

# Owning and Operating a PATH-Type Therapeutic Home for Mental Health and Addiction Recovery

---

Terri O'Connell  
and  
Bob Whitman



## TABLE OF CONTENTS

<b>ABOUT THIS BOOK</b>	<b>vii</b>
<b>ACKNOWLEDGMENTS</b>	<b>xi</b>
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
1.1 Purpose of this Manual	1
1.2 Research Methods	1
1.3 The Value of PATH-Type Homes	2
1.4 The Homeowner – The Soul of the PATH-Type Home	3
1.5 A Comparison of PATH-Type Homes & the Oxford House Model	6
<b>CHAPTER 2: OVERVIEW OF PATH-TYPE HOMEOWNERSHIP</b>	<b>9</b>
A. A Unique Business Opportunity	9
2.1 Commitment	10
2.2 The Market for Residents	11
2.3 Resident Qualifications	12
2.4 Qualifying Potential Residents	14
2.5 House Rules – Selection and Implementation	15
2.6 Common House Rules	17
2.7 Noncompliance with House Rules	20
2.8 Eviction	22
B. Regulation of PATH-Type Homes	23
2.9 Federal Regulations	24
2.9.1 The Landlord Conundrum	25
2.9.2 Avoiding Discrimination Issues	26
2.9.3 Providing Reasonable Accommodations for Potential Residents	28
2.9.4 Evicting Residents Under Federal Regulations	29
2.10 Connecticut State Regulations	30
2.11 Local Regulations	36
C. Business Formation and Registration	38

<b>CHAPTER 3: SELECTING A SITE FOR A PATH-TYPE HOME</b>	<b>43</b>
3.1    Zoning Considerations	43
3.2    Town Ordinances and Codes	44
3.3    Location, Location, Location	45
3.4    Structure and Layout of the Home	46
3.5    Condition of the Home	47
3.6    Timing the Home Purchase	47
<b>CHAPTER 4: PREPARING TO ENGAGE IN BUSINESS</b>	<b>45</b>
4.1    Financing Basics	45
4.2    Potential Sources of Financing	47
4.3    Preparing a PATH-Type Home for Business	49
4.4    The House Manager	52
4.5    Hiring Professionals	53
4.6    Unexpected Death and Contingency Planning	54
<b>CHAPTER 5: LEGAL AND MARKETING STRATEGIES</b>	<b>55</b>
5.1    Legal Issues	55
5.2    Marketing Strategy	56
<b>CHAPTER 6: CASH FLOW</b>	<b>61</b>
6.1    Cash Flow and Financial Statements	61
6.2    A Simple Cash Flow Scenario	62
6.2.1    Start-Up Phase Assumptions	63
6.2.2    Operations Phase Assumptions	65
6.2.3    Simple Two Year Cash Flow Projection Scenario	67
Exhibit 1 – Simple Cash Flow Projections for Year 1	68
Exhibit 2 – Simple Cash Flow Projections for Year 2	69
<b>APPENDICES</b>	
Appendix 1 – Interview Outline	71
Appendix 2 – Drug Usage in Connecticut	73
Appendix 3 – Internet Resources	75
Appendix 4 – Responsibilities of Landlords and Tenants	77
Appendix 5 – Recovery Housing Coalition Standards	79
Appendix 6 – State Statutes and State Laws of Interest	83

## **ABOUT THE AUTHORS**

**Terri O'Connell** - Terri O'Connell is an attorney in West Hartford, Connecticut. Her inspiration for this research came from the memory of her brother, and People Advocating Therapeutic Homes, Inc. (PATH).

**Bob Whitman** - Bob Whitman is a professor at the University of Connecticut School of Law. He is the founder and chairman of People Advocating Therapeutic Homes, Inc. (PATH).

## **ABOUT THIS BOOK**

Behind this book, and People Advocating Therapeutic Homes (PATH), is the belief that as a foundation for recovery from mental illness, drug addiction, and some forms of harmful behavior, there needs to be available on a broad scale throughout America what is here described as PATH-Type homes.

PATH-Type homes provide much more than a safe, affordable place to stay for individuals committed to rebuilding their lives. PATH-Type homes offer an abundance of needed services to their residents without the dependence on government subsidies. PATH-Type homes provide the caring and skill-building, structure residents need to regain self-esteem. Residents are treated with dignity, and learn responsibility to themselves and others. For so long as they want it, residents also have a home to come home to. In fact, for some residents they have a true home for the first time in their lives. Studies have shown that this type of structure and support can prevent relapse.

PATH, a 501c(3) charity, is committed to:

- 1) Serving as a “think tank” that will encourage the creation nationally, of more PATH-Type homes;
- 2) Educating the public as to the value of PATH-Type homes;
- 3) Encouraging the creation of websites in each state that will provide public information concerning the inventory of PATH-Type homes in each state;
- 4) Encouraging the linking of state websites to create a national information resource;
- 5) Educating individuals who may wish to open and run a PATH-Type home;

- 6) Monitoring the appropriate creation and application of zoning laws in order to encourage the spread of PATH-Type homes and prevent violations of the Federal Fair Housing Act and Americans with Disabilities Act;
- 7) Providing a broad range of assistance at no cost to owners of PATH-Type homes, and those who wish to become involved;
- 8) Conducting research to study ways of improving how homes are run and improving the laws applicable to homes;
- 9) Protecting the interests of both owners and residents of PATH-Type homes;
- 10) Helping to stimulate research into how PATH-Type homes can be best employed; and
- 11) Providing learning opportunities to students interested in working with PATH to address the barriers to PATH-Type homes.

In Connecticut, where PATH originated, experience has shown that the advantages of PATH-Type homes are meaningful and that the recovery rates following long term stays in a PATH-Type home can be substantial. Some of the outstanding facets of PATH-Type homes include:

- 1) Creating an environment of “a new family” for residents;
- 2) Requiring residents to work in order to pay their own rent and expenses;
- 3) Providing a source of rental payments to owners so that, once off the ground, no subsidies are required for maintaining a PATH-Type home;
- 4) Establishing a healthy therapeutic environment for residents along with a structured and disciplined plan for living;
- 5) Living in the home under the guidance of a mature owner or manager, who places the importance of mental well-being and clean living standards as a first priority;
- 6) Establishing the basic framework for learning life skills, such as how to cook and clean, share maintenance responsibilities, and work as a team member with other residents of the home; and

- 7) Supplementing PATH-Type living with regular mandated attendance at AA (Alcoholics Anonymous), NA (Narcotics Anonymous), or similar meetings and, where needed, the optional use of outside therapy in order to foster recovery.

In essence, PATH-Type homes provide a mentoring environment through the trouble spots as residents work towards maintaining their goal of sobriety, and long term recovery.

Path-Type homes also provide tremendous benefit to the community. They are a cost effective adjunct to our current system that focuses on medical treatment and criminal sanctions that is frequently marked by client relapses. Although living in a PATH-Type home cannot guarantee a successful recovery, experience has shown that it increases the likelihood for a successful recovery. Many former residents of PATH-Type homes remain alcohol and drug free, and lead very productive lives.

In improving the odds for recovery, the PATH-Type home provides an important public service without cost to the public. Studies indicate that it takes an average of four tries before an individual stays clean and sober. If the number of tries were cut to just three, through the use of social supports such as PATH-Type homes, the costs charged to the public because of substance abuse could be cut by ten percent or more, which would include the medical treatment for detoxification. In addition to cutting the medical costs associated with relapse, PATH-Type homes can also reduce the costs incurred by the criminal justice system. Some individuals in prison are there simply because of their illegal use of controlled substances. Resources spent to process and incarcerate these individuals could be put to better use with no risk to the public, simply by cutting the rate of recidivism and need for incarceration. In Connecticut, a one year prison stay costs on average \$27,000 per person incarcerated. In contrast, a resident can live in a PATH-Type home for \$5,200 to \$6,500 per year in rent. While living sober in that home, the formerly incarcerated resident will also be working, and paying taxes, and the owner of the home will be making a small profit, and paying taxes as well.

PATH concepts need not be limited to persons in recovery from substance abuse. PATH-Type homes can help a broad group of persons. Almost anyone who is able to work and needs a safe and therapeutic place to stay on a long term basis can benefit from a PATH-Type home. Each PATH-Type home has its own personality, reflecting the attitudes of the homeowner. The rules for entering a home and staying in a home are established by the homeowner and are made clear at the very start. Home admission and continued residence is voluntary on the part of the resident, who must be invited into the home after an interview process. In almost all cases, only good can result from a long term stay for individuals in need of structured support.

Despite the clear benefits of PATH-Type homes, barriers remain not just in Connecticut but throughout the country. Those barriers are social (fear); financial (availability of start up and operating capital); legal (restrictive zoning regulations); and, managerial (lack of business expertise). PATH is committed to addressing these barriers. This book is the first step in providing user-friendly information to assist potential homeowners in developing and operating a PATH-Type home. Additional books are planned to address the broad range of topics that impact PATH-Type housing. While the book is based on Connecticut experiences, these experiences are transferable to other states.

PATH-Type homes remain flexible and adaptable. As homes continue to spread, new ideas and new methods develop. PATH encourages comment by readers of this book and welcomes anyone interested in helping to move PATH forward to join us.

In order to help PATH, please contact one of the following individuals:

Virginia Lamb  
President of PATH  
valambpath@aol.com

Bob Whitman  
Chairman of PATH  
robert.whitman@uconn.edu