

# WARM



◀ Garry Watkins, president of Wabuck Development Co. (left), developed the Women's Addiction Recovery Manor in Henderson, Ky., with the help of Dale Sights, the facility's president.

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# SAVING LIVES

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*Affordable housing plays a major role in combating  
America's opioid crisis*

by **DONNA KIMURA** photo by **DARRIN PHEGLEY**

**S**tephanie McCarty is clean and sober and has her own apartment.

“I live differently now,” says the young mother who struggled with substance abuse on and off for close to 15 years before arriving at the Women’s Addiction Recovery Manor (WARM) in Henderson, Ky.

McCarty’s drug addiction started with opioids—prescription pain pills. She says it then progressed to bouts with heroin, methamphetamine, and other drugs.

Referred to WARM by a probation officer a year ago, she successfully went through the facility’s recovery program and now works as an administrative assistant at the center.

“It’s absolutely changed my life,” says the 30-year-old. “I truly mean that. When I was sent to WARM, I was unable to be any

kind of productive member of society. My daughter was 1 year old, and I was unable to be a mother to her for the first year of her life. Not because I didn’t want to be or because I didn’t love her, but my substance abuse problems held me hostage. It’s not like that today.”

McCarty lives in the affordable residences that are part of the WARM campus.

“I love living next door,” she says. “My neighbors are sober individuals. It keeps me in a sober environment. It ensures a sober environment for me and my daughter.”

With this new stability, she is open about sharing her story in hopes of helping others.

“I think there’s an absolute stigma with drug addiction that perpetuates the problem,” she says. “We need people to





▶ More than 1,000 women have graduated from the Women's Addiction Recovery Manor, which provides affordable housing and social services.

say, "This is what I went through. This is what I struggled with.' I live differently [now]. I'm not the same woman I was when I walked into WARM."

### THE ROLE OF HOUSING

Garry Watkins recalls touring WARM when a resident came up to him and said, "If it wasn't for you, I wouldn't be alive."

That was giving him way too much credit, says the president of Wabuck Development Co., the firm that built the development. But it made a lasting impression that still resonates with him today.

"When people look at you and say, 'Except for you, I wouldn't be alive,' it doesn't get any better than that," says the veteran affordable housing developer.

His firm has developed four projects under Recovery Kentucky, a state program aimed at helping people recover from addiction, which often leads to chronic homelessness. Completed a decade ago, WARM was the state's first Recovery

Kentucky project. It serves women who are addicted to drugs, including a high percentage who've used opioids.

Every day, more than 90 Americans die after overdosing on opioids. The misuse of and addiction to opioids—including prescription pain relievers, heroin, and synthetic opioids such as fentanyl—led President Trump to recently declare the opioid crisis a public health emergency.

In 2016, more than 2 million Americans had an addiction to prescription or illicit opioids, and since 2000, more than 300,000 Americans have died from overdoses involving opioids.

WARM is doing its part to help. Its 10 years of operation means over 1,000 women have graduated from the program since it opened its doors, estimates Dale Sights, a local bank president who serves as the center's president and CEO.

Sights is in his 30th year of recovery from alcoholism. "I couldn't be more grateful," he says. "I was able to experi-

ence recovery through the help of a lot of people. Helping others has been a passion of mine from almost the beginning of my recovery experience."

He worked closely with the Wabuck team to develop the project, which features 64 permanent housing units that were built in two phases as part of the campus. They also partnered on the 46-unit Men's Addiction Recovery Campus (MARC) in Bowling Green a few years later.

For the Recovery Kentucky projects, Wabuck provides the affordable housing development expertise while a nonprofit partner oversees the recovery and social services offered at the sites.

The firm's most recent development, the 46-unit Genesis Recovery Kentucky Center near Ashland, was built in partnership with Pathways, Inc., a year ago.

Sec. 8 project-based vouchers generally support the housing costs. The state assists with the operating costs, including providing Community



◀ Recovery Kentucky developments, including the \$8.6 million Genesis Recovery Kentucky Center in Grayson, are financed with the help of low-income housing tax credits.

Development Block Grant (CDBG) funds to the developments.

Wabuck has tweaked the model since opening WARM. The company has made the recent units a little bigger, so they can be used as special-needs housing if the Recovery Kentucky program changes or ends.

The program has relied on low-income housing tax credits (LIHTCs), CDBGs, and funding from the Department of Corrections. If those funds are no longer directed to the participating facilities, there's a financial risk involved.

Wabuck has partnered with LIHTC syndicators Ohio Capital Corporation for Housing (OCCH) and Boston Capital on the Recovery Kentucky developments.

On the recent, \$8.6 million Genesis project, OCCH provided about \$6.5 million in LIHTC equity. In addition to awarding the housing credits, Kentucky Housing Corp. (KHC) provided a \$500,000 HOME loan. The Federal

Home Loan Bank of Cincinnati also provided a \$1 million grant.

### RECOVERY KENTUCKY

Kentucky was among the first states to recognize the emerging opioid crisis. Led by then-governor Ernie Fletcher in 2005, the state established Recovery Kentucky.

A joint effort by KHC, the Department for Local Government (DLG), and the Department of Corrections, the program has led to the opening of 13 recovery centers with more than 650 housing units. Another development will be completed this year.

"This is a housing program," says Mike Townsend, Recovery Kentucky director at KHC. "It's not a professional licensed treatment program. It's a peer-based education program that follows the structure of self-help programs like Alcoholics Anonymous. It teaches men and women accountability, responsibility, and education about the disease so they can live sta-

ble, independent lives. They're providing life skills and employment opportunities and, hopefully, supportive, sober housing once they leave the program."

One of KHC's roles has been to provide LIHTCs as well as HOME and other funds to finance the development of the Recovery Kentucky centers. Housing may be the most important component of the facilities.

"Someone in that situation may not have a lot of income or resources," says Jeremy Ratliff, deputy executive director at KHC. "They need affordable housing to live in while they're going through this program."

The housing developments can't carry a lot of debt because they're structured to be affordable to residents, and the rent that's collected is minimal. As a result, the LIHTCs are critical. Without the housing credits, the developments would be difficult, if not impossible, to finance.

Recovery Kentucky developments





**Genesis**  
 Recovery Kentucky Center is home to men recovering from addictions. Developed by Wabuck Development Co. and Pathways, Inc., it was built under the Recovery Kentucky program.

typically have a section, a multibed unit similar to a shelter, for residents to sober up. Once an individual commits to taking part in the program, he or she moves into the supportive-housing units.

Residents stay in the apartments, which are considered permanent housing, until they complete their recovery. That could take months or longer.

Once they complete the program, residents are usually ready to move on to other housing that's more independent. They also understand that others want the opportunity to participate in the program, according to Ratliff.

Many of the residents are referred by the state Department of Corrections, which wanted to see nonviolent offenders get treatment rather than overwhelm the prison system. The corrections department and the DLG provide operational funding for the 13 facilities around the state.

The results have been impressive. A recent survey found that about 64% of Recovery Kentucky clients reported using opioids when entering the program; a follow-up assessment about a year later found just 4% of the clients using opioids.

In another finding, 38% reported be-

ing homeless at intake. A year later, just 2% remained homeless. The number of arrests also has significantly decreased.

Recovery Kentucky officials say the program is saving the state money that it would otherwise be spending on courts, prison, and emergency services. For every dollar invested in recovery services, there's been an estimated \$2.71 return in avoided costs.

Officials say the program is a good investment. Not only is it reducing drug-related crimes and associated court costs, it's helping clients break the cycle of addiction and poverty.

**OTHER STATES, HOUSING PROVIDERS MAKE MOVES**

Kentucky is far from alone in its opioid problem, and other housing organizations are taking steps to address the issue.

The Ohio Housing Finance Agency (OHFA) has made a change to its LIHTC program for 2018–2019 that aims to help developments working with those recovering from opioid and other drug disorders.

The agency divided its supportive housing pool into two subpools—one for traditional permanent supportive housing

and a new one for developments serving people recovering from substance abuse.

The new subpool was created as part of OHFA's overall engagement process for establishing its qualified allocation plan (QAP), the document that guides housing credit awards. "We identified five priorities, and essentially every component of the QAP relates back to one of those overarching concepts," says Carlie J. Boos, OHFA program and policy manager. "One of them is promoting healthy living."

The substance-abuse recovery subpool will be funded with \$500,000 in LIHTCs, so OHFA will likely be able to fund one project a year under the category.

The move comes at a time when the state is seeing a rising number of fatal drug overdoses. In 2016, unintentional drug overdoses caused the deaths of 4,050 Ohio residents, a nearly 33% increase compared with 2015, when there were 3,050 overdose deaths.

Even before the change, OHFA helped finance the 3-year-old Pearl House, in Lancaster, Ohio, which has been providing affordable housing and treatment to help people recovering from addiction.

The 21-unit development is located in

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Fairfield County, a small rural community hard-hit by the opioid epidemic.

“We didn’t know how long people were going to need to stay,” says Jennifer Walters, president of Fairfield Homes, a developer on the project. “Everyone is on a different program. Six of the original residents moved out two and a half years later. That isn’t a coincidence. That’s how long it took them to get their GEDs, go back to school, and become employed.”

Walters partnered with Lancaster-Fairfield Community Action Agency, a community housing development organization, and The Recovery Center, which provides a full spectrum of treatment and services, on the development.

Pearl House serves people who are homeless or at risk of homelessness. Residents also are required to have a sponsorship with The Recovery Center, which is adjacent to the housing development.

Having the center just steps away makes it convenient for residents to access treatment services and attend appointments. However, having stable and affordable housing is just as important.

“If you asked any of the residents at Pearl House, they would say housing is vital to their recovery,” Walters says. “We take many people to tour Pearl House; residents are open to talk with the people who come through, because they feel there should be more recovery housing like Pearl House.”

About 40% of the residents have lived at Pearl House for more than a year, according to Walters.

A 15-year, project-based voucher contract with the Lancaster Metropolitan Housing Authority allows for the residents to pay no more than 30% of their income for rent. The supportive services are paid for through Medicaid.

One of the unexpected challenges was the number of families already with children or pregnant. Within a few months of opening, 12 babies were born. “There were newly sober parents,” Walters says.

As a result, classes and support for parenting were provided. In addition, the

project partners created a children’s room that brings in a Head Start teacher once a week to work with the children. For the first time in the state, a permanent supportive-housing community is a certified Head Start location.

The \$5.6 million development was financed primarily with LIHTC equity provided by Huntington National Bank through OCCH. The housing credits were awarded by OHFA. The project also received money from the Housing Development Assistance Program through

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*Jennifer Walters,  
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Fairfield Homes*

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the Ohio Housing Trust Fund and the Federal Home Loan Bank of Cincinnati Affordable Housing Program.

After three years of operations, Pearl House has compiled impressive results. All 21 units are occupied; seven families that wouldn’t have been able to do so without stable housing have been reunited; and five residents have completed their GEDs. Additionally, about half of the residents are fully employed, and two are in college.

#### **SAVING LIVES IN SEATTLE**

In Seattle, Downtown Emergency Service Center (DESC) has a long history of assisting the city’s most vulnerable residents

by providing people experiencing homelessness with permanent supportive housing and other critical services.

Officials at the nonprofit organization have seen an increase in opioid-related overdoses among its clients in recent years, says Daniel Malone, executive director at DESC, which has 11 supportive-housing communities with 900 apartments. It also operates another 300, scattered-site apartments and more than 400 emergency shelter beds.

DESC staff members have been trained to recognize and respond to opioid overdoses. The housing and case management staff members have learned how to administer naloxone via a nasal spray while waiting for emergency medical personnel. Naloxone is used to reverse the effects of an opioid overdose and save lives.

For a while, staff members were having to administer the drug about once a month across all of the organization’s sites—not just the housing developments but also its treatment and program locations. More recently, the frequency has increased to more than once a month, estimates Malone.

In another move, DESC is embarking on an expansion of an opioid medication-assisted treatment program. Officials are hopeful the use of certain medications will assist individuals in abstaining from heroin and other opioids.

While DESC has a deep offering of behavioral health and treatment programs, its housing may make the biggest difference.

“Housing is the single most important thing, by far,” Malone says. “For people who don’t have housing, making progress in life, especially with a debilitating condition like a substance addiction or a serious mental illness, is extremely difficult. Once people get housed and some of the stress of the day-to-day living and managing where you’re going to be safe is resolved, you have a much greater capacity to engage in personal-growth activities, including treatment for behavioral health disorders.” **AHF**