdose mortality rate. In North Carolina, an estimated 79% of drug overdose deaths involved opioids in 2018; a total of 1,783 fatalities and a rate of 17.9. The CDC reported heroin-involved deaths and those involving synthetic opioids other than methadone (mainly fentanyl and fentanyl analogs) remained stable with a respective 619 (a rate of 6.3) and 1,272 (a rate of 13.0) in 2018. It was also reported that in 2018 North Carolina providers wrote 61.5 opioid prescriptions for every 100 persons compared to the average U.S. rate of 51.4 prescriptions for every 100 persons.

In developing the RHP Action Plan, the North Carolina Department of Commerce Rural Economic Development Division (REDD) obtained information that the origin of the opioid crisis began within the 423 counties in the Appalachian region located in the eastern part of the United States. Thirty-one of the 423 counties in the Appalachian region are located within the State of North Carolina. As reported by the National Association of Counties (NACo) and the Appalachian Regional Commission (ARC), the nation's substance use disorder crisis disproportionately impacts Appalachian counties, which findings indicates at the turn of the millennium the opioid overdose death rate was roughly equal to that of the rest of the U.S.; by 2019. However, the death rate for opioid overdoses in Appalachian counties was 41 percent higher than that of non-Appalachian counties. The national overdose rate is 21.6% per 100,000 individuals, just in the Appalachian region located within the State of North Carolina 29 of the 31 counties are over the national overdose rate of 21.6%, according to NORC at the University of Chicago and the Appalachian Region Commission

(ARC) https://overdosemappingtool.norc.org/. Even more alarming is many of these counties overdose rate are twice that of the national overdose rate.

Substance Abuse Advisory Council (SAAC) to address the disproportionate impact substance use disorder continues to have on the Appalachian region's workforce in comparison to the rest of the country. The ARC's Substance Abuse Advisory Council is a volunteer advisory group made up of 23 leaders from law enforcement, recovery services, health, economic development, private industry, education, state government and other sectors.

As another strategy the ARC, in April of 2021, implemented the Investments Supporting Partnerships In Recovery Ecosystems (INSPIRE) Initiative — a $10 million initiative to create or expand a recovery ecosystem that would lead to workforce entry or re-entry. The intent of successful projects is to support the post-treatment to employment continuum, which could include investments in healthcare networks that support substance use disorder recovery professionals, recovery-focused job training programs, as well as initiatives designed to coordinate, or link, recovery services and training that support the recovery ecosystem, among others.

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Resources:

Although, the State of North Carolina has not directly set aside program funds from the state's regular Community Development Block Grant (CDBG) program for RHP projects. CDBG funds including other federal, state, or local resources will be considered with RHP projects, given preference to housing needs, that meet CDBG and RHP programs eligibility requirements, have long-term impacts on LMI individuals and families and individuals in recovery from a substance use disorder, and help address other federal, state, and local priorities, such as fair housing choice and sustainability. RHP funds will be used in accordance with all program requirements including 2 CFR Part 200. All costs charged to the RHP grant will be reasonable and necessary. FY21 & FY22 RHP Action Plan:

Expected Amount Available Year 6 (FY2026)	**Breakdown**
Annual Allocation: $ 928,722	*Program Funds: $ 882,285.90
Program Income: $ 0.00	**TA (3%) is included in Program Funds*
Prior Year Allocation: $1,116,440.00.	State Administration (5%): $ 46,436.10
Total: $ 2,045,162.00	Total: $ 928,722.00

Potential leverage amount from ARC's INSPIRE Initiative for projects and activities are not under RHP privy but complements RHP mandated goals and objectives. These are stand-alone funds being invested in the region regardless of RHP – no interagency memorandum of understanding has been entered into binding ARC to support RHP.

The State of North Carolina will comply with RHP expenditure requirements and deadlines, including to expend at least 30% of the state's RHP funds within one year from the date HUD signs the RHP grant agreement, to expend 100% of the RHP funds before the end of the period of performance on September 1, 2027, and to

limit administrative costs to 5% of the RHP grant. Unless, otherwise, waivered or extended under the authorization of HUD.

Although, the state has targeted RHP funds to, the hardest hit region, the Appalachian counties in the State of North Carolina. The state recognizes that each community within the Appalachian region counties have unique housing, economic, and social needs that are interconnected in some way. Therefore, in an effort to maximize RHP funds and empower the most economically distressed communities within the Appalachian region the state is committed to taking into account designated Opportunity Zones in the distribution of RHP funds. Based on the U.S. Treasury Department Designations and 2011-2015 ACS Data, there are 55 designated Opportunity Zones within the State of North Carolina's Appalachian region with 223,934 LMI North Carolinians residing within these designated Opportunity Zones https://www.arc.gov/opportunity-zones/.

The state consistently evaluates publicly owned lands or properties that could be used to address housing and community development needs in North Carolina. As such, when buildable lots become available and are determined to be a viable option, the state will purse public-private partnerships to develop or redevelop transitional housing units. In addition, the state, if necessary, will strategically acquire land and/or property as publicly owned for either owner-occupied, lease-purchase, or rental property to provide individuals in recovery from a substance use disorder with stable, transitional housing while on the path to self-sufficiency.

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Administration Summary:

HUD has granted waivers and alternative requirements to expand options in carrying out RHP activities through RHP Implementation Notice, and Federal Register Notice (FR-6225-N-01). HUD determined these flexibilities would facilitate and streamline the use of RHP funds to entities with the greatest need and the ability to deliver effective assistance in a timely manner. The waivers and alternative requirements allow grantees to act directly and carry out activities through employees, contractors, and subrecipients in all geographic areas of their jurisdictions, and to select subrecipients to administer the program on their behalf. The State of North Carolina has determined the approach for administering RHP funds and selecting activities and projects will be through a "Direct-Action" approach. The North Carolina Department of Commerce Rural Economic Development Division (REDD) is the state's CDBG Administrator and, as such, shall be the lead agency to direct RHP funds in accordance with all applicable federal, state, and local laws, regulations, guidance and policy requirements that are pertinent to the implementation of RHP and the SUPPORT Act.

For activities carried out by the State of North Carolina in entitlement areas, the provisions of 24 CFR 570.486(c) are waived to the extent necessary to allow the state, either directly or through units of general local government, to use RHP funds for activities located in entitlement areas without contribution from the entitlement jurisdiction. At its discretion, the State of North Carolina may carry out activities utilizing the state CDBG program regulations to distribute RHP funds to units of general local government, Indian tribes, tribally designated housing entities, and entitlement areas. The State of North Carolina will be responsible for submitting the Request for Release of Funds to HUD for approval.

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Use of Funds – Method of Distribution:

The State of North Carolina will make available up to $882,285.90 in RHP funds to one or more subrecipients, as grants, to help individuals within the State who have been affected by substance use disorder (SUD). Subrecipients will be solicited, evaluated, and selected for RHP activities through the process of first, releasing a Notice of Funds Availability (NOFA) — after the State of North Carolina has received its grant agreement and approval from HUD. Primary applicant for RHP must be County-Level or County's municipality designee and first priority will be given to Tier 1 & 2 counites *(especially those with overdose rates over the national average)*. Subrecipient's project applications received must meet RHP criteria and can earn up to 100 points based on the elements with the Use of Funds - Criteria for Evaluation section of this plan.

Use of Funds – Activities Carried Out Directly:

REDD's staff capacity and structure will permit the State of North Carolina to act directly using one or more subrecipients (entitlement, non-entitlement, or non-profit) to carry out RHP activities within the Appalachian region of the state.

State grant administration is an allowable expense, capped at 5% of the allocation plus 5% of any RHP program income. Technical assistance (TA) is also authorized, capped at 3% of the allocation plus 3% of any RHP program income. Administrative matching funds are not required.
Breakdown of RHP Funds:

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Expected Amount Available Year 6 (FY2026)	**Breakdown**
Annual Allocation: $ 928,722.00	*****Program Funds: $ 928,722.00
Program Income: $ 0.00	***TA (3%) is included in Program Funds**
Prior Year Allocation: $ 0.00	State Administration (5%): $46,436.10
Total: $ 972,022.	Total $972,000.00

Expected Amount Available Year 2 (FY2022)	**Breakdown**
Annual Allocation: $ 806,625	*****Program Funds: $ 766,294
Program Income: $ 0.00	***TA (3%) is included in Program Funds**
Prior Year Allocation: *$ 778,974 shown within Grand Total*	State Administration (5%): $ 40,331
Total: $ 806,625	Total: $ 806,625

Grand Total of Expected Amount Available Year 1 (2021) and Year 2 (2022): $1,585,599.00
Expected Amount Available Year

The State of North Carolina will fund eligible applicants through RHP for **eligible RHP activities** as described in Federal Register Notice (FR-6225-N-01), which are CDBG-eligible activities consistent with the purpose of RHP. To provide stable, temporary housing for individuals in recovery from a substance use disorder (not including administration and technical assistance).

All RHP activities must comply with the **Limited Clientele National Objective (LMC),** as modified by FR-6225-N-01 and must support activities that benefit low- and moderate-income persons. The State of North Carolina and its subrecipients are prohibited from using RHP funds to aid in the prevention or elimination of slums or blight or for activities designed to meet urgent needs. Planning grants are not eligible for RHP funds.

Use of Funds – Eligible Subrecipients:

The definition of subrecipient at 24 CFR 570.500(c) applies when utilizing subrecipients, and the requirements of 24 CFR 570.489(g) (as modified by section II.D.vii) shall apply. For purposes of this alternative requirement, the definition of subrecipients at CFR 570.500(c) is modified to expressly include Indian tribes. Indian tribes that receive RHP funding from the state must comply with the Indian Civil Rights Act (Title II of the Civil Rights Act of 1968, 25 U.S.C. 1301 et seq).

Use of Funds – Criteria for Evaluation:

As stated within the Use of Funds - Methods of Distribution section, the State of North Carolina will solicit, evaluate, and select subrecipients for RHP activities through the process of first, releasing a Notice of Funds Availability (NOFA). Primary applicant for RHP must be County-Level or County's municipality designee and first priority will be given to Tier 1 & 2 counites *(especially those with overdose rates over the national average)*.

The state's RHP will prioritizes the selection of a subrecipient's with the greatest need and ability to deliver effective assistance in a timely manner – subrecipient must demonstrate the capacity to expend at least 30% of RHP funds in the first year of receiving funds. Additionally, priority will be given to subrecipients that demonstrate leveragability to ARC's Strategies and Initiatives and assists individuals in recovery from SUD with stable, transitional housing. Subrecipient's project must integrate multiple community and economic development systems, evidence-based or promising SUD models and practices, and resources in support of implementing existing community and economic development strategic plans that create pathways to self-sufficiency. For a list of evidence-based resources and guidelines from the Substance Abuse Mental Health Services Administration, visit the Resource Center | SAMHSA.

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Subrecipient's project applications received must meet RHP criteria (below) and can earn up to 100 points based on the following elements:

RHP Request for Application Criteria

A. Executive Summary — **Submit required form**
B. Statement of Needs — **Up to 25 points**
C. Project Description — **Up to 32 points**
D. Projected Outputs and Outcomes — **Up to 16 points**
E. Leveragability to ARC's Strategies and Initiatives — **Up to 12 points**
F. Budget and Budget Narrative **— Up to 5 points**
G. Feasibility — **Up to 5 points**
H. Organizational Capacity — **Up to 5 points**
I. Required Forms: — **Recommended Attachments and Supporting Documentation**

Definitions – Individual in Recovery:

Recovery has been identified as a primary goal for behavioral health care. In recent years, leaders in the behavioral health field, consisting of people in recovery from mental health and substance use disorders, Rural Health Information Hub (RHUB) and SAMHSA, have explored and developed common, unified working definitions associated to recovery. Entrusting the efforts and the consultations of many stakeholders, SAMHSA and RHUB), REDD will adopt the following definition as part of RHP, for the purposes of advancing stable transitional housing for North Carolinians in recovery from substance use disorder on a path of self-sufficiency:

Individual in Recovery - An individual engaged in the process of change through which they seek to improve their health and wellness, live a self-directed life, and strive to reach their full potential.

Definitions – Substance Use Disorder:

Substance Use Disorder - The recurrent use of alcohol and/or drugs causes clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.

Anticipated Outcomes:

The State of North Carolina's overall goals and objectives will concentrate on achieving through RPH funds a cross-sector community recovery partnerships that will expanding peer recovery support networks to create a holistic approach to assist individuals in recovery from a substance use disorder with stable, transitional housing and create long-term social and economic vitality.

As stated within the Use of Funds - Activities Carried out Directly, the state will fund one or two subrecipients through RHP for **eligible RHP activities** as described in Federal Register Notice (FR-6225-N-01), which are CDBG-eligible activities consistent with the purpose of RHP. To provide stable, temporary housing for individuals in recovery from a substance use disorder (not including administration and technical assistance).

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The state estimates at least 40 individuals will be assisted through RHP, with a goal of 75% (30) individuals able to transition to permanent housing through RHP-assisted temporary housing.

It should be emphasized that the state expects the number of individuals assisted in RHP activities and the number of individuals able to transition to permanent housing through RHP-assisted temporary housing to change — once potential subrecipients' RHP applications received from the state's NOFA are evaluated and selected for funding. Based on information gain through the state's partner coordination on SUD needs and capacity of RHP funding in FY21 & FY22 allocations, the number of selected subrecipients would be more effective and deliver transforming results if no more than two subrecipients are selected for funding.

Expenditure Plan:

The State of North Carolina will comply with RHP expenditure requirements and deadlines, including to expend at least 30% of the state's RHP funds within one year from the date HUD signs the RHP grant agreement, to expend 100% of the RHP funds before the end of the period of performance. and to limit administrative costs to 5% of the RHP grant. Unless, otherwise, waived or extended under the authorization of HUD.

The state's staff within REDD will provide comprehensive grants management and compliance oversight to selected subrecipient(s) to ensure all activities are undertaken as approved and all predetermined expenditure schedules set forth by contractual agreement are adhered to.

Proposed Schedule to Meet Expenditure Deadlines:

- Receipt and execution of RHP grant agreement — Expected **September,2026**
- Publishing of RHP Notice of Funding Availability (NOFA) —**Completed in June 2026**
- Applications are in an open award cycle until funds have been expended
- RHP Review Committee will evaluate and score RHP applications —
- Announcement of Subrecipients being awarded for RHP —
- Subrecipients' grant agreements issued for execution —
- Closeout Process —
- 100% of the RHP funds expended and the end of the period of performance —

The state does not anticipate the generation of program income from the RHP allocations. However, the state will ensure prior to closeouts if any gross program income is generated through RHP that all program income

will be reinvested in RHP activities or the states CDBG program. The state will prohibit the establishment of revolving loans with program income generated from the use of RHP funds.

Citizen Participation Summary:

This statutory section, which must be fulfilled as outlined in the Notice, has undergone only minor modification since the FY25 RHP Substantial Amendment; however, it does not qualify as substantial. However, a statutory obligation exists to provide a summary of the State's citizen participation process for the RHP program. Additionally, the overarching RHP program granted a waiver/modification of CDBG Citizen Participation Requirements as outlined in 24 CFR 570.486 and 24 CFR 91.505, allowing for a minimum of 10 calendar days for the public comments period.

The State elected to conduct a 10-calendar day public comment period, which commenced on Friday August 14, 2026. A virtual public hearing will be held on Friday 14 August, 2026 at 11:00 AM EST. Information about the public hearing is posted on the North Carolina Department of Commerce's website at www.commerce.nc.gov .

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In advance of and throughout the public comment period, REDD published the draft FY26 Substantial Amendment in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and to submit comments. This format for the designated public comment period and hybrid public hearing was consistent with the State of North Carolina's Citizen Participation Plan. The State does not differentiate between any individual, group, or organization that wishes to provide input during the planning, implementation, and assessment of community needs toward the draft(s) and/or final version of the substantial amendment. There were no public comments and views received, either in writing or verbally, regarding the state's 2026 substantial amendment during the designated public comment period and official hybrid public hearing. The State will submit the final FY2026 Substantial Amendment within the Disaster Recovery Grants Reporting System (DRGR) on or before August 16, 2026.

Partner Coordination:

This statutory section, which must be fulfilled as outlined in the Notice, has not changed since the FY25 RHP Substantial Amendment.

Subrecipient Management and Monitoring:

This statutory section, which must be fulfilled as outlined in the Notice, has not changed since the FY25 RHP Substantial Amendment.

Pre-Award/Pre-Agreement Costs:

This statutory section, which must be fulfilled as outlined in the Notice, has not changed since the FY25 RHP Substantial Amendment.

Certifications:

This statutory section, which must be fulfilled as outlined in the Notice, has not changed since the FY25 RHP Substantial Amendment.

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