THE PATH TO PURPOSEFUL RECOVERY HOUSING

An Insider's Guide to Sober Living and Its Role in Addiction Recovery

Dr. Hunter T. Foote



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FOREWORD

About The Author



Dr. Hunter T. Foote is a nationally recognized leader in the recovery housing movement, dedicated to creating supportive living environments for individuals in recovery. With over a decade of hands-on experience spanning mission-driven real estate development and the operation of structured sober living communities, Dr. Foote offers a rare combination of entrepreneurial acumen, legal insight, and social purpose.

As the founder of Vanderburgh Sober Living, Dr. Foote pioneered a model for recovery housing that combines business discipline with mission-centered values. Under his leadership, VSL expanded to 38 homes, and by 2020, became the largest network of Level II recovery homes in the United States. VSL's novel approach empowers Chartered Operators to lead independent homes under a shared set of values, training, and oversight.

Dr. Foote has led several pioneering organizations, including an aerospace education organization that became the only school to receive AOPA's National Best Flight School award twice. He also served as the Chief Financial Officer of a medical research agency developing a mobile CPAP device for neonatal intensive care across Africa.

A leading expert in social franchising, Dr. Foote earned his PhD in Humanities from Salve Regina University in Newport after completing his master's degree at Harvard University in business. His academic research explores the intersection of entrepreneurship, ethics, technology, Christianity, and systems change. Dr. Foote has held teaching positions at Harvard University and Hult

International Business School and has lectured at many universities including Boston University and Springfield College.

Rooted in faith and driven by a deep curiosity about the world, Dr. Foote brings the same spirit of service and connection to his personal life—whether serving on missions in East Africa, sharing street food with colleagues, or sharing his love of traditional Irish and Scottish music with friends.

Learn more at **www.HunterFoote.com**

What Recovery Housing Offers

Recovery housing is more than just a place to stay—it is a structured, supportive, and peer-led solution to one of society's most persistent challenges: sustaining long-term recovery from substance use. It stands at the intersection of public health, housing equity, and personal transformation. And right now, it's one of the most urgent and under-resourced components in our behavioral health system.

A Lifeline for Individuals in Recovery

For someone finishing treatment or exiting the justice system, a safe place to live can be the determining factor between recovery and relapse. Yet too often, individuals return to the very environments that contributed to their substance use—places marked by instability, stress, or active addiction. Recovery housing offers a different path.

In a well-run recovery residence, residents are surrounded by peers who understand the recovery journey. Homes provide a drug- and alcohol-free environment, clear expectations, accountability, and community—all essential ingredients for sustaining recovery. From there, individuals are encouraged to:

- Secure employment or job training
- Maintain sobriety in a structured environment

- Continue outpatient treatment or therapy
- Rebuild relationships with children and family
- Develop healthy routines and responsibilities

For many, recovery housing is the first time they've had not just a roof over their heads, but a true sense of safety and belonging.

A Bridge That the System Often Misses

The gap between clinical treatment and total independence is where many people fall through the cracks. Hospitals, detox centers, and residential treatment programs often discharge people without a sustainable housing plan. Some return to shelters, others to unsafe homes—or worse, to homelessness. Recovery housing fills this missing middle.

It offers just enough support to help people stabilize, but with enough autonomy to promote growth. Residents take responsibility for rent, chores, and community living, building life skills in a supportive setting. Unlike institutional care, recovery housing is often peer-led and community-based, fostering mutual support and long-term resilience.

A Cost-Saving, Impact-Driven Solution

Communities benefit when people in recovery have stable places to do the work. Research shows that recovery housing reduces relapse rates, emergency room visits, criminal justice involvement, and homelessness. It increases employment, education participation, and family reunification—positive outcomes that ripple outward. From a systems perspective, recovery housing is a high-leverage investment:

- **For policymakers and public health leaders**: It provides a cost-effective intervention that improves outcomes and reduces demand on high-cost services.

- **For housing developers and real estate professionals**: It offers an emerging opportunity to generate income through mission-aligned investments in transitional housing stock.

- **For community organizations and funders**: It represents a scalable model with measurable social return on investment.

- **For behavioral health providers**: It closes the gap in the continuum of care, ensuring clients have the stability needed to succeed post-treatment.

How You Can Be Part of the Solution

Whether you're opening a home, developing housing, or simply learning how to help, your role matters. Recovery housing needs informed, committed people who understand its impact. This book gives you the tools to take meaningful steps—because lasting recovery starts with stable housing, and that starts with you.

Let's build something that matters!

What Recovery Housing Makes Possible

Recovery homes are designed to provide people in recovery with a safe, stable place to live while they rebuild their lives. But that core mission creates a ripple effect of benefits across individuals and communities:

- **For residents**, it's a foundation—a place to grow in sobriety, secure employment, rebuild relationships, and establish healthy routines.

- **For House Mentors**, it's a leadership role that deepens their own recovery journey while helping others find their footing.

- **For operators**, it's a mission-driven business that blends meaningful impact with operational sustainability.

- **For communities**, it's a proven strategy that reduces relapse, lowers crime, increases employment, and generates public health savings.

A single recovery home supports far more than the people inside. It also strengthens the ecosystem around recovery itself.

A Guest's Story

"I Didn't Need a Program Any More—I Needed a Place.

I'd been through treatment three times. Each time, I came out clean, with a discharge plan and a handful of numbers to call. But nothing stuck. I'd sleep on my cousin's couch for a few days, or bounce between shelters, and within weeks I was back using. It wasn't that I didn't want to stay sober, I just didn't know how to do it in the real world and I never had a stable place to figure it out.

The last time, my caseworker mentioned a sober house in [redacted] but I thought the place had too many rules and I had to sleep in a room with two other guys. But I didn't have another choice and I didn't want to go back to jail or end up on the street. So I went.

Walking into that house changed everything. It was clean, calm, and full of people who understood. There was a house manager who'd been in recovery for six years. There were rules including curfews, drug testing, mandatory meetings, but they gave me something I hadn't had in years. That thing was structure, and for the first time in a long time, I felt safe. Safe enough to think about tomorrow.

At first, I focused on making my bed, cooking meals, going to meetings. I started to reconnect with myself. I found a sponsor. I got a job at a moving company. I paid rent on time. I even started saving money, something I hadn't done since my dad told me to growing up.

What surprised me most was the sense of community. The guys in the house weren't just housemates, they were my accountability partners, my support system, my family. We celebrated sober birthdays together. We helped each other

through cravings and court dates and phone calls with family. That house wasn't just a place to sleep—it was a place to grow.

After nine months, I moved into a shared apartment with another guy from the house. I still go back for meetings and to talk with the new residents. That house saved my life. Not with a miracle or a new medication—but by giving me time, space, and support to rebuild my life from the ground up. ***I didn't just get sober there. I learned how to live again."***

Who This Book is For

This book is designed for individuals and organizations who are invested in the development, operation, and support of recovery housing. Whether you're just starting out or looking to deepen your impact, you'll find practical insights and strategic frameworks tailored to your role. Ideal readers include:

- **Recovery Housing Operators**
  New to the field and seeking a comprehensive understanding of how to establish and run a recovery home—or already operating and looking to grow their impact or bottom line.

- **Real Estate Investors & Developers**
  Exploring how to lease or develop properties specifically for recovery housing, and collaborate effectively with operators.

- **Recovery Professionals**
  Interested in understanding how recovery housing fits into the broader continuum of care.

- **Public Policy Advocates**
  Working to shape regulations, allocate funding, or support systems that include recovery housing as a component of community health.

- **Community Stakeholders & Nonprofit Leaders**
  Engaged in housing, health equity, or recovery support, and seeking to align local initiatives with proven recovery housing models.

Further Reading

Developing Sober Living Real Estate

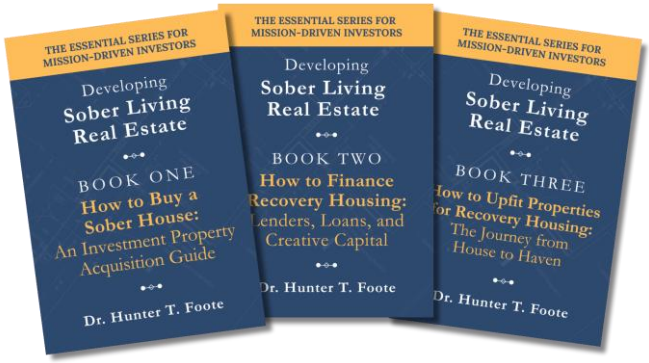
A Three-Part Series for Real Estate Investors

By Dr. Hunter T. Foote

Sober living and group homes play a critical role in addressing addiction, homelessness, and housing insecurity, yet few real estate professionals know how to develop these properties successfully, sustainably, and in compliance with local regulations.

Developing Sober Living Real Estate changes that.

Designed for impact-focused real estate professionals, this step-by-step series offers the first comprehensive blueprint for creating high-impact, income-producing recovery housing. Drawing on more than a decade of experience building and supporting dozens of certified sober houses, Dr. Foote walks you through every phase of the process—from acquisition to financing to renovation.



What You'll Learn Across the Series:

Book 1: How to Buy a Sober House

Identify, evaluate, and purchase the right property for recovery housing. This volume covers neighborhood selection, occupancy analysis, renovation planning, and due diligence—tailored for sober living development.

Book 2: How to Finance Recovery Housing

Learn to build a sustainable capital stack using loans, grants, seller financing, philanthropic capital, and creative deal structures.

Book 3: How to Upfit Properties for Recovery Housing

Discover how to prepare homes for certification and safe occupancy. Topics include fire and ADA compliance, layout design, maximizing capacity, and navigating inspections.

Whether your motivation is impact, income, or both, this series will equip you to build homes that heal, communities that restore, and a legacy that lasts.

Get Your Series &
Get Started!

More than a real
estate guide—
this is a
mission manual



Recovery Housing Leadership Academy

The *Recovery Housing Leadership Academy* is VSL's signature training and professional development platform. Designed for both emerging and experienced leaders, the Academy offers structured online courses, practical toolkits, legal resources, and mentorship pathways tailored to the recovery housing ecosystem.

Course tracks include:

- How to Open a Recovery Home
- The Four Domains of Recovery Housing: Operations, Administration, Outreach, and Facilities
- How to Form a Legal Entity
- Equipping House Mentors
- Seven Step Outreach Strategy
- How to Fund Your Recovery Home

Enroll in the Academy today!

Whether you're an operator, real estate developer, nonprofit leader, or advocate, the Academy will help you strengthen your skills, deepen your impact, and lead with confidence.



CHAPTER 1: WHAT IS RECOVERY HOUSING?

The Defining Features of Recovery Housing

Recovery housing—sometimes called sober living, sober homes, recovery residences, or sober living homes— provides safe, drug- and alcohol-free shared housing for people rebuilding their lives in recovery. These homes offer structure, support, and accountability as residents transition toward independent living.



Recovery housing refers to supportive living environments designed for individuals recovering from substance use disorders. These residences provide a structured, alcohol- and drug-free setting where residents can focus on sobriety, personal development, and reintegration into the community. Recovery housing bridges the gap between treatment and independent living, offering varying levels of support depending on the model.

Key characteristics of recovery housing typically include:

- A peer-supported, substance-free, and recovery-focused *family of choice*
- Clear house rules and resident responsibilities focused on individual accountability supported by a sense of community
- A voluntary, self-sustaining model ranging from fully democratic to clinically integrated (depending on the home's Level of Care)

A recovery home is not a clinical facility, though it may connect residents to clinical services. It functions as a community-based, recovery-supportive residence.

Substance-Free Environment

A recovery home is a **substance-free environment**. This element is fundamental to the safety, integrity, and effectiveness of recovery housing. Maintaining a space free from alcohol and illicit drugs allows residents to focus fully on their recovery without exposure to triggers or high-risk situations that could compromise their progress.

Key practices that support a substance-free setting include:

- **No possession or use—even outside of the home:** Recovery homes uphold strict rules prohibiting the possession or use of alcohol and drugs on the premises. Violations typically result in immediate consequences, which may include discharge, to protect the safety of the community.

- **Random drug and alcohol testing:** Regular and unannounced screenings—such as urine drug tests and breathalyzer checks—help reinforce accountability and early detection of relapse. These practices create a culture of honesty and trust while supporting residents in maintaining their commitment to sobriety.

This emphasis on a drug- and alcohol-free living space distinguishes recovery housing from other shared housing options and ensures that all residents can pursue recovery in a safe and stable environment.

A Foundation in Resident Responsibility

Resident responsibility is central to recovery housing. By managing chores, paying rent, and following house rules, residents practice the life skills and discipline that addiction often disrupts. Recovery homes are not just places to stay sober; they are environments where residents are expected to contribute meaningfully to the household and manage their own recovery. Key aspects of resident responsibility include:

- **Participation in household duties:** Residents are typically assigned chores such as cleaning shared spaces, preparing meals, or

maintaining the property. This promotes a sense of ownership and shared investment in the living environment.

- **Payment of program fees (rent):** Consistently managing program fees (often weekly or monthly) helps residents develop budgeting habits and financial responsibility.

- **Adherence to house rules:** Following curfews, attending meetings, respecting quiet hours, and engaging in recovery-oriented activities are standard expectations that help build structure and reinforce recovery values.

By upholding these responsibilities, residents not only support the function of the home but also practice essential daily living skills that prepare them for long-term independence and reintegration into the broader community.

Peer Support and Community

One of the most important features of recovery housing is the emphasis on **peer support and a structured, recovery-focused community**. Unlike clinical environments that prioritize therapeutic services delivered by professionals, recovery homes rely on the healing power of mutual support and shared experience. Residents live alongside others who are also in recovery, creating a sense of solidarity and mutual understanding that helps to normalize the ups and downs of the recovery process.

This community-based approach offers several key benefits:

- **Mutual accountability:** Residents hold each other to house rules and sobriety expectations, fostering personal responsibility and integrity.

- **Emotional support:** Peers provide empathy, encouragement, and perspective—particularly during moments of doubt or vulnerability.

- **Recovery role modeling:** More experienced residents often serve as informal mentors, demonstrating healthy coping strategies and daily routines.

- **Connection and belonging:** Community reduces isolation—a major risk factor for relapse—and helps individuals re-engage with meaningful relationships.

By focusing on shared recovery goals and daily routines, recovery homes give residents the support and sense of belonging they need to stay sober.

A Foundation in Voluntary Participation

A defining characteristic of recovery housing is the principle of **voluntary participation**. Unlike institutional or court-mandated settings, residents typically **choose to live in the home and agree to abide by its recovery-focused rules and expectations**. Because residents choose to be there, they take ownership of their recovery and stay motivated to succeed.

Key elements of this voluntary participation include:

- **Self-directed admission:** Most residents apply and are accepted into the home based on readiness and commitment to sobriety, not as a result of coercion.

- **Ongoing choice to stay:** Continued residence is contingent on active participation in the community and adherence to house rules, but individuals are free to leave at any time.

By emphasizing choice and personal responsibility, recovery housing empowers individuals to invest in their own recovery journey, contributing to a culture of mutual respect and sustained motivation.

A Financially Self-Sustainable Model

Recovery residences are typically **financially self-sustaining**, operating primarily through **resident contributions** rather than external funding. Residents pay program or occupancy fees—often on a weekly or monthly basis—which cover housing costs such as rent, utilities, maintenance, and shared household expenses. This model not only ensures the ongoing viability of the home but also reinforces residents' sense of responsibility and participation in the community.

Key features of this financial model include:

- **Resident-funded operations:** The majority of recovery homes rely on fees paid by the residents themselves, which keeps the home independent and adaptable to local needs.

- **Limited reliance on grants or subsidies:** While some homes—particularly those operated by nonprofits or in partnership with government programs—may receive outside support, such funding is the exception rather than the norm.

- **Built-in accountability:** The expectation to contribute financially supports recovery by encouraging budgeting skills, employment, and financial independence.

This self-sustaining structure distinguishes recovery housing from clinical treatment or social service programs, making it both scalable and resilient while remaining accessible to individuals seeking a supportive living environment in early recovery.

Leadership & Oversight [NARR Levels II-IV]

Leadership and oversight are essential to ensuring that recovery residences remain stable and aligned with recovery best practices. Each home typically designates individuals—such as House Managers, Mentors, or Operators—who are responsible for guiding residents, maintaining order, and enforcing house rules. These leaders often play a key role in fostering community, resolving conflicts, and upholding the standards of the recovery environment.

Oversight structures can vary significantly depending on the home's level of support, discussed in the following section. In brief:

- **Level I** homes are entirely **peer-run**, with no designated staff or operators. Residents manage the home collaboratively, making decisions democratically and holding one another accountable.

- **Levels II, III, and IV** homes introduce increasing levels of **formal oversight**. These homes are typically managed by an Operator or House Manager who provides leadership and ensures compliance with

program rules. Level III homes may include recovery support services and part-time staff, while Level IV residences are often licensed treatment facilities with full-time clinical staff.

In addition to internal leadership, many homes are accountable to external oversight bodies, such as nonprofit boards, franchising or membership organizations, or NARR's state-level affiliates who certify recovery housing. These groups set clear standards, conduct inspections, and ensure that operators stay accountable to residents and the community.

Recovery-Oriented Programming [Levels III & IV Only]

Recovery-oriented programming refers to the structured or semi-structured supports that reinforce and complement a resident's journey toward long-term sobriety. While recovery housing itself is typically non-clinical, many homes incorporate or facilitate access to programming that helps residents build recovery capital and strengthen their support networks. Only present in NARR Level III and IV homes, common support elements include:

1. **On-site fellowship meetings (e.g. 12-step—AA/NA/SMART Recovery)** or alternative mutual aid groups or required faith-based programming.

2. **Life skills workshops** covering topics like employment readiness, budgeting, nutrition, or conflict resolution.

3. **Referrals to clinical services**, including outpatient therapy, medication-assisted treatment (MAT), and case management.

The intensity and format of programming often varies by NARR level, where Level III and IV homes generally offer structured, in-house programming and may include paid staff, recovery coaching, or case coordination. Alternatively, Level I and II homes are more peer-run and encourage outside recovery services rather than directly offering programming on-site.

Whatever the level of support, the goal is the same: to keep residents engaged in recovery and connected to resources that prevent relapse.

What Counts as a Recovery Home?

Are They the Same as Sober Living Homes?

> In most cases, recovery housing, sober living, and sober houses all refer to the same thing—drug- and alcohol-free housing structured within one of the four NARR Levels of Care.

Different terms are used across the country to describe housing that supports individuals in recovery from substance use. While they often refer to similar types of environments, their usage can vary based on region, regulation, or program model:

Recovery Housing, Recovery Home, or **Recovery Residence**
These are the preferred terms used by professionals and organizations like the National Alliance for Recovery Residences (NARR). They emphasize both the purpose and the supportive nature of the housing.

Sober Living or **Sober House**
It is commonly used in many regions, especially in New England. These terms are widely recognized, though sometimes used informally or interchangeably with other models.

Oxford House
A specific self-run recovery housing model, structured by residents and operating democratically. It is considered the pioneer of peer-based recovery support, the core elements of which lie at the heart of Vanderburgh Sober Living's sober living model.

Halfway House (often improperly used)
This term is used differently across the country. In many regions, it refers to state-funded or justice-system-affiliated transitional housing, often tied to parole, probation, or mandatory treatment. While it may involve sober living conditions, halfway houses are typically more institutional in nature and do not reflect the peer-supported, community-based model of most recovery residences.

Group Housing or **Transitional Housing**
Broad terms that may include recovery housing, but are not specific to substance use recovery. They can also refer to housing for other populations, such as individuals exiting homelessness or survivors of domestic violence.

Check out our detailed guide on the terminology used: Sober Living or Recovery Housing? A Guide to the Different Terms Used Nationwide

This article breaks down the most common terms—like sober house, recovery home, and Oxford House—and explains how terminology varies across states and systems. It's a helpful resource if you're navigating recovery housing options or trying to understand local language and regulations.

Are They Like Rooming/Boarding/Lodging Houses?

> Recovery housing functions in a similar manner to rooming or boarding houses, but with recovery-focused structure and accountability measures as cornerstones of their operation.

Recovery housing and rooming/boarding houses may appear similar at a glance—both offer shared living arrangements and are typically more affordable than conventional housing—but they differ dramatically in purpose, structure, and resident experience.

Recovery housing exists explicitly to support individuals in early recovery from substance use disorders. In contrast, **rooming** or **boarding houses** are designed primarily to provide low-cost housing for individuals with limited income. They do not promote or require sobriety, and residents may be actively using substances. These homes usually lack oversight, programming, and community norms related to recovery. There is typically no expectation of participation in shared responsibilities or recovery-related support.

What If They Offer Clinical Treatment?

> It is uncommon for a recovery home to offer clinical treatment or care—the ones that do are classified as Level III or IV.

Recovery housing and clinical treatment facilities serve distinct but complementary roles within the addiction recovery ecosystem. Clinical treatment is a medical and therapeutic intervention at the front end of the continuum of care (discussed in a subsequent section), while recovery housing tends to offer community-based support that sustains long-term recovery after clinical services have been completed or alongside them.

Clinical treatment facilities—such as detox centers, inpatient rehab, and outpatient programs—are designed to address the acute and clinical aspects of substance use disorders. These facilities are staffed by licensed professionals and offer individualized treatment plans that may include therapy, medication-assisted treatment (MAT), group counseling, and psychiatric care. They are time-bound, highly structured, and often covered by insurance or government funding.

In contrast, **recovery housing** does not provide clinical care but instead offers the structured, peer-supported, substance-free living environment we have explored in this section. Recovery housing supports autonomy and long-term behavior change by serving as a bridge between treatment and independent living.

What Else *Doesn't* Count as Recovery Housing?

Not every housing option that serves vulnerable people qualifies as *recovery housing*. These common alternatives may look similar but serve different purposes:

Group homes provide long-term residential care for persons with disabilities, mental illness, the elderly, or youth under specialized supervision. They are staffed, regulated, and designed to meet ongoing clinical or developmental needs.

- *Their focus is on specialized care, not peer-driven recovery.*

Transitional shelters are temporary programs, often tailored for survivors of domestic violence, veterans, or families. Along with emergency shelters, they provide stability and often case management while residents work toward permanent housing.

- *Like group homes, they support broader social needs—but are not structured around sobriety or peer recovery.*

Emergency shelters (often referred to as "homeless shelters") serve people in immediate crisis or experiencing homelessness, offering food, safety, and a place to sleep on a short-term basis. Turnover is high, and resources are often limited.

- *They prioritize crisis response and basic needs, not long-term recovery.*

Halfway houses (in most areas) are transitional programs, often government-funded or court-mandated, for individuals leaving incarceration or inpatient treatment. While sobriety may be required, the setting is highly supervised and compliance-driven. Please note that the term "halfway house" takes on different meanings depending on the geographic region across the United States.

- *They emphasize reintegration under legal oversight and often have recovery components but are typically not voluntary and do not focus on peer support.*

Partial hospitalization programs, or PHPs, provide intensive, structured therapy during the day for people stepping down from inpatient treatment, but clients return home or to separate housing at night.

- *They deliver clinical services, not residential living environments.*

Therapeutic communities are long-term, highly structured residential programs that use strict rules and communal accountability to modify behavior, often for court-ordered populations.

- *They are more institutional and hierarchical than community-based recovery housing, and as noted, are typically not voluntary.*

In all VSL materials, we use the terms recovery housing, recovery home, sober living, and sober house interchangeably. While these terms may carry slightly different meanings in specific regions or contexts, they all refer to structured, substance-free living environments that support individuals in recovery. Our goal is clarity and inclusiveness, and we recognize that terminology often reflects local norms more than functional differences.

Understanding the 4 Levels of Care

Now that we've learned about the defining characteristics of recovery housing—we will explore how recovery homes can function very differently from one another. People in recovery have different needs depending on their stage of healing, and the level of support they require can change over time.

To help classify recovery housing based on the level of support provided, NARR has developed a nationally-recognized framework that categorizes recovery homes into **four Levels of Care**, from peer-run to clinically supported. This framework brings consistency and quality to recovery housing nationwide.

Knowing these levels is important for anyone running, certifying, or referring to recovery homes. Whether you are planning a new residence, seeking certification, or aligning a home with treatment and reentry services, the four-level system offers a clear roadmap for ensuring the right operational fit.

Each level has a purpose and meets people where they are in their recovery.

Level II residences ("monitored" homes with a House Mentor) are the most prevalent form of recovery housing in the U.S. and are most often referred to as "sober homes" or "sober living houses". Level II homes are the topic of a majority of VSL's educational content, as they balance peer support with essential oversight—making them both widely utilized and highly impactful.

Level I: Peer-Run Residences

Level I recovery residences represent the most grassroots-oriented tier within the NARR typology. These homes are entirely peer-run, with residents managing the house together without any paid staff or formal oversight. Day-to-day operations—such as enforcing house rules, collecting rent, and managing conflict—are shared responsibilities, typically delegated through group consensus or resident leadership roles. The defining features of Level I homes include:

- No professional or paid staff, operator, or outside leadership
- Democratic self-governance—from chores to house finances
- Voluntary recovery participation, often linked to external mutual aid programs (e.g., AA or NA)

This model tends to work best for individuals who are well-established in their recovery and possess the personal stability and life skills to participate in a shared, self-regulating environment. These homes often arise organically from resident coalitions, recovery communities, or local initiatives where autonomy and mutual responsibility are core values.

Peer-led by design: Level I residences are not operated by an external person or entity. They are peer-run by design, meaning there is no "operator" in the conventional sense. All governance, structure, and support are internally generated by residents themselves.

The most common form of Level I home is **Oxford House,** founded in 1975, and offering more than three thousand homes across the United States.

Level II: Monitored Residences

Level II recovery residences represent the first tier of externally supported sober living environments. Unlike peer-run homes, Level II homes incorporate a designated house manager or senior resident who provides light oversight, enforces house rules, and ensures accountability within the residence. These homes maintain a strong emphasis on peer support and communal living, but with added layers of structure and consistency to support resident stability.

The model works best for people who need light supervision but not full clinical care. It strikes a balance between autonomy and accountability, offering a reliable stepping-stone for residents progressing through early or sustained recovery.

Key characteristics include:

- **An operator** who founded the home to serve their community and who remains involved in day-to-day operations—rarely living on the property.
- **A House Mentor (manager) or peer leader** who lives on-site, monitors daily operations, and supports residents and the recovery community itself.
- **Established house rules**, including curfews, chores, visitor policies, and abstinence requirements—enforced by the House Mentor and Operator
- **Mandatory recovery participation**, such as 12-step meetings or mutual aid groups (very common, but not universal).
- **A structured peer-supported recovery environment**, where residents still share most responsibility but are supported by a live-in peer leader/mentor
- **No formal clinical services** provided on-site (or it would be Level III or IV)

Level III: Supervised Residences

Level III recovery residences fall between peer-led housing and fully clinical programs. These homes maintain a strong recovery-focused culture while adding some level of professional staff, structured programming, and organizational oversight. The model is ideal for residents who benefit from a higher level of support—particularly in early recovery or as they transition from detox or inpatient treatment.

By incorporating staff oversight and supportive services (e.g., recovery coaching, life skills training, or case management), Level III homes offer more structure and accountability without becoming clinical treatment settings. They are often run by nonprofits or mission-driven groups with clear rules and recovery philosophy.

A Level III home may have the following features:

- Operated by an organization with a clear hierarchy and mission
- Includes paid staff (e.g. peer recovery specialists or program coordinators)
- Structured daily routines, expectations, and schedule
- Certain non-clinical support services may be provided on-site or through referral partnerships
- Residents often create individualized recovery plans or personal goals
- Strong emphasis on drug- and alcohol-free environments with active monitoring (typically more intensive than in Level II environments)
- May require state *licensure* opposed to just certification—and may not even qualify for NARR-affiliate certification (as is the case in Massachusetts)

Level IV: Service Provider Residences

Level IV recovery residences are the most structured and professionally managed tier within the NARR framework. These homes are clinically staffed residential programs that integrate recovery housing with treatment or therapeutic services. Typically licensed by state authorities, Level IV homes operate as part of the formal behavioral health system and may accept third-party payment sources such as Medicaid or private insurance.

This level combines housing with clinical care in a highly service-intensive environment. While residents still live in a community setting and often participate in mutual aid, the foundation of the program is professional service delivery—including therapy, medical support, case management, and sometimes medication-assisted treatment (MAT).

Level IV recovery housing is often characterized as follows:

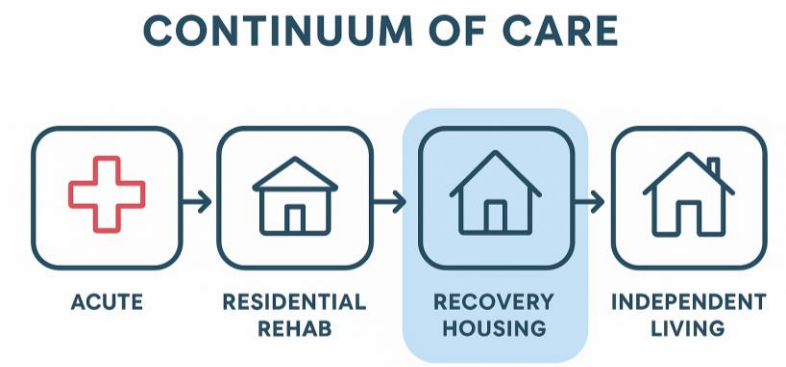
- Operated by a licensed provider, such as a behavioral health or addiction treatment agency (often outside the scope of NARR-Affiliate Certification)
- Licensed clinical staff on-site, including counselors, therapists, or medical professionals
- Formal treatment plans and clinical documentation required
- Integration of housing, treatment, and recovery support under one program model
- Often serve as step-down programs after residential or inpatient treatment, though the recovery housing itself may operate as Level II or Level III.
- Almost always subject to state licensure, audits, and healthcare regulations

The Continuum of Addiction Treatment

The **Continuum of Addiction Treatment** is a framework used to describe the range of services and support available to individuals recovering from substance use disorders. It recognizes that recovery is ongoing and requires different types of care at different stages.

The continuum typically begins with the most intensive services—such as medically supervised detoxification and inpatient treatment—and gradually transitions to less intensive services like partial hospitalization, intensive outpatient programs (IOP), and traditional outpatient counseling. This approach ensures that individuals get the right level of support for their needs and recovery goals.

Within this continuum, **recovery housing** plays an essential role during the transition from treatment to independent living. After completing (or while participating in) outpatient or community-based clinical services, individuals often need continued structure and a supportive environment to maintain their recovery momentum.



Recovery housing fills this need by providing a stable, substance-free living environment where individuals can reinforce healthy habits, rebuild life skills, and establish a sober peer network. By bridging treatment and independent living, recovery housing strengthens the continuum and supports long-term success.

By offering different types of support at different stages, both models are essential. Clinical care addresses the "what" and "why" of addiction, while recovery housing focuses on "how to live" in recovery—day by day, in a real-world setting. Together, they provide a comprehensive framework for sustained recovery.



Acute Treatment (Detox or Inpatient Treatment):
This first stage addresses the immediate physical and psychological effects of substance use. Delivered in a medically supervised setting, detox or inpatient care provides 24/7 monitoring, withdrawal management, and stabilization to prepare individuals for entry into longer-term treatment.

Clinical Stabilization (PHP or CSS Programs):
Often called "rehab," this phase focuses on therapeutic and behavioral interventions after detox. Individuals participate in structured programming—such as Partial Hospitalization (PHP) or Clinical Stabilization Services (CSS)—to build recovery tools, address co-occurring issues, and develop coping strategies in a semi-intensive setting.

Transitional Support (Halfway House or TSS):
Transitional programs offer structured housing and support for individuals leaving clinical care but not yet ready for independent living. These environments maintain curfews, case management, and accountability, serving as a bridge between treatment and community-based recovery.

Recovery Housing:
Recovery housing provides a peer-supported, non-clinical living environment for individuals committed to sobriety. Residents share responsibilities, follow house rules, and support one another while accessing outside services like outpatient care or employment.

Independent Living:
Often, the final phase involves returning to autonomous life, often in personal or family housing. Individuals continue their recovery through community support, mutual aid groups, and personal routines without the structure of a staffed or supervised setting.

History and Evolution of Recovery Housing

Recovery housing in the U.S. grew out of post-war sobriety movements and informal mutual aid groups. From the 1940s to the 1980s, the rise of Alcoholics Anonymous and the need for transitional support after treatment or incarceration shaped the field.



This era set the stage for today's structured, peer-based recovery homes, built on the understanding that safe, substance-free housing is vital for long-term recovery.

Foundations in Mutual Aid (1940s–1950s)

The earliest recovery homes grew directly out of mutual aid traditions. In this period, Alcoholics Anonymous and the cultural shifts after World War II reshaped how society viewed addiction—moving from moral judgment to public health. Grassroots sober houses, alongside new treatment models, set the stage for recovery housing as we know it today.

Rise of Alcoholics Anonymous (AA)

Founded in 1935, Alcoholics Anonymous spread nationally in the 1940s, fueled by *The Big Book* and its 12-step program. With few treatment options available, AA's peer-led, spiritual model offered a new path to sobriety and became a cornerstone of the recovery movement.

World War II & Changing Perceptions of Alcohol Use

After World War II, many veterans turned to alcohol as a coping mechanism, sparking public concern about addiction. This era marked a shift from viewing alcoholism as a moral failing to recognizing it as a disease and public health issue. Grassroots recovery efforts, like AA housing, gained legitimacy in this new climate of compassion and reform.

Expansion of AA Influence; Rise of Twelfth Step Houses



In the 1950s, AA's growth gave rise to "Twelfth Step Houses," peer-run homes where residents supported each other's sobriety. With no licenses or funding, these houses relied on shared accountability, AA meetings, and sobriety rules. They provided crucial transitional housing for people leaving institutions, pioneering the model of recovery through intentional community.

The Minnesota Model and the Professionalization of Treatment



While the Twelfth Step Houses were flourishing informally in AA circles, the Minnesota Model emerged, combining counseling and medical care with active participation in AA. This blend of professional treatment and peer fellowship reinforced the importance of structured, supportive environments in long-term recovery, influencing both treatment centers and sober living homes for decades to come.

The 1960s: Therapeutic Communities and Halfway Houses

The 1960s brought recovery housing into the mainstream. What began as grassroots sober homes now intersected with public health, mental health, and criminal justice systems. The decade saw the rise of two influential models of recovery housing: the *halfway house* and the *therapeutic community*. Each model came with distinct philosophies but both shaped recovery housing as part of the formal care continuum.

Halfway Houses: Bridging Institutions and Independence

Halfway houses came into prominence in the 1960s as transitional living spaces for people leaving prison, psychiatric hospitals, or treatment centers. Unlike informal sober homes, these programs were staffed, regulated, and often publicly funded. They emphasized rehabilitation and reentry through services like job training, case management, and therapy.

The **Community Mental Health Act of 1963** spurred their growth, as the deinstitutionalization created a need for community-based services. Though small in scale, halfway houses proved that structured housing could reduce relapse, recidivism, and rehospitalization—introducing programmatic oversight that influenced future recovery housing standards.

Therapeutic Communities: Structure, Confrontation, and the Birth of Peer Governance

Therapeutic communities (TCs) emerged from grassroots experimentation, first with **Synanon** in California-(1958) and later with more structured models like **Daytop Village** in New York (1963). Unlike halfway houses, TCs relied heavily on peer accountability, communal living, and confrontational group dynamics to drive behavior change.

Daytop professionalized the model by adding clinical staff and ethical safeguards while retaining strict rules, chores, and staged progression. Though sometimes criticized for intensity and hierarchy, TCs pioneered peer governance and structured communal living—concepts still foundational in modern recovery residences.

The 1970s: Sober Living Homes & Self-Help

The 1970s were a turning point as halfway houses and institutions struggled to meet demand. In their place, **Sober Living Homes (SLHs)** emerged—grassroots, peer-run residences built on accountability and mutual support. Out of this movement came **Oxford House**, a model that reshaped recovery housing into something scalable and enduring.

The Emergence of Sober Living Homes (SLHs)

By the early 1970s, many in recovery wanted supportive housing without the restrictions of halfway houses or therapeutic communities. SLHs offered a non-clinical, flexible alternative based on four core principles: abstinence, 12-step participation, peer accountability, and self-sufficiency.

SLHs had no professional staff—leadership came from residents themselves. This low-cost, peer-governed model reflected the values of AA and created safe, substance-free spaces where people could rebuild their lives without rigid institutional control.

The Birth of Oxford House: Democratizing Recovery Housing

In 1975, a group of men in Maryland formed the first **Oxford House** after facing eviction from a treatment facility. Its success sparked a charter system that allowed the model to spread quickly across cities and states.

Oxford Houses stood out for their democratic governance, voluntary participation, and sustainability. They proved that recovery housing could be empowering rather than punitive—offering long-term stability grounded in shared responsibility.



The 1980s: Movement Toward Structure & Advocacy

By the 1980s, recovery housing was no longer just a grassroots effort—it was becoming a movement. Operators began connecting, articulating shared principles, and advocating for their legitimacy. At the same time, federal law stepped in with protections that would change the landscape for sober living homes permanently.

Growth of National Advocacy and Support Networks

During the 1980s, recovery homes shifted from isolated local efforts to a more organized field. Regional coalitions emerged to connect operators, promote ethical standards, and educate policymakers.

Key values took shape: peer support, voluntary participation, resident empowerment, and safe, ethical operations. Though national standards wouldn't arrive until NARR in 2011, this decade laid the groundwork for certification, shared principles, and the recognition of recovery housing as an essential part of long-term sobriety.

The Fair Housing Act Amendments of 1988: A Legal Milestone

The most pivotal change came with the Fair Housing Act Amendments of 1988, which extended civil rights protection to people in recovery. This means:

- Residents could not be denied housing because of their recovery status.
- Recovery homes could not be zoned out of neighborhoods for serving people in recovery.
- Local governments and landlords were now bound by anti-discrimination law.

This was transformative in countering NIMBY opposition and legitimizing recovery homes as equal members of residential communities.

Since 1988, the Fair Housing Act has recognized people in recovery as protected under disability law, giving recovery homes the right to operate in residential neighborhoods free from zoning restrictions or NIMBY opposition. These protections remain in place today, but operators must understand and enforce their legal rights.

🏛 Want to go deeper? Check out our specialized course, Recovery Housing Law, where we explore zoning, occupancy limits, reasonable accommodations, and how to defend your home against discrimination.

The 1990s–2000s: Professionalization, Legal Foundations, and Growing Pains

As recovery housing expanded in the 1990s and 2000s, it gained new legitimacy through legal protections and rising demand. But rapid growth also exposed deep challenges: inconsistent quality, exploitation, and backlash. The field stood at a crossroads between its grassroots roots and the push for professional standards.

Fair Housing Protections Take Root

The 1988 Fair Housing Act amendments were tested in court throughout the 1990s and 2000s, with judges affirming that people in recovery were protected as individuals with disabilities.

Operators fought zoning restrictions, occupancy limits, and community opposition—and often won. Courts ruled that recovery homes must be treated as residential use and could request reasonable accommodations. These victories strengthened civil rights protections, but also underscored the tension of relying on law while operating in largely unregulated environments.

Rise in Demand and the Opioid Crisis

Prescription opioid misuse and rising heroin use in the 1990s–2000s drove demand for recovery housing. With limited access to long-term treatment, many relied on sober homes as their only aftercare option.

This growth highlighted the critical role of recovery housing—but also revealed major flaws. While some homes provided safety and stability, others operated without standards or oversight, leading to uneven and sometimes harmful experiences for residents.

Scandals and State Responses

By the early 2000s, scandals rocked the field, particularly in states like Florida and Arizona. Reports of patient brokering, kickbacks, unsafe conditions, and unqualified operators damaged public trust.

In response, states began experimenting with oversight: Arizona piloted certification frameworks, Florida launched registries, and others tested voluntary standards. These efforts planted the seeds for stronger national systems, but for much of this period, recovery housing remained fragmented and vulnerable to abuse.

2011: The Founding of NARR

By the 2010s, recovery housing had grown nationwide but suffered from inconsistent quality, unclear definitions, and public mistrust. To bring unity and credibility, advocates launched the National Alliance for Recovery Residences (NARR) in 2011—a turning point that gave the field its first national framework.

Establishment of the National Alliance for Recovery Residences (NARR)

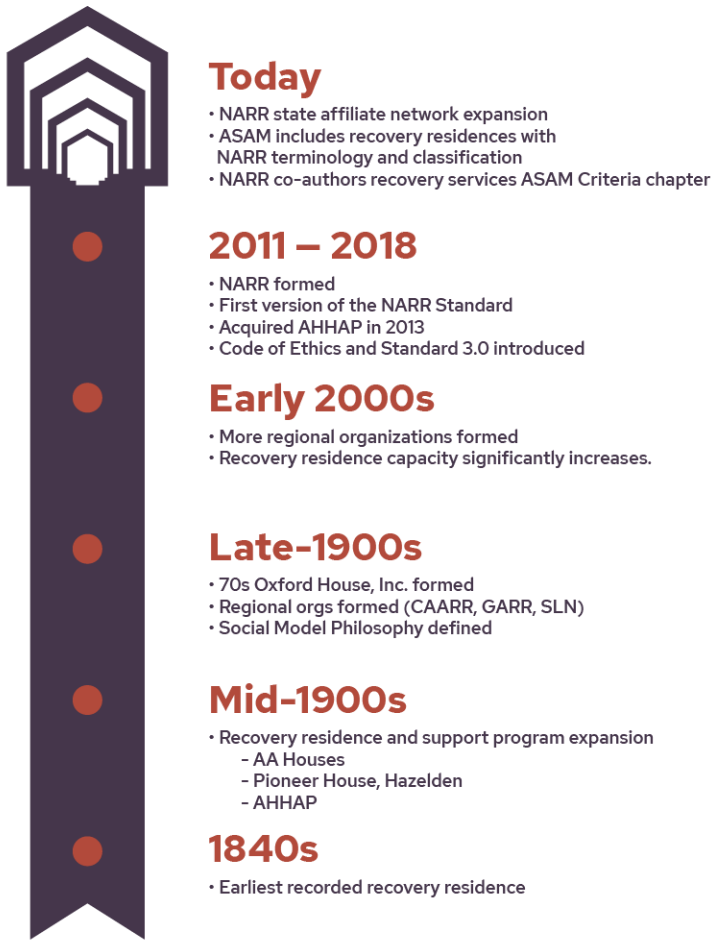
NARR created a shared language and flexible classification system for recovery residences:

- Level I – Peer-Run: Democratically managed, no paid staff.
- Level II – Monitored: House manager or senior resident oversight.
- Level III – Supervised: Paid staff and structured support programs.
- Level IV – Service Provider: Clinically staffed, treatment-integrated residences.

This spectrum validated both grassroots peer-run homes and structured service providers, recognizing recovery housing as a continuum of support. NARR also introduced ethical standards emphasizing resident-centered practices, peer support, safety, rights, and transparency—forming the basis of a voluntary certification system.

NARR
National Alliance for Recovery Residences
Community • Standards • Ethics • Education

Widespread Adoption and Influence



NARR's framework spread quickly. States such as Massachusetts (via MASH) pioneered certification aligned with NARR, proving that oversight could be peer-driven and transparent without turning homes into institutions.

Other affiliates—FARR (Florida), AzRHA (Arizona), ORH (Ohio)—followed, training operators, monitoring homes, and protecting residents. Policymakers and funders also began referencing NARR standards in contracts, referrals, and Medicaid programs, making certification a pathway to legitimacy and resources.

Conclusion

The founding of NARR unified a fragmented movement, giving recovery housing credibility, consistency, and protection while honoring its grassroots roots. By balancing autonomy with accountability, NARR built a durable framework that continues to guide operators, advocates, and policymakers in supporting safe and ethical recovery housing.

2016: The Founding of VSL

By 2016, recovery housing needed models that could balance **grassroots values** with **professional structure**. Building on NARR's framework, Vanderburgh Sober Living (VSL) emerged in Worcester, Massachusetts, as a hybrid approach—combining peer-led accountability with training, oversight, and scalable systems.



VSL's Origins and Mission

VSL was created to bridge the gap between unstructured sober homes and institutional programs. Its mission: provide safe, affordable, and recovery-focused housing grounded in lived experience but supported by clear systems.

The model emphasized:

- Resident dignity and accountability
- House structure aligned with NARR standards
- Operator training, data tracking, and advocacy

This approach honored peer support while ensuring consistency, safety, and ethical operations.

Franchise-Like Expansion and Training Model

VSL introduced a **franchise-like system** that empowered local operators to run homes under the VSL name while following shared values and quality standards. Operators received:

- Training, mentorship, and crisis protocols
- Support for certification and compliance
- Shared tools (referral systems, marketing, intake workflows)
- Ongoing coaching and accountability

This structure allowed VSL to expand quickly into underserved areas while preserving local ownership and community connection.

Alignment with NARR and Advocacy

From the start, VSL aligned with NARR's principles—health, safety, governance, recovery support, and ethics—while advancing them through innovation. It partnered with groups like MASH to shape certification practices and promote transparency with neighbors, officials, and referral agencies.

VSL also emphasized public education, offering tools for families and outreach to communities, positioning recovery housing as a vital and respected community asset.

Looking to the Future

VSL redefined recovery housing as community-based but consistent, **peer-led but professionally supported, local but networked**. More than just a provider, it became a platform for empowerment—helping new operators open homes, sustain quality, and expand access to safe, structured housing.

Through its hybrid model, VSL demonstrated that recovery housing can grow without losing its heart: recovery is sustainable when rooted in dignity, structure, and community.

Conclusion: Defining the Modern Recovery Housing Movement

From the 1990s to the mid-2010s, recovery housing transformed from fragmented grassroots efforts into a recognized pillar of long-term recovery. As the opioid crisis deepened and public health systems strained, sober living homes filled critical gaps—but the lack of standards exposed residents to risks and fueled public mistrust.

The founding of **NARR in 2011** brought clarity and credibility, introducing a four-level model and ethical standards that gave the field structure and protection. Certification has become a pathway to both legitimacy and resident safety.

In 2016, **Vanderburgh Sober Living (VSL)** built on this foundation, showing that recovery housing could scale responsibly. By blending peer leadership with professional training, tools, and accountability, VSL proved that homes could grow without losing their grassroots heart.

Today, modern recovery housing stands as both a **community movement and a professional system**—honoring its origins in peer support while shaping a sustainable future of dignity, safety, and hope.

CHAPTER 2: THE RECOVERY HOUSING LANDSCAPE

Recovery Housing's Key Stakeholders

Recovery homes may look simple from the outside, but they rely on a network of people with clearly defined roles. These roles each come with distinct responsibilities, expectations, and contributions.

Recovery housing typically involves five primary stakeholders:

- **The Guest**, who lives in the home, is actively engaged in their recovery journey, and provides the economic support necessary to sustain the home;
- **The House Mentor** (manager/peer leader), who maintains peer accountability and day-to-day structure through coaching and community support;
- **The Operator**, who is responsible for running the home, enforcing standards, and stewarding over the House Mentor and guests;
- **The Real Estate Owner**, who provides the physical property and most often functions separately from the operating organization;
- **The Supporting Organization** (Vanderburgh Sober Living, NARR-affiliates, etc.) which uses collective experience of its network to offer infrastructure, training, and compliance support for affiliated and/or certified operators.

Next, we will examine the first four of the stakeholder roles in greater detail and provide insight into their responsibilities, boundaries, and best practices for collaboration. Supporting organizations include NARR affiliates and Vanderburgh Sober Living—which are discussed elsewhere in this book.

The **residents** play an active and central role in recovery housing, contributing to a structured, peer-supported community. Residents grow in their recovery, follow house rules, engage in recovery programming (if offered), contribute to daily life through chores and meetings, and work toward independence.



Their responsibilities evolve over time, beginning with orientation and integration, progressing through personal growth and accountability, and culminating in a transition to independent living. While the level of support and expectations may vary by program, the guest's consistent engagement is essential to both their own recovery and the overall health of the home.



The **House Mentor** plays a key role in recovery housing by offering peer-based leadership, structure, and support. With lived experience in recovery (and as a guest), they help maintain a safe and accountable environment by modeling healthy behavior, welcoming new residents, and reinforcing house expectations. Though they don't work in a clinical capacity, they serve as a trusted peer and point of contact between guests and the operator.

House Mentors guide by example, not by authority. They provide practical support, help resolve issues early, and promote a culture of respect and peer accountability. Their presence brings daily stability and helps turn the home into a place of healing, growth, and community.



The **Operator** is the individual, group, or organization responsible for owning or managing the day-to-day operations of the recovery residence. This includes overseeing the property, ensuring safety and compliance, maintaining house standards, and providing the structure needed for a stable recovery environment. Operators collect the rent and pay the bills, ensuring that the home functions properly.

The Operator coordinates with House Mentors, manages admissions and discharges, handles repairs, and updates policies and procedures to ensure the home remains financially and operationally viable. Whether acting independently or as part of a nonprofit or business entity, the Operator provides the foundation that allows the recovery home to exist and thrive.



The **Real Estate Developer** is the individual or organization that owns the physical property where the recovery residence operates.

Unlike most landlords, the developer understands the unique needs of recovery housing and aligns their investment with the mission of supporting long-term recovery housing. They often lease the property to an operator and may help with renovations to make it recovery-friendly. A strong partnership between the developer and the operator ensures the home is not just habitable, but truly supportive of its residents' recovery journey.

The Business Component of Recovery Housing

Recovery housing is also a business, and it should be recognized as such. Many operators and real estate developers have built thriving enterprises in this field, and that reality should be recognized.

Yet, for the business to be sustainable, proprietors must understand the finances while staying true to the mission of recovery. Financial strength and social impact are inseparable—each fuels the other.

For recovery housing to succeed as a business, it must make a meaningful difference in people's lives. For that impact to endure, the business must remain financially sound. It is through this balance of profitability and purpose that recovery housing is truly strengthened.

Recovery housing is proven to be remarkably resilient financially. Unlike affordable housing initiatives, treatment programs, or traditional nonprofit organizations, recovery housing does not rely on ongoing subsidies, institutional backing, or philanthropy. Instead, it operates on a simple self-sustaining model on resident payments. Residents often work part-time or full-time jobs at modest wages. They contribute affordable rents that, when managed properly, cover the costs of housing and operations—and often leaves enough for Operators to do quite well.

This model creates a sustainable cycle. When recovery housing is managed efficiently, it can remain financially viable while serving individuals who could not otherwise afford stable, supportive housing. This balance has allowed both for-profit and nonprofit operators across the United States to successfully sustain recovery housing for decades, proving it to be one of the most durable and effective models in housing and recovery services.

Typical Operator Legal Entity Structures

Most recovery home operators establish one or more homes through a formal legal entity structure, typically one of the following:

- Limited Liability Companies (LLCs)
- Corporations (C-Corp or S-Corp)
- Nonprofits, often 501(c)(3) charitable organizations
- Sole Proprietorships (less common due to liability risk)

Legal structure matters. It shields the operator from personal liability and allows for clearer accounting, governance, and contractual relationships. VSL strongly encourages all Chartered Operators to form a legal entity prior to opening their home

Sources of Income for Recovery Housing Businesses

Understanding this model is important for operators, as well as funders, regulators, and advocates who want recovery housing to be scalable, ethical, and sustainable.

Recovery homes sustain themselves largely through payments from residents—either directly or through funding sources, grants, or scholarships. Sources of income are:

1. **Resident Rents**
   The primary and most stable source of revenue for recovery homes is resident rent, typically collected weekly or monthly. Direct rental payments (or payments through rent subsidies) account for 90% or more of the typical home's budget. Rents typically range from $150 to $225, averaging $180 per week.

2. **Intake or Admission Fees**
   Operators often charge a one-time intake fee, used to cover the administrative costs of welcoming new residents. These fees typically range from $50 to $300 or more, depending on the program.

Most VSL homes charge a $200 deposit—refundable only if the resident provides 30 days' written notice prior to moving out.

3. **Supplemental Revenue Streams**
   While modest, some operators also receive income from coin-operated laundry machines, vending machines, resident contributions towards house supplies, or donations and grants (typically for nonprofit organizations).

Most VSL homes partner with a laundry service provider who provides coin- or card-operated machines and shares 50% of the revenue with the operator.

Expense Considerations

Expenses vary by location, house size, and level of services.

1. **Lease or Mortgage**
   Whether leasing from a property owner or managing their own real estate, operators must account for the cost of the property itself—typically the single largest line item in the budget.

2. **Utilities**
   Utilities often include electricity, water/sewer, television, heating fuel costs (depending on the location), etc.

3. **Contract Services**
   Contract services vary between operations, where some Operators hire cleaning and lawncare services, while others include these duties as part of the home's chore schedule. Many Operators benefit from pest control or other safety, security, and health contractors and services.

4. **Supplies and Program Materials**
   Some homes provide cleaning and hygiene products, as well as paper goods and shared household items. Many Operators offer guest welcome kits and related materials.

5. **Drug Screening Supplies**
   Nearly all recovery homes purchase and perform drug screening using so-called "quick cups" or "dip cards" to screen each resident's urine for evidence of drug use or alcohol consumption.

6. **Insurance**
   Insurance requirements include liability insurance (to protect against accidents, incidents, or misconduct) and property insurance (if owner-operated or passed through the lease).

7. **Certification, Membership, and Compliance Costs**
   Certification costs are typically in the range of a few hundred dollars per year. Membership costs in trade organizations and other membership organizations tend to be far higher, but membership benefits often justify these costs.

8. **Software and Operational Tools**
   Payments are needed to cover subscriptions for everything from accounting to resident tracking to compliance-related tools, systems, and resources.

9. **Electronic Payment Processing**
   For Operators who accept electronic payments from guests, processing costs tend to range from 2.5% to 3.5% of the payment amounts, plus minimal monthly fees.

10. **Payroll and Benefits** (typically only for Level III and IV homes)

The Economic Model

Launching and sustaining a recovery home requires upfront investment. Operators must commit capital at the very beginning—often for deposits, furnishings, renovations, or initial operating reserves—before any revenue begins to flow. This creates a natural need for a return on investment (ROI).

The ROI is both a financial reward and a motivation for operators to commit resources to building a home and stay engaged in daily operations.

When structured well, profitable recovery housing does more than sustain a single home, it enables growth. Financial success allows operators to reinvest into additional homes, expand capacity, and serve more individuals seeking recovery support. This expansion, when done with integrity, multiplies both the business success and the social impact of recovery housing.

At the same time, recovery housing operates within a delicate balance. Because the model exists in a largely unregulated marketplace, reputation and community trust serve as the most powerful regulators.

Operators who put profit above their people will quickly see the consequences, including unfavorable reviews, fewer referrals, declining occupancy, and in some cases, home closures. Conversely, operators who demonstrate genuine commitment to their mission tend to earn the trust of referral sources, build stronger communities, and ultimately experience greater stability and growth.

In this way, the economic model of recovery housing is both entrepreneurial and self-regulating. Profitability fuels expansion and sustainability, but purpose ensures quality and reputation—without which profitability cannot last.

✧ ✧ ✧

To understand the economics of recovery housing, it helps to see a simple example. The following **income statement** outlines a certified, twenty-bed, Level II recovery residence in New England, operating under a VSL Charter. While every home differs in location, property costs, and staffing models, this

example highlights the essential revenue and expense dynamics that drive sustainability.

After collecting rent and paying the bills, the remaining margin sustains the operator, incentivizes continued involvement, and enables reinvestment into new homes.

Operating Revenue		Annual	Monthly	Ratios
Total potential rent income		**$ 236,080**	$ 19,673	
Less: House Mentor		$ (15,600)	$ (1,300)	
Less: vacancy factor	20%	$ (47,216)	$ (3,935)	
Potential rent income		**$ 173,264**	$ 14,439	
Additional revenue				
Intake fee income		$ 8,400	$ 700	
Laundry service income		$ 2,948	$ 246	
Appliance surcharge income		$ 2,016	$ 168	
Support & sponsorship income		$ -	$ -	
Total Projected Revenue		**$ 186,628**	**$ 15,552**	
Operating Expenses				
Heat		**$ 7,464**	$ 622	4.0%
Electricity		**$ 8,820**	$ 735	4.7%
Water & sewer		**$ 3,012**	$ 251	1.6%
Urine drug screens		**$ 3,276**	$ 273	1.8%
Repairs & maintenance		**$ 1,224**	$ 102	0.7%
General/prof. liability insurance		**$ 4,860**	$ 405	2.6%
House supplies		**$ 1,020**	$ 85	0.5%
Internet & TV		**$ 1,620**	$ 135	0.9%
Trash disposal		**$ 240**	$ 20	0.1%
Salary and payroll costs		**$ -**	$ -	0.0%
Printed marketing materials		**$ 300**	$ 25	0.2%
Third party tax filing		**$ 450**	$ 38	0.2%
Other expenses		**$ 520**	$ 43	0.3%
Lease Expense				
Property lease payment		**$ 97,092**	$ 8,091	52.0%
Total Projected Expenses		**$ 129,898**	**$ 10,825**	**69.6%**
Net Operating Income		**$ 56,730**	**$ 4,728**	**30.4%**

Business Support Requirements for Operators

Like every business, recovery housing needs strong professional support to stay stable and compliant. While the mission is deeply personal and community-oriented, the operation itself must function as a legitimate business enterprise. Without these supports, even committed operator risks compliance or financial problems.

First and foremost, operators need robust **software systems** that can manage accounting, rent collection, and resident records. Relying on spreadsheets or paper files may work temporarily but quickly become unsustainable as the home grows. Professional systems create efficiency, transparency, and accountability (qualities that referral partners and residents come to rely on).

Business insurance is another non-negotiable. General liability coverage is essential, and in many cases professional liability insurance is also necessary. These policies protect both the operator and the residents from risks inherent in housing multiple individuals in recovery under one roof. Lapses in coverage can put an entire operation at risk.

Operators also need trusted **professional advisors**. A certified public accountant (CPA) ensures that books are accurate, taxes are filed correctly, and financial reporting is reliable—critical for operators who plan to expand or seek outside financing. Likewise, retaining an attorney provides ongoing guidance on leases, contracts, zoning issues, and regulatory compliance.

Finally, responsible operators must commit to **running their homes in accordance with all applicable laws and regulations**. Recovery housing may operate in a lightly regulated marketplace, but zoning laws, landlord-tenant statutes, employment rules, and fair housing protections still apply. Treating the business with professionalism not only protects the operator but also demonstrates credibility to the wider community.

In short, recovery housing needs more than a house and a mission—it needs infrastructure. Operators who invest in these supports position themselves to run stable, compliant, and respected businesses that can grow over time while continuing to serve their mission.

NARR-Affiliate Certification

Becoming a certified recovery housing operator under the National Alliance for Recovery Residences framework involves a step-by-step process run by **state-level affiliate organizations**. These affiliates, such as the Massachusetts Alliance for Sober Housing (MASH) or the Florida Association of Recovery Residences (FARR), are authorized by NARR to implement its standards at the state level—making sure standards are consistent while still fitting local laws and needs.

NARR's Role and Influence on Recovery Housing

The **National Alliance for Recovery Residences (NARR)** sets national standards for recovery housing in the United States. Established in 2011, NARR formed in response to a growing need for consistency, transparency, and quality assurance in a field that had long been defined by its grassroots origins and diverse operational models.

As recovery residences expanded rapidly throughout the late 20th and early 21st centuries, questions surrounding quality, resident safety, and accountability became increasingly prominent. While many homes provided critical support and community for individuals in recovery, the absence of shared standards led to inconsistency across homes. This, in turn, created challenges for public perception, policymaking, and the development of funding mechanisms.

NARR addressed these challenges by articulating a clear, flexible framework for what constitutes effective and ethical recovery housing. Drawing upon the lived experience of peer-led programs, the evolving landscape of behavioral health services, and emerging best practices in residential care, NARR produced the first comprehensive national standards for recovery residences. Its work has since shaped certification programs, informed legislation, and guided the development of recovery housing policy across the country.

Why NARR-Affiliate Certification Matters

For Recovery Home Operators

Certification according to NARR standards provides operators with:

- **Legitimacy in the eyes of key stakeholders**, including referral partners, treatment providers, courts, families, and community organizations;
- **A clear and structured operational framework**, offering guidance on governance, resident engagement, safety, ethical practices, and day-to-day management;
- **Eligibility for critical referral pathways**, especially from insurance-funded treatment programs, criminal justice systems, and healthcare providers that require certified or vetted housing options.

In short, NARR-affiliate certification confirms that a home is sober, safe, and recovery-oriented—qualities that build trust with residents and partners.

For Real Estate Developers and Investors

NARR-affiliate certification also holds significant strategic value for those investing in or developing property for use as recovery housing:

- **Investment protection**: Certification ensures that homes are operated according to nationally recognized standards, reducing risk and enhancing tenant reliability;
- **Reduced community resistance**: Certification supports legal arguments under the Fair Housing Act and often facilitates more favorable outcomes in zoning, permitting, and neighborhood engagement;
- **Increased asset value**: Homes operated under a NARR-aligned model tend to maintain higher occupancy rates, lower turnover, and more stable rent collections, all of which improve long-term valuation and financial performance.

For developers and investors seeking to combine social impact with financial stewardship, NARR-affiliate certification offers both credibility and practical advantages, linking the property to a trusted national standard.

Certification Applies to the Operator and Homes, Not the Property Itself

NARR-affiliate certification is awarded to the operator and applies to specific residences they operate—not to the property or property owner.

This distinction matters: it ensures that the systems, leadership, and operational practices behind each home meet quality benchmarks—instead of just looking at the property itself.

Role of State-Level Affiliates

State affiliates serve as the **certifying bodies** for NARR-aligned recovery housing. They are responsible for:

- Reviewing certification applications and required documentation;
- Conducting on-site inspections and interviews;
- Providing technical assistance to operators;
- Enforcing ongoing compliance and issuing renewals;
- Offering training and guidance to ensure consistent implementation of the standards.

Affiliates both enforce standards and support operators in running safe and ethical recovery homes.

Steps to Certification

The certification process typically involves the following steps:

1. **Application Submission**
   Operators begin by submitting an application detailing their organizational structure, housing model, recovery support practices, and administrative policies.

2. **Documentation Review**
   Affiliates review key materials including:

   - House rules and resident agreements
   - Incident response protocols
   - Policies on drug testing, grievances, discharges, and accommodations
   - Staffing roles and policies (more common for Levels III and IV)

3. **On-Site Inspection**
   A trained inspector visits the residence(s) to assess physical conditions, interview residents and staff, and make sure the home meets NARR's standards for safety, governance, recovery support, and ethical practices.

4. **Initial Certification Decision**
   If the operator meets the criteria, certification is granted for a defined term (typically one or two years), with formal documentation issued.

5. **Corrective Action (if needed)**
   If deficiencies are identified, the operator is given a corrective action plan and timeline for compliance prior to certification.

Ongoing Responsibilities

Certification is not a one-time achievement—it requires ongoing diligence. Certified operators must:

- **Maintain accurate and up-to-date documentation**;
- **Provide ongoing staff training** aligned with the standards;

- **Undergo periodic inspections and recertification** processes;
- **Report incidents or material changes** to the certifying affiliate;
- **Adhere to grievance procedures and ethical conduct requirements**.

Renewal processes typically occur every one to two years, depending on the affiliate's policy. Continued certification signals an operator's sustained commitment to resident safety, peer support, and ethical housing practices.

Key Facts About Certification

As NARR standards become more widely adopted, it is important to dispel several common misunderstandings. Clarifying these points helps ensure that operators, developers, and referring professionals apply the framework appropriately and avoid confusion around its purpose and scope.

1. **Certification is voluntary in nearly all circumstances**
   NARR-affiliate certification is not a legal requirement. It is a voluntary process that recovery residence operators may pursue to demonstrate alignment with national best practices and enhance credibility with external partners.

2. **Certification Is Not the Same as Licensure or Clinical Approval**
   NARR-affiliate certification is not a form of **state licensure**, nor does it imply clinical oversight or approval. It does not authorize an operator to provide medical or therapeutic services, nor is it a substitute for any licensing requirements that may apply to treatment programs.

NARR-affiliate certification shows that a home meets national best practices for recovery housing, but it is not the same as a clinical license.

3. **Some states do not yet have a NARR-affiliated organization**
   While many states have NARR affiliates (such as MASH in Massachusetts or FARR in Florida), others do not. In these cases, operators may face

challenges in seeking certification but can still adopt NARR standards and prepare for future alignment.

4. **NARR Does Not Operate Homes**
   The National Alliance for Recovery Residences does not own, operate, or manage any recovery homes. Instead, NARR functions as a standard-setting body, working through state-level affiliates who handle certification and implementation on the ground.

5. **Certification Is Not "One-Size-Fits-All"**
   NARR's four-level model acknowledges a wide range of recovery residence types, from small peer-run homes to clinically integrated environments. Certification does **not require all homes to operate the same way**. Instead, it offers a scalable framework that accommodates different levels of staffing, structure, and support.

Operators are certified according to the level that best reflects their home's services and governance structure. This flexibility allows for alignment with core principles while respecting the diversity of recovery housing models.

Building a Recovery Community

Every operator has broad discretion in shaping the kind of recovery community they want to create. No two homes are exactly alike, and the culture of each begins with the vision of the person leading it. Operators should first consider their own goals and the kind of community they want to build:

- Who do you truly want to serve?
- What kind of environment do you want to foster?

These questions set the foundation for every choice that follows.

At the same time, operators must recognize that this choice does not exist in isolation. Recovery housing serves real people with real needs, and the community itself provides important context. Market research—listening to referral partners, understanding local demand, and assessing unmet needs—helps ensure that the home serves where it is most needed.

The combination of self-reflection and market awareness allows operators to define a clear mission and target population. This process should then culminate in a written description of the recovery community the operator wants to build. This written statement guides the home's culture, referrals, and operations.

With clarity of purpose, operators are better equipped to create homes that are both meaningful and sustainable.

Men's, Women's, and Coed Recovery Homes

When designing a recovery community, operators must carefully consider the population they intend to serve. While all recovery housing shares the same mission, the day-to-day realities of operating men's, women's, and coed homes differ significantly.

Men's Homes

Men's recovery housing often functions more effectively at larger sizes, with structure easier to maintain across a greater number of residents. Men generally face fewer barriers to employment, making vocational development and financial stability more achievable. Peer dynamics are often simpler, making the community easier to manage. As a result, men's homes are typically less burdensome for operators in terms of time and energy required per bed.

Women's Homes

Women's recovery housing presents greater challenges, and it is important to acknowledge this reality upfront. Women in early recovery often require more active involvement from both the operator and the house mentor, and homes must be designed with an emphasis on safety, trauma-informed practices, and, in some cases, childcare considerations.

Women's homes also demand greater attention to emotional support and social connections. Turnover tends to be higher, and the operator's role is generally more time-intensive, requiring consistent engagement and thoughtful support structures.

Coed Homes

Although some operators attempt to run coed recovery housing, these environments are far less common and, in most cases, less effective. Coed homes often face challenges with peer dynamics, boundary-setting, and relapse risk.

Many NARR affiliates do not certify coed residences, and for good reasons. In fact, VSL has chartered only one coed home in the past five years, reflecting the ongoing challenges these homes face compared to single-gender ones.

Gender identity in recovery housing can be a sensitive and nuanced issue. Operators are encouraged to approach this with both openness and understanding. While practices may vary, we have found it most equitable to welcome individuals into the home that aligns with their gender identity, ensuring fairness, dignity, and respect for all residents.

Specialized Populations

Many operators feel called to focus on specific subgroups within the recovery community. This choice often reflects the operator's personal experiences, passions, or values, and can open the door to unique opportunities and challenges. Below are several of the most common specialized populations served in recovery housing.

Young Adults

A growing number of operators feel strongly about serving young adults, recognizing that early intervention can prevent decades of pain and loss associated with active addiction. Focusing on residents in their late teens and twenties comes with unique challenges—such as immaturity or limited work history—but helping young people build a sober life can be especially rewarding.

Veterans

Homes serving veterans provide a vital service to those who have stood ready to defend our nation. Operators often find this work especially rewarding, as it combines gratitude with meaningful service. Veterans' recovery homes may also benefit from additional funding sources and partnerships with veteran service organizations, offering both financial support and expanded resources for residents.

Justice-Involved Individuals

One of the largest and most well-funded subgroups in recovery housing includes individuals involved with the justice system—ranging from parolees to probationers and those transitioning from jail or prison. Many states offer funding mechanisms for this population, and operators often work alongside probation and parole officers when discipline or accountability is needed.

While these homes require clear structure and discipline, they can provide stability for people returning to the community after incarceration.

LGBTQIA+ Individuals

Recovery housing for LGBTQIA+ individuals meets a critical need for an underserved group. Residents who identify as LGBTQIA+ often face unique challenges, including stigma, rejection, and trauma, making a supportive peer community especially valuable.

Creating an affirming, inclusive environment allows these individuals to thrive in recovery while knowing they are not alone in their experiences.

Parents with Children

Perhaps the most frequently requested but most difficult subgroup to serve is parents with children, particularly fathers. These homes face significant challenges in achieving financial sustainability, as parents often must sacrifice work opportunities to care for their children.

Without external funding or subsidy, such homes can be difficult to operate long-term. Still, when successful, they provide essential stability for families in recovery.

While many operators feel called to serve a particular subgroup, it is generally best to maintain a diverse mix of individuals within the home. Even when focusing on a specific population, diversity in residents can enrich the community, strengthen peer relationships, and make the home more resilient over time.

Philosophy, Culture, and Faith

Many operators choose to define their homes by philosophy, culture, or religious orientation. These choices shape the daily rhythm, expectations, and community identity of the home. While no single approach is universally "best," operators must be intentional about creating a culture that aligns with their values and serves residents effectively.

Faith-Based Homes

Faith-based recovery homes integrate spiritual practices into daily life, sometimes making them optional, and occasionally requiring active participation in a specific faith tradition. Common activities include prayer, worship, or study of religious texts.

Some homes align with specific denominations while others embrace broader spiritual principles. These homes often provide strong community bonds for residents who share the same faith identity, though operators should carefully balance faith-based practices with inclusivity.

Fellowship-Based Homes

Some homes are closely tied to a particular recovery fellowship, such as Alcoholics Anonymous, Narcotics Anonymous, or SMART Recovery. While most recovery residences allow residents to choose their recovery pathway and attend the meetings that best fit them, some operators encourage—or even require—adherence to a specific fellowship model. This approach is less common today and has declined in popularity, but it remains a defining cultural identity for certain homes.

"Working Homes"

One of the most common cultural identities is that of a "working home." These homes emphasize employment as a cornerstone of recovery, with the belief that developing good work habits is critical to long-term stability.

Residents are expected to engage in full-time employment or structured vocational development, fostering responsibility, productivity, and independence. This contrasts with other homes that may focus more heavily on subsidies or support services rather than work as a central recovery tool.

Clinical or Hybrid Homes (NARR Level III & IV)

Some homes integrate case management, structured services, or even direct clinical programming with the supportive peer environment of recovery housing. These homes often involve partnerships with treatment providers or employ staff who can deliver higher levels of care. They can be effective for residents with more complex needs but require greater oversight, staffing, and compliance with regulatory standards.

> ⚠ **A Cautionary Note on the "Florida Model"**
>
> The *Florida Model* refers to a system where sober homes become closely tied to outpatient treatment programs. Instead of simply providing supportive housing, Operators may funnel residents into treatment services, with insurance billed for services like counseling, drug testing, and therapy. In these cases, housing risks may become secondary to revenue. This model creates opportunities for fraud and exploitation. Some operators engage in patient brokering: offering money, free rent, or other incentives in exchange for referrals. Others have billed insurance for unnecessary or fraudulent services.

CHAPTER 3: OPERATING A RECOVERY HOME

Operators: The Heart of Recovery Housing



The Operator keeps the home running day to day. Whether a dedicated individual, a peer-led team, or a structured organization, the operator is responsible for the policies, people, and upkeep that keep the house safe and recovery-focused.

Their role includes screening and onboarding new residents, maintaining house policies, collecting rent, handling maintenance, and ensuring that the home operates in accordance with both recovery principles and applicable standards. Because recovery housing blends service, housing, and community, operators coordinate the pieces.

Many operators come from the recovery community, which shapes a values-driven approach to leadership. They understand the importance of boundaries, routines, and peer support. They do more than manage property—they are community stewards, setting clear expectations while offering support .

In collaborative networks like Vanderburgh Sober Living, operators also benefit from shared tools, guidance, and peer support, allowing them to grow professionally while remaining rooted in the local community. Whether seasoned or just starting out, the operator's effectiveness directly shapes the home's culture, safety, and ability to foster long-term recovery.

What All Successful Operators Have

Despite their different backgrounds, every effective recovery housing operator shares a core set of qualities that make them successful. These traits form the backbone of the operator role and ensure that recovery housing is both impactful and sustainable.

A *Heart for Service*

At the heart of every operator is a genuine commitment to serving individuals in recovery. This desire to provide safe and supportive housing often comes from personal experience with addiction, a family connection, or simply a deep empathy for those seeking a new start. It is this purpose-driven motivation that keeps operators grounded during challenges and gives meaning to the work beyond profit.

A *Willingness to Set Boundaries*

Successful operators understand that recovery housing thrives on structure. They are willing to set and enforce clear rules, creating a fair but firm environment where residents have accountability as well as support. Importantly, operators are comfortable allowing residents to make their own choices—even if that means failing—because recovery depends on personal responsibility.

A *Mind for Business*

Recovery housing is not just a mission and a business. Operators must have at least a basic sense of business management: balancing budgets, maintaining the property, collecting rent, and ensuring that the home runs efficiently. This doesn't require advanced financial training, but it does require discipline and the ability to make sound decisions that keep the home sustainable.

The Wisdom of Balance

Perhaps the most defining trait of all is balance. Operators must navigate the tension between running a business and serving people in recovery. They must remain sustainable without losing sight of their mission and stay mission-driven without losing financial viability. This balance—between compassion and accountability, between sustainability and service—is what allows recovery housing to truly thrive.

Backgrounds and Profiles of Successful Operators

Operators don't come from a single background. In VSL's ten years of supporting recovery housing across the United States, we have seen people from all walks of life step into this role successfully. While their stories differ, there are common themes in the profiles of those who thrive in this work.

The Retired Professional

Often approaching or already in retirement, this Operator has a strong desire to give back while maintaining purpose and supplemental income. They bring decades of professional experience, sometimes combined with lived recovery, and see recovery housing to remain active while directly impacting their community.

The Frustrated Altruist

This Operator typically comes from the human services, nonprofit, or addiction treatment sector. After years of navigating red tape and organizational barriers, they are eager to make a difference without bureaucracy holding them back. Their drive is fueled by compassion, personal connection, or simply the conviction that their community deserves better.

The Social Entrepreneur

With a natural knack for business, the social entrepreneur sees recovery housing as a unique way to merge enterprise and impact. These Operators are often seasoned in running organizations and are drawn to the challenge of building sustainable housing that changes lives while proving itself as a viable business model.

The Recovery Socialite

Every recovery community has a person who seems to hold it together—the sponsor everyone knows, the mentor everyone trusts. After years of being asked to open a home, they finally do. They may lack formal business or clinical training, but their credibility, relationships, and influence make them a natural leader in recovery housing.

The Personally Affected

For many operators, the motivation is personal. A spouse, child, parent, or close friend has battled addiction, leaving them with a deep sense of urgency to help others find a way forward. Even with no background in recovery or business, they channel their lived experience into action—opening a recovery home because they believe no one should have to walk this road alone.

How Most Operators Get Started

Every recovery housing operator begins the journey differently, but nearly all share the same challenge: finding a place to start. Some are fortunate to already own a home that can be converted into a recovery residence, while others purchase their first property outright.

More commonly, operators lease a home, which allows them to begin without the financial burden of ownership. The best-case scenario is often when an operator partners with a like-minded real estate developer who believes in the mission. Membership organizations like VSL often play a crucial role here, connecting operators to properties and providing guidance on suitable arrangements.

Funding these ventures is rarely straightforward. Some operators have savings or professional resources to draw on, but many rely on personal loans, fundraising, or sheer creativity. We've seen countless operators negotiate deferred lease payments, gather furniture through community donations, or borrow money from family and friends to bridge the initial gap.

Once the doors open, the operator's real work begins—finding a trusted House Mentor, building referral relationships, and getting connected to the recovery community. Success requires grit, flexibility, and a willingness to invest both heart and soul in the work. Over time, operators develop reputations, refine their home cultures, and grow into leaders in the local recovery ecosystem.

> **Find Real Estate Through VSL**
>
> One of the unique advantages of partnering with VSL is access to our network of real estate developers who are committed to supporting recovery housing. These developers understand the mission and are often ready to provide suitable properties to operators through leases or other creative arrangements. This connection allows new operators to focus on building strong recovery communities without the overwhelming burden of securing real estate on their own.

Typical Day-to-Day Responsibilities

Running a recovery residence is a collection of disciplines that must be managed simultaneously. To bring clarity, VSL has developed a framework that segments daily operations into four domains:

- **Operations** – Supporting residents, conducting phone screens for new applicants, and guiding House Mentors who serve as on-site leaders.
- **Outreach** – Building and maintaining relationships with community organizations, treatment providers, courts, and referral sources while equipping residents with a library of recovery and support resources.

- **Administration** – Handling the business side of the home, including resident files, accounting, insurance, and compliance with all applicable laws and certification standards.

- **Facilities** – Ensuring that the physical environment is safe, comfortable, and properly maintained, from fire safety to basic household upkeep.

An effective operator learns to balance these domains every day.

Do Operators Make Money?

Operators can build a steady stream of income and generational wealth to support their family. Recovery housing is not just sustainable; it can be profitable when managed responsibly. But like any business, financial outcomes depend on scale, efficiency, and the operator's ability to balance mission with management. The typical scale of income potential:

- **One Home** – A single recovery home typically provides supplemental income. It can offset personal expenses, help build savings, or serve as a meaningful "second stream" of income. But on its own, one home is rarely enough to replace a full-time job.

- **Two to Four Homes** – This is the range where many operators begin to experience full financial independence. By spreading fixed costs across multiple homes and refining their systems, operators often transition away from outside employment within their first year.

- **Beyond Four Homes** – Larger networks of homes create opportunities for operators to step into regional leadership roles, hire additional staff, or even develop full-time organizations around their mission.

The Typical Growth Paths

We often see a clear trajectory among successful operators:

1. **Launch** – The operator opens their first home, often testing the waters while keeping outside employment.

2. **Expansion** – Within six months, many open a second home once they've built confidence and a reliable system.

3. **Stability** – By the one-year mark, some operators have three homes and enough income to leave their full-time job.

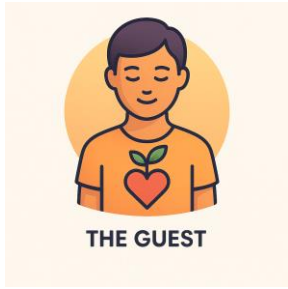
4. **Scaling Impact** – From there, growth continues at a pace shaped by personal goals, resources, and community needs.

Occupancy levels, reputation, financial discipline, and community relationships all directly affect revenue and growth. A well-run recovery home that balances compassion with structure can sustain high occupancy and financial stability, while a poorly managed home will quickly struggle to stay full and may even close.

VSL plays an active role in equipping operators for financial success. Through training, shared tools, and community guidance, we help operators set realistic expectations, manage homes effectively, and grow at a sustainable pace. For those interested in entering the field, connecting with VSL is often the first step toward ensuring both profitability and impact.

A Resident's Journey

From the very first point of contact through to alumni engagement, each phase of the resident's journey presents unique opportunities to support meaningful recovery. The guest's experience is shaped by structure, peer relationships, and purposeful programming.



Understanding this journey enables operators to create homes where recovery can take root and flourish.

This information is what we have found to be standard in a typical recovery housing ecosystem—and is certainly not universal.

Flavors may differ, but the meals are similar.

Applications and Referrals

To join a recovery home, residents must first apply. Many operators now use online applications for convenience, although some still rely on paper forms or phone-based intakes. Applications are typically reviewed to determine whether a prospective resident is a good fit for the home.

If the initial review looks promising, most operators follow up with a telephone screening. This call gives the operator a chance to confirm details from the application, ask additional questions, and get a better sense of the applicant's readiness for communal living.

During the screening process, operators usually look for a few core criteria:

- **Minimum sobriety period:** Most homes require 14 to 30 days of continuous sobriety before admission. This helps stabilize the household and reduces the risk of disruption.

- **Financial readiness:** Residents are expected to pay rent and cover basic living costs. Operators often confirm employment status, income, or family support to ensure financial stability.

- **Medical and behavioral stability:** Because recovery housing is non-clinical, residents must be able to live independently and manage their health. Operators may ask for discharge paperwork or a wellness confirmation.

These steps are not about creating barriers. They are designed to keep the home safe, structured, and recovery-focused, while also giving each new resident the best possible chance to succeed.

Referral Sources

Behind every successful intake is often a strong referral relationship. Recovery homes rarely operate in isolation. They are part of a wider network that includes treatment centers, hospitals, correctional programs, and community organizations. When these partnerships are strong, residents arrive better prepared, the intake process is smoother, and the chances of a successful stay increase.

For operators, building and maintaining referral relationships is not just about keeping beds full. It is about trust, credibility, and ensuring that each new resident enters the home with the right support and momentum for recovery.

Common referral pathways include:

- Detox and Inpatient Rehab Programs
- Correctional Facilities and Re-entry Programs
- Hospitals and Primary Care Providers
- Community Referrals and Self-Applications

Moving In

Once an applicant has been screened and accepted, the next step is scheduling their orientation. For most operators, timing is critical. Recovery homes often aim to move guests in quickly, sometimes within 24 to 72 hours, because delays can increase the risk of relapse or instability.

A prompt and well-organized orientation helps new residents feel supported from the moment they walk through the door. The orientation itself is a structured introduction to life in the home. It sets clear expectations while also making space for residents to feel welcomed and informed. A typical orientation will cover:

- House rules and expectations
- Schedule of daily activities and curfews
- Substance use policies and testing procedures
- Guest rights and grievance policies
- Community norms such as chores, respectful language, and participation

Many operators supplement orientation with a welcome packet that includes the house handbook, signed agreements, and contact information for house leadership. Some also take this time to conduct a needs assessment, helping identify a resident's goals, employment readiness, or support needs.

To smooth the transition further, it is common for operators to assign a mentor, buddy, or senior resident who can help new arrivals adjust to the culture of the home and feel connected from day one.

Key Takeaway

A structured, compassionate intake process lays the groundwork for recovery. It builds trust, creates safety, and invites guests to see themselves as part of a community—while also protecting that community through thoughtful screening and support.

Life In a Recovery Home

Once the move-in process is complete, residents begin adjusting to the day-to-day reality of recovery housing. This is where the foundation of orientation is tested and where the culture of the home starts to take root.

For most people, the first few weeks are a period of transition—figuring out routines, building trust with peers, and finding a rhythm that supports both sobriety and personal growth.

Learning the ropes: The first 30 to 60 days are often the most important. During this time, new residents are learning how to navigate shared living, what's expected of them, and how to balance accountability with independence. It can be overwhelming at first, but this adjustment period is also when many guests begin to see the home as a source of stability rather than restriction.

Structure and daily rhythm: A predictable rhythm is one of the defining features of a quality recovery home. The structure reduces uncertainty, discourages risky behavior, and gives residents a routine they can depend on. While each home is different, common elements often include:

- **Curfews** that provide safety and consistency, especially during evening hours.
- **Chore schedules** that give every resident responsibility for keeping the home clean and orderly.

- **House meetings** held weekly or more often, where residents check in, discuss house business, and provide peer feedback.
- **Random screening** for drugs and alcohol, reinforcing accountability and protecting the safety of the group.

This structure is not meant to limit, but to create a safe container where recovery can take hold.

Peer Support and House Dynamics

Living alongside others in recovery is both the greatest strength and greatest challenge of the recovery housing model. Residents often find encouragement and solidarity from peers who understand their struggles firsthand. At the same time, close communal living can surface conflicts or tensions that require guidance and accountability.

Key dynamics include:

- **House Mentors or senior residents** who model the culture of the home and help newcomers adjust.
- **An accountability culture** where honesty, respect, and compassion are expected and encouraged.
- **Celebration of milestones,** such as days of sobriety or personal achievements like finding a job, which reinforce progress and hope.

When well-managed, these dynamics turn the house into more than a place to stay—they make it a community.

Stabilization and Growth

Once residents adjust to the structure and culture, the focus shifts to growth. This stage, often beginning after the first month and continuing for several more, is where residents begin building recovery capital. They may take steps toward employment, financial literacy, or long-term stability. Meeting attendance, service opportunities, and relapse prevention planning all become part of daily life.

The goal of this phase is not just to avoid relapse but to build resilience and momentum. Over time, residents move from simply surviving day to day to actively rebuilding their lives, preparing for the transition to independence.

How Operators Can Support Residents

Residents own their recovery, but operators shape the environment that makes it possible. The most effective operators are intentional about culture, resources, and leadership, ensuring that guests are supported not only in maintaining sobriety but also in rebuilding their lives.

Building a Culture of Recovery Capital

Operators can set the tone by encouraging residents to develop recovery capital. This capital is the personal, social, and community resources that sustain long-term sobriety. This means fostering connections with mutual aid groups, celebrating milestones, and creating opportunities for service inside and outside the home. When residents see progress being recognized and modeled, they are more likely to stay engaged and motivated.

Encouraging Relapse Prevention

Relapse prevention starts with house culture. Operators build accountability systems that make it safe for residents to be honest about struggles, while also holding clear boundaries. Regular testing, open conversations about triggers, and structured responses to setbacks all help create an environment where relapse is addressed constructively rather than punitively.

Connecting Residents with Resources

Recovery housing is more effective when it connects residents to the broader community. Many operators provide or refer guests to employment support, such as résumé help, job readiness coaching, or connections with recovery-friendly employers. Financial literacy is also an important focus. Some operators host workshops, partner with local banks, or help residents open bank accounts so they can begin building financial stability.

Equipping House Mentors

Operators don't do this work alone. House Mentors, often senior residents or designated peer leaders, are a bridge between guests and leadership. By equipping mentors with knowledge, resources, and clear responsibilities, operators ensure that residents always have someone approachable and trustworthy to turn to for guidance. This not only strengthens support for new arrivals but also builds leadership and accountability within the community.

Transition and Next Steps

Recovery housing is always temporary. Whether they stay a few months or more than a year, leaving the home marks an important step toward independence. The best transitions happen with planning and support, giving residents the confidence and tools they need to succeed outside of the structured environment.

As discharge approaches, operators often encourage residents to create an aftercare plan that includes ongoing mutual aid meetings, outpatient treatment, or connection with a sponsor. Many homes also provide practical support, such as help with housing, budgeting, utilities, and transportation. Some even invite residents to stay connected as alumni, returning for visits, support roles, or mentorship opportunities.

Not every departure looks the same. Some residents graduate after reaching key milestones such as stable employment, long-term sobriety, or securing new housing. Others may leave earlier due to rule violations, relapse, or non-payment. In these cases, operators typically provide referrals to clinical care, detox, or transitional programs, and some homes allow structured re-entry after treatment.

Leaving a recovery home is not the end of the journey. With preparation and continued connection, it can be a strong step forward into a stable, purposeful living.

The Role of House Mentors



A **House Mentor** is a trusted peer who lives in or regularly visits a recovery home to provide guidance, uphold structure, and support guests through their early recovery journey. While not a clinician or licensed professional, the House Mentor plays a vital leadership role within the home by acting as a bridge between the guests and the operator or staff. They help:

- Orient new residents
- Model recovery-centered behavior
- Reinforce house policies
- Contribute to a safe and supportive living environment.

House Mentors are typically individuals with lived experience in recovery who are further along in their journey. Their influence is felt not through authority, but through consistency, integrity, and example. They help maintain the home's culture, address issues before they escalate, and offer day-to-day support that clinical staff or operators may not be present to provide.

The House Mentor's Role

- Welcoming new guests and guiding them through orientation.
- Facilitating or attending house meetings and daily check-ins.
- Monitoring compliance with house rules (e.g., curfews, chores, meeting attendance).
- Serving as the first point of contact for guest concerns or conflicts.

- Communicating regularly with the operator about house dynamics.
- Collecting rent, engaging in community outreach, or other support duties.

Qualities of an Effective House Mentor

Not everyone is suited for the unique demands of the House Mentor role. The most effective mentors are those who can lead by example, communicate clearly, and uphold the home's structure without losing empathy. While lived experience is fundamental, character and interpersonal skills often make the biggest difference, including:

- **Lived Experience:** Most programs prefer mentors with at least 6 months to 1 year of continuous sobriety. This experience allows them to offer relatable guidance while modeling stability.
- **Respectful and Firm:** A great mentor can enforce rules calmly and consistently without being confrontational. They set boundaries with compassion and integrity.
- **Observant and Responsible:** Good mentors are attentive to the tone of the house, quick to spot red flags, and proactive in addressing concerns before they become crises.
- **Good Communicator:** They listen actively, speak clearly, and know when to escalate issues to the operator or staff. They help resolve minor conflicts and promote transparency within the home.

Common Misunderstandings About House Mentors

While House Mentors play a vital role in recovery housing, their position is often misunderstood. Clarifying what they are—and are not—is essential to setting realistic expectations for both guests and staff.

Misunderstanding #1: "House Mentors are Staff"

In most recovery home models, House Mentors are not formal employees. While they may receive a rent reduction or modest stipend, they typically serve in a

peer leadership capacity—not as staff—and have different responsibilities, rights, and boundaries.

Misunderstanding #2: "They're basically babysitters."

Mentors are not there to supervise or control personal behavior. Their role is to model healthy recovery, uphold shared expectations, and support the community—not to enforce compliance through constant oversight.

Misunderstanding #3: "They do it alone."

House Mentors are part of a larger support ecosystem that may include operators, program staff, peer leaders, and outside clinicians. Expecting them to manage a home or resolve every issue independently sets them up for burnout and undermines the integrity of the recovery environment.

Why House Mentors Are Critical to Recovery Housing

House Mentors play a uniquely influential role in the success of recovery housing. Positioned between professional staff and fellow guests, they offer daily leadership that is both structured and personal. Their presence can significantly shape the emotional tone, safety, and culture of the home—especially during vulnerable periods of early recovery.

Trust & safety

House Mentors provide day-to-day consistency and structure, offering calm and predictable support at a time when guests are adjusting to sobriety, community living, and accountability.

Relatable Leadership

Because many House Mentors are in recovery themselves, they lead by example. Their lived experience lends credibility and hope, demonstrating that recovery is not only possible but sustainable.

Culture Keepers

Beyond enforcing rules, House Mentors model respectful communication, peer accountability, and empathy. They help create a healthy house culture rooted in recovery values—balancing firmness with compassion.

House Mentor Academy & Community

At VSL, we have learned the two most important ingredients in effective house mentorship are formal training and a genuine sense of peer community. Skills alone are not enough, and good intentions without structure can quickly lead to burnout. What sustains House Mentors in the long run is having both the tools to succeed and the encouragement of others walking the same path.

That is why we created the **VSL House Mentor Academy & Community**. The Academy provides comprehensive training in core areas of mentorship:

- Leadership skills
- Conflict resolution
- Trauma-informed practices
- Day-to-day responsibilities of supporting a recovery residence

Alongside training, our peer community gives House Mentors a place to share experiences, trade advice, and remind one another that they are not doing this work alone.

For operators, this means their House Mentors are not only equipped to serve but are supported in a way that strengthens retention, consistency, and house culture. For the mentors themselves, it means having a clear path of growth, belonging to a larger network, and building confidence that their work matters.

The result is simple but powerful: homes with trained and connected mentors are safer, more stable, and more effective at supporting long-term recovery.

CHAPTER 4: SOBER LIVING REAL ESTATE INVESTMENT

A Powerful Investment Opportunity

Recovery housing offers something unique in the world of real estate: it combines the potential for strong financial returns with the ability to create lasting social impact. Unlike traditional residential investments that measure success only by profit, recovery housing real estate operates on a dual mission—building wealth while transforming lives and communities.



The Case for Recovery Housing Investment

Social Impact Meets Real Estate

Most investors measure a property by its rent roll, appreciation potential, and long-term stability. While those metrics certainly matter here, recovery housing offers more. Each home is more than just a property—it is where people rebuild their lives, families are restored, and communities are strengthened.

The result is an investment that works on two levels at once. Financially, recovery housing real estate often generates higher returns than traditional residential rentals, thanks to steady demand and strong occupancy rates. Socially, every dollar invested helps solve one of the most pressing issues of our time: the shortage of safe, structured housing for people in recovery.

This dual mission creates a powerful alignment where profitability and purpose reinforce each other rather than compete.

Growing Demand and Need

The demand for recovery housing is both immense and growing. Across the country, communities are grappling with rising rates of substance use disorder and an urgent need for long-term recovery support. At the same time, housing shortages have made it harder than ever for people leaving treatment programs or correctional facilities to find safe, affordable places to live.

Policy changes and healthcare trends are also fueling growth. Recovery housing is now widely recognized as an essential part of the continuum of care for addiction treatment, with more providers recommending it as a critical step in sustained recovery.

As this recognition continues to expand, the call for new beds and new homes grows louder. For investors, this creates a rare opportunity: a real estate sector where need is not only high today but is projected to remain strong for decades to come.

The Investor's Role in Recovery

Investors play a central role in unlocking this potential. By deploying capital, connections, and resources, investors can bring recovery housing projects to life while building long-term value for themselves.

The role goes far beyond being a landlord. Each investment creates a platform for operators to do their work effectively, equips communities with a desperately needed resource, and generates sustainable income streams in the process.

The opportunity is about wealth and impact working hand in hand. Investors can create generational value for their families while making a direct difference in the lives of others. In doing so, they help build a future where recovery housing is not the exception but an accessible and reliable option in every community.

The Two Primary Investment Models

Investing in recovery housing can be structured in more than one way. While every arrangement has its own nuances, most projects fall into two primary models. The key difference comes down to whether the property owner also serves as the operator of the home or leases the property to an independent operator.

Owner-Operator Model

In this approach, the property owner not only holds the real estate but also manages the day-to-day operation of the recovery home. They are responsible for everything from screening residents and collecting rent to maintaining the culture and compliance of the house.

This model can create higher returns, since the owner captures both the real estate income and the operational revenue. It also allows for more direct involvement in shaping the home's culture and outcomes. However, it requires a much greater commitment of time, energy, and expertise.

Lease-to-Operator Model

The more common structure is for a property owner to lease the home to an independent operator. In this case, the operator handles resident management, compliance, and programming, while the property owner focuses on the real estate side of the investment.

The owner receives a predictable rental income, often through a net lease, while the operator earns revenue from the residents. This arrangement provides a more passive investment for the owner while still meeting community needs.

Both models play an important role in the recovery housing ecosystem. Some investors prefer the active involvement and potential upside of the owner-operator model, while others are drawn to the stability and reduced responsibility of leasing to an operator. Many developers who start out operating homes themselves eventually transition to the lease model, striking a balance between social impact and investment sustainability.

Partnering with Operators

For investors who choose not to operate homes themselves, the next question is how to structure a partnership with an operator. These relationships are at the core of recovery housing, combining the investor's capital and property with the operator's experience and daily management. The right structure provides stability for both parties while ensuring that residents receive consistent, high-quality support.

Long-Term Leases: Many investors prefer to lease homes to operators on a long-term basis, often three to ten years. This arrangement provides predictable income for the property owner and stability for the operator, who can focus on building a strong program without worrying about losing access to the property.

Shorter-Term Leases: Some owners choose shorter lease terms, typically one to three years. This offers flexibility if market conditions or investor goals change, though it can create more uncertainty for operators and may limit their ability to invest in the home's long-term culture.

Joint Ventures: In a joint venture, the property owner and operator share ownership or revenue in a structured agreement. This approach creates alignment of interests, with both parties invested in the success of the home. However, it also requires careful structuring and trust, since responsibilities and rewards are shared.

Contracted Operators: Another option is for the investor to hire an operator as a contractor. In this model, the property owner retains more control while outsourcing day-to-day operations. The operator is paid a management fee, while the owner remains responsible for financial performance and risk. This structure works well for investors who want more involvement than a lease provides but prefer not to take on the full responsibilities of daily operations.

Who Becomes a Developer?

There is no single profile of a recovery housing developer. People come into this space from many different backgrounds, each with their own motivation and resources. Some begin with a single property and a desire to serve their community, while others build portfolios with dozens of homes. What unites them is a recognition that recovery housing offers both meaningful impact and lasting value.

The Community-Minded Homeowner: For some, the journey begins with a single house they already own. They may have extra space, an inherited property, or a rental they decide to repurpose into a recovery home. Often motivated by personal connection to addiction or a desire to give back, these developers typically start small, sometimes with one home, then expand gradually as they see the need and the results.

The Real Estate Investor: Others are seasoned investors looking to branch into a new asset class. They recognize the financial strength of recovery housing—steady demand, stable occupancy, and long-term leases with operators—and choose to add it to their portfolios. For them, recovery housing offers a way to diversify holdings while aligning their investments with a powerful social mission.

The Faith-Based or Philanthropic Organization: Many faith-based institutions and nonprofit organizations hold real estate they are not fully utilizing. By converting properties into recovery housing, they can use their properties to match their mission, meeting urgent community needs while using resources responsibly. For these groups, motivation is not just financial but also deeply mission-driven.

The Social Entrepreneur: Finally, some developers are not real estate professionals at all. They come from business, nonprofit, or entrepreneurial backgrounds and see recovery housing as a unique opportunity to combine social impact with enterprise. With creativity, networks, and a drive to solve problems, they enter the space as innovators—often partnering with experienced operators and real estate professionals to bring projects to life.

Finding the Right Property

Not every property is suited for recovery housing. Investors who succeed in this space know that the choice of property is one of the most important decisions they will make. A right house provides stability, safety, and long-term viability. A poor fit can strain relationships with neighbors or even prevent certification. Careful selection and analysis at the outset give operators and investors the best chance to balance impact and financial performance.

What Areas Work

Excerpt adapted from **How to Buy a Sober House** by Dr. Hunter T. Foote

Location is everything in recovery housing. The most successful homes are placed where residents can access the support and resources they need to succeed, while also blending naturally into the neighborhood.

- **Accessibility matters.** Proximity to public transportation is critical, since many residents do not have personal vehicles. A home near bus routes, commuter rail, or major transit hubs expands employment opportunities and reduces barriers to treatment or meetings.

- **Recovery resources should be nearby.** Access to outpatient programs, counseling, and a network of AA, NA, or SMART Recovery meetings ensures residents are never isolated from the supports that reinforce sobriety.

- **Neighborhood stability is essential.** Safe, walkable neighborhoods with a mix of residential and community services provide the sense of normalcy residents need. High-crime or unstable areas may put recovery at risk and can lead to higher turnover.

- **Community and zoning context.** Some municipalities are supportive of recovery housing and have clear zoning protections in place, while others may be more resistant. Research local ordinances and the broader community sentiment toward sober living before committing to a location.

In short, the right area balances accessibility, support, and community acceptance. A property that checks these boxes will give both residents and operators a strong foundation for success.

Financial Underwriting

A recovery home must be more than mission-driven—it has to make financial sense. Underwriting allows investors to test whether a property will produce sustainable returns while remaining affordable for residents.

Key steps include:

- **Acquisition analysis.** Consider purchase price in relation to comparable sales and rental demand. Properties that require extensive renovation can still work, but only if projected rents support the added investment.

- **Operating expenses.** Factor in maintenance, utilities (if owner-paid), property management, insurance, taxes, and reserves for repairs. Recovery homes often carry additional requirements such as fire safety systems or certifications, which should be included in the budget.

- **Income projections.** Occupancy is generally strong in recovery housing, but assumptions should be conservative. Model rent collection based on average bed rates, factoring in potential vacancies or missed payments.

- **Stress testing.** Strong underwriting means testing "what if" scenarios. What if occupancy dips to 80%? What if renovations run over budget? What if the operator leaves? Planning for downside scenarios ensures resilience.

The goal of underwriting is to balance mission with sustainability. A house that cannot cover its expenses will eventually fail, but one that is structured carefully can generate stable returns while serving residents well.

Financing

Excerpt adapted from **How to Finance Recovery Housing Real Estate** by Dr. Hunter T. Foote

Financing recovery housing requires creativity. Traditional bank loans are often possible, but because recovery homes fall somewhere between residential and commercial use, not all lenders understand the model. Investors should be prepared to explain the business plan clearly and highlight the strength of demand.

Common financing approaches include:

- **Conventional mortgages.** Traditional banks may finance recovery housing if the property fits their residential lending criteria. Owner-occupied arrangements or smaller properties (one to four units) are often easier to finance conventionally.

- **Commercial loans.** For larger properties or multi-home portfolios, commercial lenders may be more appropriate. These loans look at the income-generating potential of the property, making solid underwriting essential.

- **Mission-driven lenders.** Nonprofit financial institutions, community development financial institutions (CDFIs), and foundations may be willing to lend because of the social impact of recovery housing. Rates and terms can be favorable, especially for projects in underserved communities.

- **Creative capital.** Some developers use seller financing, private lenders, or partnership capital to get projects off the ground. Philanthropic dollars or grants can also play a role in reducing upfront costs.

The right financing strategy depends on the investor's goals. A long-term buy-and-hold investor might prioritize fixed-rate stability, while a short-term developer preparing for resale might lean on flexible, short-term financing to cover acquisition and rehab.

The Model for Profit & Purpose

Recovery housing is not only mission-driven but also a viable and highly profitable real estate model. When structured as a lease to an operator, the developer benefits from steady rental income, reduced management responsibility, and a lower vacancy risk than in many traditional asset classes.

Note: This section assumes the property is leased on either a short-term or long-term basis to a third-party operator.

Revenue

In a typical recovery housing lease, the operator pays a monthly rent to the property owner. This lease payment is set in advance but is influenced by the operator's ability to generate revenue, which is almost always tied to the size of the home and the number of residents it can accommodate.

In traditional rentals, the owner must handle tenant turnover, rent collection, and household management. In recovery housing, the operator takes on those tasks. The operator manages day-to-day operations, enforces house rules, and typically covers utilities and routine maintenance.

For the investor, the result is predictable monthly revenue with far less involvement in operations.

Vacancy Rate Differences

Vacancy risk is one of the most important factors in real estate, and recovery housing compares favorably to both single-family and multifamily investments:

- **Single-Family Rental (6%)** – With one tenant per lease, a single vacancy can result in complete income loss. While single-family tenants may stay longer on average, the financial impact of turnover is significant.

- **Multifamily (10%)** – Apartment buildings spread risk across multiple units, so one vacancy does not mean total income loss. However, turnover events are more frequent, leading to higher average vacancy and turnover rates.

- **Recovery Housing (5% or less)** – When leased to a third-party operator, vacancy refers not to resident turnover but to operator turnover or transition. In practice, operator tenures are often long, with leases renewing automatically. Even when transitions occur, they are usually brief and managed in a way that minimizes revenue disruption.

This stability makes recovery housing particularly attractive for investors who value consistent, predictable income streams.

Expenses

Under a net lease model, operators assume most of the property's day-to-day costs, leaving the owner with only a limited set of responsibilities. Typical expenses for the investor include:

- Property taxes
- Insurance premiums
- Capital improvements (roof, HVAC, major systems)
- Mortgage payments

The operator typically covers utilities, standard maintenance, and resident-related expenses. This division of responsibility keeps the investor's expense profile streamlined and predictable.

Management Costs and Services

Property management expenses look very different in recovery housing compared with other rental models.

- **Single-Family Rental (5-10%)** – Third-party managers charge relatively low fees, but their services cover only basic oversight: rent collection, maintenance, and tenant coordination.

- **Multifamily (10-12%)** – Larger buildings involve higher turnover, more tenants, and more complexity, driving management fees up to around 12% of gross income.

- **Recovery Housing (12%)** – In a net lease arrangement with a VSL-affiliated operator, the property owner often pays effectively a 12% "margin" for a turnkey arrangement. The operator assumes responsibility for all operations, certification requirements, resident oversight, utilities and repairs.

  In addition, VSL provides support services that ensure operator quality, guarantee regulatory compliance, and significantly reduce vacancy risk.

Support through VSL makes it possible for developers to leverage a hands-off investment model. For the owner, this translates into stable, dependable returns with minimal active involvement—an arrangement that balances profitability with purpose.

Comparative Profit and Loss

Income Comparison

In typical rental models, gross rent is determined by market rates and unit type. In Worcester, a single-family home might rent for $3,000 per month, while a small multifamily may generate $6,300 across three three-bedroom units.

By contrast, a similar sober living home with 16 beds might produce $12,500 in gross monthly rent at an average rate of $800 per bed, per month. This generates more income from the same space than leasing the entire home to a single tenant or splitting it into separate apartments.

Of course, the operator of the home must be compensated for managing day-to-day operations. This is typically structured through a lease agreement. AS of 2025, the average recovery home monthly lease $6,850 per month, which we will use for comparison purposes.

Expense Considerations

Operating expenses for sober homes tend to be higher than those for traditional single-family rentals, primarily due to increased occupancy, greater wear and tear, and added safety requirements. These costs typically include utility usage, repairs and maintenance, and higher insurance premiums, based on the property's specialized use.

However, as is typical with single-unit rentals, the operator of the recovery home usually pays for all utilities, reducing the burden on the property owner.

While multifamily buildings can generate higher gross rents than single-family homes, those gains are often offset by significantly higher upkeep costs, shared utility expenses, and ongoing property management demands.

By contrast, sober living homes leased under a net lease structure to a qualified operator avoid many of these costs. The operator assumes responsibility for utilities, maintenance, and day-to-day operations—allowing property owners to benefit from strong, stable returns with minimal overhead.

The key to this model is structuring lease agreements where the operator bears all controllable real estate expenses, including utilities, maintenance, and general upkeep. This approach not only aligns financial responsibility with day-to-day use but also creates a strong risk-offset for the property owner, enabling stable, low-touch returns in a high-demand housing sector.

Single-Family, Multifamily, and Sober Living: Compared

Revenue Comparison		Single-Family Rental		Multifamily: *Three Units*		Sober Living: *Leased to Operator*
Assumed Monthly Rent:		$ 3,350		$ 2,093		$ 7,645
		3-bed home: Worcester, MA (2025)		*3-bed apartment: Worcester, MA (2025)*		*Average across VSL's network in MA (2025)*
Operating Revenue						
Potential Rent Income		$ 40,200		$ 75,348		$ 91,740
Plus: laundry services		$ -		$ 1,800		$ -
Less: vacancy & uncollectable	6%	$ (2,412)	10%	$ (7,535)	5%	$ (4,587)
Operating Revenue		**$ 37,788**		**$ 69,613**		**$ 87,153**
Less: management costs	5%	$ (1,889)	12%	$ (8,354)	15%	$ (13,073)
Total Revenue		**$ 35,899**		**$ 61,260**		**$ 74,080**

Expense Comparison	Single-Family Rental	Multifamily Rental: *Three Units*	Sober Living: *Net Leased to Operator*
Property taxes	$ 5,500	$ 5,500	$ 6,400
Property insurance	$ 2,200	$ 3,400	$ 4,600
Utilities (electricity, gas/oil, etc.)	*Tenant-paid*	$ 1,800	*Tenant-paid*
Water & sewer cost	*Tenant-paid*	$ 4,500	*Tenant-paid*
Repairs & maintenance	$ 1,200	$ 2,500	$ 3,200
Cleaning	*Tenant duty*	$ 1,200	*Resident chores*
Grounds care & snow removal	*Tenant duty*	$ 1,800	*Resident chores*
Operating Costs	**$ 8,900**	**$ 20,700**	**$ 14,200**
Net Operating Income	**$ 26,999**	**$ 40,560**	**$ 59,880**
Mortgage: 7.1% rate; 30 year ammort	$ (21,532)	$ (29,274)	$ (29,758)
	Assumed $356,000 total investment	*Assumed $484,000 total investment*	*Assumed $492,000 total investment*
Net Income	**$ 5,467**	**$ 11,286**	**$ 30,122**

Value Creation Across Residential Investment Models

While income generation is an important driver in real estate, the real upside comes from how well an investor can create and capture value. Single-family rentals, multifamily rentals, and recovery housing each require different levels of capital investment, management involvement, and strategic positioning.

These differences shape not only the up-front cash required but also the long-term potential for equity growth.

Total project costs include acquisition, renovation, closing, and furnishings. Recovery housing may also require specialized improvements to meet certification and compliance standards.

From there, we compare stabilized valuations—using market comparables for traditional rentals and a net income approach for recovery housing—to measure value created. This figure, the equity gained through improving and repositioning the asset, highlights how each model builds wealth in distinct ways.

Value Comparison	**Single-Family Rental**	**Multifamily:** ***Three Units***	**Sober Living:** ***Leased to Operator***
Acquisition Economics	**Single-Family**	**Multifamily**	**Recovery Home**
	Average three-bed home in Worcester, MA: Census	Average three-unit in Worcester, MA: Zillow	Average suitable 20-bed recovery home in MA
Purchase Price	**$ 340,000**	**$ 450,000**	**$ 375,000**
Plus: closing costs	$ 6,000	$ 8,000	$ 10,000
Plus: renovation	$ 10,000	$ 20,000	$ 50,000
Plus: appliances & furniture	$ -	$ 6,000	$ 25,000
Plus: specialized upfitting costs	$ -	$ -	$ 32,000
Total Project Costs	**$ 356,000**	**$ 484,000**	**$ 492,000**
Bank Loan: 75% LTV	$ 267,000	$ 363,000	$ 369,000
Cash Required	**$ 89,000**	**$ 121,000**	**$ 123,000**
Valuation			
Value: as complete; stable	**$ 400,000**	**$ 506,995**	**$ 748,501**
	Assumed value after modest renovation	Value based on 8% cap rate on NOI	Value based on 8% cap rate on NOI
Less: Total Project Cost	**$ 356,000**	**$ 484,000**	**$ 492,000**
Value Created	**$ 44,000**	**$ 22,995**	**$ 256,501**

Why Recovery Housing Outperforms the Rest

Recovery housing has emerged as a real estate model that outperforms traditional single-family and multifamily rentals by a wide margin. Unlike conventional housing, recovery homes are designed to meet a vital public health need while delivering strong, stable returns to developers.

When structured properly, these properties offer a rare combination of high income, low overhead, and long-term tenant stability. It also has a meaningful impact on the communities they serve. For developers seeking a profitable and purpose-driven investment, recovery housing represents a category all its own.

More Efficient Use of Space; Higher Revenue

One of the most compelling financial advantages of recovery housing is its ability to generate significantly higher gross revenue than typical rentals. This is made possible by the efficient use of larger residential structures that are often underutilized in traditional models.

For example, a single-family rental might house four or five people. Only two of these people may contribute towards real estate costs. In this case, a recovery home may lawfully and safely accommodate twice or three times that number, all of whom are able to individually contribute to the property's monthly income.

The rent is often paid to the operator on a weekly or monthly basis and structured as all-inclusive, which not only increases the total revenue but also stabilizes cash flow and reduces the risk of arrears.

Lower Comparative Operating Expenses

Despite the higher income potential, the operating expenses for recovery housing more closely resemble those of a single-family rental than a multifamily building—when net leased to a qualified operator. There are no shared systems like common stairs or basements requiring maintenance to be performed by the property owner.

Costs such as utilities, cleaning, landscaping, and general repairs are often the responsibility of the operator under a net lease structure. This arrangement minimizes landlord involvement while preserving long-term property value. The result is a high-efficiency income model with fewer financial and operational burdens than other residential investments.

Stronger Tenancies with Minimal Turnover

Beyond the financial metrics, recovery housing benefits from a resident base that tends to be more stable and community-oriented than typical rentals. Operators maintain structured, accountable environments where residents are selected through an intentional intake process and supported with services that promote longer stays and consistent occupancy.

Referrals often come directly from institutions such as treatment centers, hospitals, and courts, creating a steady pipeline of pre-qualified residents. Coupled with a low vacancy rate and minimal turnover, these factors further reduce management complexity and increase net operating income.

Conclusion: A Financial and Social Win-Win

Together, these advantages build a compelling case for recovery housing as an exceptional real estate investment. It delivers higher income and lower expenses, reduces management workload, and supports a mission that investors and communities alike can be proud of.

When acquired at the right price, financed for long-term sustainability, and operated by a capable provider, a recovery home is more than just a profitable property—it becomes a cornerstone of public health infrastructure. For investors looking to combine purpose and profit, recovery housing doesn't just outperform the rest—it redefines what success looks like in real estate.

CHAPTER 5: WORKING WITH VANDERBURGH SOBER LIVING

Vanderburgh Sober Living (VSL) plays a unique and multifaceted role in the recovery housing landscape. Unlike the other stakeholders who are tied to individual homes, VSL operates at the systems level, supporting both developers and operators through a membership-based platform grounded in shared values, national standards, and operational excellence.

VSL is not a certifying body like a NARR affiliate, nor does it operate homes. Instead, it serves as an enabling organization that makes it possible for developers and operators to launch, manage, and grow recovery residences with clarity, accountability, and a sense of shared purpose.

Becoming a Chartered Operator

Running a recovery home is hard to do alone. Recovery housing thrives when operators are supported by straightforward standards, shared resources, and a community of peers who understand the challenges of this work. That is why Vanderburgh Sober Living (VSL) established the **Chartered Operator Platform**, a membership program designed to provide operators with the tools, accountability, and support they need to succeed.

Through Charter Membership, operators remain fully independent but gain access to a robust network that includes expert training, compliance resources, operational tools, and , peer mentorship. Operators also gain the credibility that comes with meeting VSL's nationally recognized standards.

Membership is partially supported by funding through The Vanderburgh Foundation. This ensures that operators can focus on running effective homes while receiving the support they need to reduce trial and error, stabilize operations, and grow sustainably.

What VSL Makes Possible

Becoming a Chartered Operator means being "in business for yourself, but not by yourself." Members receive:

- **A Blueprint for Success** – Proven systems and software for operating recovery housing, covering everything from application processes to financial management and facility standards.
- **Comprehensive Training and Mentorship** – Guidance in operations, administration, outreach, and leadership, paired with ongoing peer mentorship to provide real-world advice and encouragement.
- **A Community of Peers** – A network of mission-driven operators who share experiences, insights, and collaboration opportunities.
- **Dedicated Support Services** – Software tools, intake services, and operational resources available through VSL's Platform Services to help homes meet standards with ease.

The result is a model that is scalable, sustainable, and rooted in peer leadership. Supported operators are more consistent, more stable, and more impactful for their residents.

Membership Conditions

Membership with VSL is built on accountability and excellence. There are no financial dues, but there is a commitment, that every Chartered Operator agrees to uphold the highest standards of recovery housing, including:

- **A Commitment to Excellence** – Leading with integrity, transparency, and a long-term dedication to quality.
- **Operational Standards** – Providing safe, recovery-focused environments that meet both certification and VSL's internal standards.
- **Transparency and Integrity** – Maintaining best practices in resident relations and community interactions.

Why It Matters

The strength of recovery housing depends on the strength of its operators. In today's regulatory and funding environment, quality and accountability are essential—not optional. VSL Chartered Operators reduce turnover, improve resident outcomes, and provide stable financial performance by working within a system of shared standards and mutual support.

Charter Membership empowers operators from all backgrounds—whether they are recovery professionals, nonprofit leaders, entrepreneurs, or former guests—to create homes where recovery can take root and grow. Some run a single house, others manage several, but all are part of a collaborative community committed to making recovery housing safer, stronger, and more sustainable.

Training and Community for House Mentors

VSL's House Mentor Training Academy

House Mentors face a wide range of responsibilities, from welcoming new residents and conducting orientations to handling conflicts and providing support during difficult moments. To prepare them for this, VSL offers structured training that covers both practical skills and core recovery principles. Topics include:

- Trauma-informed care and effective communication
- How to conduct meaningful orientations for new residents
- Creating and maintaining house culture
- Boundaries, accountability, and conflict resolution
- Practical operations such as documentation and safety procedures

This training is delivered through a robust and growing library of resources that mentors can access anytime. Whether new to the role or seeking to sharpen their leadership skills, every mentor can find material designed to equip them for real-world challenges

A Supportive Online Community

Beyond training, mentors also need a place to connect, ask questions, and share experiences. VSL provides an online community exclusively for House Mentors, where they can:

- Interact with one another and exchange best practices
- Receive encouragement and peer support

- Ask questions and get live advice from experienced leaders in recovery housing
- Stay current with evolving standards and practices in the field

This sense of community helps mentors feel less isolated and more empowered, reinforcing the peer-driven nature of recovery housing.

Access and Affordability

All House Mentor training and community resources are available at no cost to VSL Chartered Operators as part of their membership. For non-members, the program is offered at a reasonable fee, ensuring that high-quality mentor training remains widely accessible.

By equipping mentors with knowledge, resources, and peer connection, VSL strengthens the foundation of every recovery home. A trained, supported House Mentor is not just a manager—they are the heart of a safe and effective recovery community.

A Platform for Real Estate Developers

Developers who partner with VSL gain more than a property model—they gain an entire support system designed to reduce risk, improve outcomes, and maximize both profit and impact. Our role is to come alongside mission-aligned investors with the tools, connections, and infrastructure needed to turn recovery housing into a stable and scalable portfolio.

What VSL Provides Developers

- **Deal Support and Site Selection** – We help developers identify the right properties, conduct financial underwriting, and confirm market demand through area surveys and site evaluations.
- **Design and Renovation Guidance** – Our team provides input on layout, compliance, and fire and safety standards, ensuring properties

meet certification requirements and are optimized for occupancy and revenue.

- **Operator Placement** – We connect developers with vetted Chartered Operators who lease and manage the homes. This eliminates the guesswork of operator recruitment and ensures that properties are in the hands of qualified, supported leaders.

- **Implementation Framework** – Developers receive milestone-based support before renovation, before opening, and after launch, paired with templates, checklists, and financial models from our Implementation Playbook.

- **Ongoing Stability Services** – From grant funding support to operator continuity planning, property management solutions, and access to our nationwide deal flow, VSL provides long-term support to keep projects sustainable.

Developers who work with VSL don't just invest in real estate—they build assets that are financially strong and socially transformative. By shifting the burden of operations, compliance, and tenant oversight to VSL's network of operators and support systems, developers enjoy steady returns with fewer risks. Just as importantly, they gain confidence that their investments are part of a larger mission, one where every project expands the availability of safe, supportive housing for people in recovery.

With VSL, developers move faster, avoid costly mistakes, and scale more effectively. The result is a portfolio that is profitable, purpose-driven, and sustainable for the long term.

CHAPTER 6: THE LEGAL FRAMEWORK FOR RECOVERY HOUSING

Recovery residences in the United States enjoy powerful legal protections grounded in federal civil rights laws. These protections were designed to ensure that individuals in recovery from substance use disorders—who are legally recognized as persons with disabilities—can live in stable, community-based housing without facing discrimination. Understanding this legal framework is critical for anyone building, buying, leasing, operating, or residing in recovery housing.

This section has been adapted from

RECOVERY HOUSING LAW & PRACTICE:
Legal Rights, Regulations, and Remedies for
Sober House Operators by Dr. Hunter T. Foote (2025).

If you are interested in a comprehensive legal guide covering the Fair Housing Act and ADA as they relate to recovery housing, please visit:

launch.vanderburghhouse.com

How Federal Law Impacts Sober Living

The Federal Fair Housing Act (FHA)

Originally passed in 1968 and amended in 1988, the **Fair Housing Act** is the cornerstone of recovery housing protections. The 1988 amendments explicitly extended protection to persons with disabilities, including those in recovery from alcohol or drug addiction, so long as they are not currently using.

Key protections under the FHA include:

- **Zoning protection**: Cities and towns may not use local zoning laws to exclude recovery residences solely because of stigma around addiction or because the home is group-based.
- **Reasonable accommodations**: Recovery homes may request modifications to zoning, land use, or occupancy rules (e.g., a limit on unrelated individuals living together) as a reasonable accommodation to support residents' disability rights.
- **Disparate treatment and impact**: Any action that treats a recovery home differently—or has the effect of making it harder to operate in residential neighborhoods—may constitute unlawful discrimination.

The law applies whether the recovery residence is certified or uncertified, staffed or peer-run, for-profit or nonprofit.

Americans with Disabilities Act (ADA)

The **ADA**, particularly Title II and Title III, reinforces the protections under the FHA. While FHA governs housing, the ADA regulates access to public services (Title II) and public accommodations (Title III). For example:

- **Municipal governments (Title II)** must not enforce policies that discriminate against persons with disabilities, which includes recovery home residents.

- **State and local agencies** (such as zoning boards) must make reasonable accommodations in policy enforcement.

- In certain contexts, recovery homes may also be protected as places that provide services under Title III.

Taken together, the FHA and ADA offer dual protections and overlapping rights for recovery homes and their residents.

Important Court Decisions

Numerous federal court rulings have reinforced the protections granted to recovery residences, especially in the face of municipal opposition. Several key cases illustrate the consistent judicial view that recovery homes must be treated the same as any other residential use under law.

Notable outcomes include:

- Recovery homes cannot be banned from single-family zones simply because of the nature of their residents.

- Numerical occupancy limits (e.g., no more than 3 unrelated persons) can be challenged when they conflict with the needs of residents in recovery.

- Cities must provide specific reasons for denying a recovery home's request for accommodation; general concerns about safety or property values are not enough.

- These cases provide strong precedent for protecting recovery housing as a residential use, not a business or institution.

Fair Housing Protections: Zoning & HOAs

The Fair Housing Act (FHA) offers powerful protections for recovery housing, and these protections extend far beyond the initial leasing of a property. They directly limit the ways that cities, towns, and even private homeowner associations (HOAs) can restrict or exclude recovery homes from residential neighborhoods.

Understanding these protections is essential for both operators and developers, since zoning disputes and neighborhood pushbacks are among the most common challenges recovery housing faces.

Zoning and Land Use

Municipalities must make **reasonable accommodations** in zoning laws to ensure people with disabilities have equal access to housing. Because individuals in recovery are recognized as having a disability under federal law, recovery homes fall squarely within this protection.

Examples of zoning barriers that have been struck down include:

- Imposing **minimum spacing requirements** between recovery homes.
- Setting occupancy caps on unrelated adults without allowing disability-related exceptions.
- Requiring special permits for recovery homes when comparable housing arrangements—such as unrelated students sharing a house—are allowed by right.

The Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD) regularly pursue cases against municipalities that enforce such discriminatory practices. Courts have consistently held that recovery homes must be treated as residential uses, not institutions or businesses.

Homeowners Associations (HOAs)

Fair housing protections apply not only to government entities but also to private HOAs. An HOA may not enforce covenants or bylaws in a way that discriminates against people with disabilities. This means recovery homes cannot be excluded simply because neighbors object.

Common HOA practices that often violate the FHA include:

- Banning group homes or "commercial uses" in residential neighborhoods when applied to recovery housing.
- Selectively enforcing nuisance provisions or occupancy limits against sober homes.
- Attempting to fine or evict property owners who lease to recovery home operators.

Just as with municipalities, HOAs must consider **reasonable accommodation requests**. For example, if a home exceeds an occupancy rule or has limited parking, the HOA may be obligated to waive or modify its restrictions to provide equal housing opportunity.

Case Law in Action

Courts have reinforced these principles time and again:

- **City of Edmonds v. Oxford House, Inc. (1995):**[1] The Supreme Court ruled that occupancy limits based on "family definitions" must yield to the FHA when applied to recovery homes.

[1] *City of Edmonds v. Oxford House, Inc.*, 514 U.S. 725 (1995).

- **United States v. City of Springfield (2017):**[2] A spacing ordinance requiring sober homes to be 600 feet apart was struck down as discriminatory.

- **HOA covenant cases:** Courts have repeatedly invalidated HOA restrictions labeling sober homes as "commercial" or "institutional" uses, affirming their status as protected residential housing.

Practical Implications

For recovery housing, these protections are both a shield and a sword. They ensure that recovery housing cannot be excluded through zoning codes, HOA covenants, or neighborhood opposition—but they also give operators legal tools to enforce their rights.

- Operators should be ready to file **reasonable accommodation requests** with municipalities or HOAs when necessary.

- Residents themselves are protected and can pursue complaints through HUD or private lawsuits if they experience discrimination.

- Cities and HOAs that fail to comply face serious consequences, including damages, attorneys' fees, and court-ordered injunctions.

[2] *United States v. City of Springfield*, 817 F.3d 212 (1st Cir. 2016).

Handling Discrimination & Legal Issues

Despite strong protection under the FHA and ADA, recovery housing providers often encounter pushbacks from cities, towns, or homeowner associations. The good news is that providers have clear tools to spot discrimination, assert their rights, and respond effectively.

1. Spot the Red Flags Early

Providers should recognize zoning and HOA tactics that often violate the FHA when applied to recovery homes. Common examples include:

- Occupancy caps that restrict "unrelated adults" from living together.
- Spacing requirements that prohibit recovery homes from operating within a certain distance of each other.
- Special or conditional use permits required for sober homes but not for other households of unrelated people (like student housing).
- Selective enforcement of neutral rules such as parking or noise restrictions.

When these appear, it's often a sign that disability protections are being ignored.

2. Use the Reasonable Accommodation Process

The FHA requires municipalities and HOAs to make "reasonable accommodations" when rules prevent equal housing opportunities for people with disabilities. Providers should:

- **Request in writing** that the rule (occupancy cap, spacing ordinance, HOA covenant, etc.) be waived or modified.

- **Explain the need briefly**: identify the rule, describe the change sought, and state why it is necessary for residents in recovery.
- **Engage cooperatively**: if the need isn't obvious, decision-makers can request limited information, but they cannot demand medical records or intrusive details.

An accommodation can only be denied if it is unnecessary, imposes an undue burden, or fundamentally alters zoning or HOA programs—a high bar that requires evidence.

3. Protect Your Rights and Escalate When Needed

Providers should maintain strong records of all communications and actions—RA requests, hearing transcripts, notices, or any signs of bias in public proceedings. They should also ensure their own house rules are neutral and consistently enforced, reducing the risk of "nuisance" pretext arguments.

If a request is denied or discriminatory enforcement continues, providers can:

- File a complaint with HUD (within 1 year).
- Bring a private lawsuit under the FHA (within 2 years).
- Retain counsel to seek injunctive relief or damages, particularly in cases involving spacing rules or occupancy caps already addressed by the courts.

✅ **Bottom Line:** Recovery housing providers should stay proactive—spot red flags quickly, request accommodations clearly, and escalate when necessary. With the FHA and ADA on their side, operators and developers have powerful tools to protect their homes and residents.

CHAPTER 7: HOW TO GET INVOLVED

How to Open and Operate a Recovery Home

For many, the decision to become a recovery home operator grows out of a deep conviction: the belief that safe, structured housing changes lives. This role is not just about running a house—it's about providing people with a safe alternative to returning to unsafe environments. If you feel called to this work, here the key steps to get started:

1. Learn the Basics: Every great operator begins as a student. Immerse yourself in the world of recovery housing: read, listen, observe, and ask questions. Visit homes, if possible, talk to mentors, and learn from those who have walked this path before. Knowledge won't solve every challenge, but it will help you face them with clarity and confidence.

2. Commit to Training: Passion is important, but structure is what makes it sustainable. Formal training equips you with the practical skills to run a home—covering operations, compliance, leadership, and community-building. More importantly, training places you in a community of learners who share your vision. It reminds you that you are not walking this road alone.

VSL offers the nation's most comprehensive online training program for recovery home operators. Paired with one-on-one coaching through our **Recovery Housing Leadership Launchpad**, it is the most powerful way to prepare yourself for success.

3. Choose Your Affiliation: No operator thrives in isolation. Deciding what organization to affiliate with is one of the most important choices you'll make. Membership programs, like VSL's Charter platform, provide accountability, standards, and a network of peers. Affiliation doesn't take away your independence—it strengthens it by surrounding you with tools, support, and credibility.

4. Prepare Financially: Opening your doors requires resources. Deposits, furnishings, and operating reserves may seem daunting at first, but they are achievable with creativity and determination. Many operators start with modest means—drawing on community donations, personal savings, or supportive lenders. Raising funds is not just about money; it is about inviting others to invest in your vision.

5. Secure the Right Property: The house itself becomes the heartbeat of your mission. Finding the right property—safe, accessible, and welcoming—is the final step before you welcome your first residents. Some operators begin with a lease, while others pursue ownership. In either case, the right home sets the stage for everything that follows.

Becoming a recovery home operator is not an overnight process, but each step builds momentum. With persistence, faith, and the right support, what begins as an idea becomes a living, breathing community where lives are changed every day. And when you take this path with partners like VSL, you discover that the work, while challenging, is never yours to carry alone.

> If you are serious about becoming a recovery home operator, don't walk this path alone. Work with VSL, the nation's leader in recovery housing, to gain the training, tools, and community you need to succeed. This is your chance to combine purpose and prosperity. Take the first step and let VSL walk with you the rest of the way.

Turn Your Property into Recovery Housing

If you already own a property, you may be holding the key to something much greater than a traditional rental. With the right steps, that property can become a home where stability, sobriety, and second chances take root. The process is not as complicated as it may seem, but it does require thoughtful planning and intentional decisions.

1. Begin with an Area Survey: Every successful recovery home starts with the community around it. Before converting your property, take a close look at the local area. Are there treatment centers, counseling services, or recovery meetings nearby? Is the neighborhood safe, accessible, and welcoming?

An area survey helps you understand whether your property is positioned to meet both the needs of residents and the expectations of the community.

2. Run the Numbers: Once you've established that your property is in the right location, the next step is to evaluate its financial feasibility.

- How many residents can it accommodate?
- What are the likely costs for utilities, furnishings, and safety improvements?
- What level of rent will make the home both affordable for residents and sustainable for you as the owner?

Running the numbers ensures that the mission is not only possible but financially viable for the long term.

VSL can help you evaluate your property *at no cost*.

We provide property owners with detailed projections, occupancy analysis, and financial modeling so you can see the potential before making the leap.

3. Decide on Your Role: Once the groundwork is clear, you must decide: Will you operate the home yourself, or will you partner with a qualified operator?

Many property owners prefer to lease their property to an experienced operator who handles the day-to-day responsibilities. Others feel called to step into the operator role themselves and learn the ropes firsthand. Both paths are viable—it simply depends on your goals, capacity, and vision.

Invest in Real Estate for Purpose and Profit

Through our ***Developer Platform Services***, we offer deal support, site analysis, renovation guidance, operator placement, and ongoing stability solutions. That means you can scale faster, avoid costly mistakes, and ensure your investments remain both profitable and impactful.

VSL is uniquely positioned to guide developers who want to build a portfolio of recovery housing real estate investment properties:

- **Deal support and site analysis** to identify the right properties and avoid costly mistakes.
- **Renovation guidance** to meet safety and certification standards while optimizing for occupancy and revenue.
- **Operator placement** that connects you with trained leaders who manage homes responsibly and sustainably.
- **Ongoing solutions**, from grant support to continuity planning, to protect your investment for the long term.

This holistic support reduces uncertainty, accelerates growth, and ensures your projects remain both financially sound and mission-driven.

From One Project to a Portfolio

Many investors begin with one property. But recovery housing lends itself naturally to scale. With the right framework in place, you can grow into a portfolio of homes, diversify across regions, and develop long-term partnerships with operators who bring stability and consistency.

VSL's nationwide reach ensures that you're never building in isolation—you're building as part of a movement.

If you are serious about recovery housing, we invite you reach out.

We're excited to provide you with the tools, training, and trusted operator network you need to scale with confidence. Your next investment can be more than a property—it can be a place of hope.

A FINAL WORD OF ENCOURAGEMENT

As you close the pages of this guide, I want to leave you with something more than instructions or strategies. I want to leave you with a conviction: you are capable of building something that truly matters—something that creates both lasting wealth and lasting impact.

Proverbs 13:22a reminds us, *"A good person leaves an inheritance for their children's children."* This is not only about material wealth but also about the legacy we build through the lives we touch. Recovery housing allows you to do both: to create stable, meaningful investments while leaving behind something that truly benefits the generations to come.

At the same time, **1 Timothy 6:18-19** teaches, *"Command them to do good, to be rich in good deeds, and to be generous and willing to share."* These homes are more than real estate. They are vessels for good work, a foundation for hope, and a place where generosity meets purpose. In building them, you are doing more than securing financial returns, you are building something eternal.

When I first stepped into the world of recovery housing, I didn't fully grasp the magnitude of what one home could do. I understood the numbers and the business model, but I hadn't yet seen the transformation—both in the lives of the residents and myself. Every project became a story of second chances, resilience, and hope restored.

You now stand at the threshold of that same opportunity. Whether you take your first step tomorrow or six months from now, there will never be a "perfect" time. There is only the moment when you decide to act despite uncertainty. This work will challenge you, but it will also reward you in ways that go far beyond traditional investments.

If there is one truth that I want you to carry with you, it's this: *you are not alone.* A growing community of developers, operators, mentors, and advocates share this vision and are ready to walk with you. Together, we are reshaping neighborhoods, breaking cycles, and offering people the chance to rebuild their lives.

My encouragement to you is simple: start. Take what you've learned here and move forward. Walk through a neighborhood with new eyes. Call a referral source. Analyze a property that others have overlooked. Each step you take brings you closer to creating a home that someone desperately needs—and closer to fulfilling both your purpose and your potential.

Thank you for allowing me to share this journey with you. If you feel inspired, I invite you to reach out and connect with our team. We are here to guide, support, and partner with you as you take the next step.

With gratitude and belief in your success,



Dr. Hunter T. Foote

APPENDICES

Resource List

Meet Dr. Hunter Foote: Leading the Charge
This article profiles Dr. Hunter Foote and his work to make sober living real estate more accessible to mission-driven investors through VSL's developer partnership model.

Law & Legal Issues

The Federal Fair Housing Act and Sober Living
This article explains how the Federal Fair Housing Act protects sober living homes from discrimination, zoning challenges, and restrictive housing policies.

Sober Living and Zoning
This article explains zoning challenges for sober living homes and outlines the legal protections and advocacy strategies that help them operate in residential communities.

Fire Safety in Sober Living Homes
This article explains fire safety requirements for sober living homes and how operators can balance safety with legal and financial challenges.

Recovery Housing Operations

Understanding the NARR Levels of Care
This article explains the four NARR levels of recovery housing (outlining the structure and support each level provides).

House Mentors in a Recovery Home
This article discusses the role of House Mentors in recovery housing, detailing their responsibilities, qualifications, and training needs.

House Rules in Sober Houses
This post outlines the key house rules and expectations in sober living homes,

emphasizing how structure, accountability, and community support help residents maintain sobriety and thrive in recovery.

The National Alliance for Recovery Residences (NARR)
This post introduces the National Alliance for Recovery Residences (NARR), its mission, certification levels, and how operators can align with NARR standards to provide quality recovery housing.

Types of Referral Sources for Recovery Homes
This post breaks down the top referral sources for sober living—ranked by quality and volume—and shows operators how to build relationships that keep homes full and mission-aligned.

Recovery Residence KPIs: A Balanced Approach to Success
This post outlines key performance indicators (KPIs) that help recovery homes balance mission and business goals—covering leadership, guest support, finances, and facility management.

Opening a Recovery Home: A to Z
This guide walks future operators through every step of opening a sober living home—from funding and property selection to business setup and VSL charter support.

Developer-Focused Articles

Comparing Sober Living, Single-Family, and Multifamily Investments
This post compares returns, costs, and risks across rental models—and shows why sober living homes are becoming a top choice for investors seeking both impact and income.

Michelle Ngila: Community Impact Through Real Estate with VSL
This case study follows Michelle Ngila's journey from first-time investor to owner of 14 recovery homes.

Valuing Recovery Housing as Income Property
This post explains why sober living homes should be valued based on their lease income, not just standard comparable sold homes.

Real Estate Articles

What to Look for When Buying a Property for Recovery Housing
This article offers a process for evaluating and planning to buy real estate for recovery housing.

Thinking of Renting to a Sober Living Operator? Read This Landlord Guide First
This article discusses the benefits, risks, and leasing models of renting to sober living operators.

Why Real Estate Investors Are Leasing to Sober House Operators
This article explains how leasing to sober living operators offers stable income, long-term leases, and low-hassle management.

Can I Turn My Old Duplex into a Sober House?
This post walks small landlords through how to convert an aging duplex into a purpose-driven sober home—and why it's a smart move for passive income and community impact.

Sober House Financing

How to Finance the Purchase of a Sober Living Home Property
This article compares four standard real estate funding options for recovery housing.

Using Bank and Credit Union Loans to Finance Sober Living Homes
This articles discusses how bank and credit union loans can help fund sober living homes.