

**MENTAL HEALTH RESIDENTIAL LABS**

# **Licensed Mental Health Group Home Starter Checklist**

What to Know Before You Buy, Rent, Staff, License,  
or Open a Mental Health Residential Home

**Psychiatric Nurse Practitioner-Led Education  
for Serious Mental Health Residential Founders**

This is not a quick-cash group home guide.  
This is a compliance-first readiness checklist.

**Created by Mental Health Residential Labs**

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# Welcome

Starting a group home sounds simple until you realize how many decisions must be made before a home can operate safely, legally, and sustainably.

Many new founders start in the wrong order. They look for a house first. They ask about profit first. They hire staff too early. They accept the wrong residents. They misunderstand licensing. They confuse housing with treatment. They underestimate documentation, staffing, fire safety, zoning, funding, referrals, and daily operations.

This checklist is designed to help you pause and assess the most important areas before you buy, rent, staff, license, or open a mental health residential/group home program.

**Inside, you will walk through the major startup readiness categories every serious founder should understand:**

Key Categories
Licensed vs. unlicensed models
Resident population and fit
State licensing research
Zoning and property readiness
Fire, building, and sanitation considerations
Staffing and supervision structure
Policies, procedures, and compliance binders
Documentation systems
Referral strategy
Funding and payer readiness
Launch planning

This checklist is educational and does not replace legal, licensing, clinical, financial, real estate, or tax advice. Requirements vary by state, service type, population served, funding source, local zoning authority, and licensing body.

# Section 1: Clarify the Type of Home You Want to Start

Before you look for a property or accept referrals, you need to define the model.

Checklist Item	
<input type="checkbox"/>	I know whether I want to operate a licensed or unlicensed model.
<input type="checkbox"/>	I understand that "group home" is a broad term and may mean different things depending on the state, population, services, and funding source.
<input type="checkbox"/>	I know the population I want to serve: adults, youth, older adults, mental health, intellectual/developmental disabilities, substance use, medically fragile, foster care, veterans, reentry, or supportive housing.
<input type="checkbox"/>	I understand that different populations may trigger different licensing, staffing, documentation, training, and safety requirements.
<input type="checkbox"/>	I know whether I am offering housing only, supervised living, treatment support, personal care, behavioral health support, or another service model.
<input type="checkbox"/>	I understand that providing services may create additional licensing, credentialing, billing, and documentation obligations.
<input type="checkbox"/>	I have identified the state agency or licensing body that regulates the type of home I want to operate.
<input type="checkbox"/>	I know whether my desired model requires inspections before opening.
<input type="checkbox"/>	I know whether my desired model requires policies and procedures before licensure or approval.
<input type="checkbox"/>	I understand that opening without understanding the model can create legal, financial, and resident safety risks.

Founder Reflection	Your Notes
What kind of home do I believe I want to start?	
Who do I want to serve?	
What do I still need to verify before moving forward?	

## Section 2: Licensed vs. Unlicensed Readiness

Not every residential model is licensed, but founders must understand the difference. Some models may be permitted as housing only. Others require formal licensure because of the services, supervision, population, funding, or level of care involved.

	Checklist Item
<input type="checkbox"/>	I have researched whether my model requires a license in my state.
<input type="checkbox"/>	I understand that a landlord/tenant housing model is different from a licensed residential care or supervised living model.
<input type="checkbox"/>	I know whether I can provide services directly or whether services must be provided by outside agencies.
<input type="checkbox"/>	I understand what activities may cross the line from housing into regulated care or treatment.
<input type="checkbox"/>	I know whether staff are allowed to assist with medications under my model.
<input type="checkbox"/>	I know whether residents require individual service plans, treatment plans, or care plans.
<input type="checkbox"/>	I know whether incident reporting rules apply.
<input type="checkbox"/>	I know whether resident rights rules apply.
<input type="checkbox"/>	I know whether the state requires staff training, background checks, or credentialed oversight.
<input type="checkbox"/>	I understand the risk of marketing a home as "care" or "treatment" without the proper license.

### Warning Sign

**If you cannot clearly explain whether your model is licensed or unlicensed, you are not ready to lease a property, accept payment, hire staff, or move residents in.**

## Section 3: Resident Fit and Safety

A strong group home is not built by accepting everyone. It is built by knowing who your home is designed to serve, who you are not equipped to serve, and what support level your staffing model can safely handle.

Checklist Item	
<input type="checkbox"/>	I have written admission criteria.
<input type="checkbox"/>	I have written exclusionary criteria.
<input type="checkbox"/>	I know what behaviors my home can and cannot safely manage.
<input type="checkbox"/>	I know whether my home will serve people with aggressive, non-aggressive, medically complex, or high-supervision needs.
<input type="checkbox"/>	I know whether residents must be ambulatory, semi-ambulatory, or able to evacuate with assistance.
<input type="checkbox"/>	I know whether residents can self-administer medications or need medication support.
<input type="checkbox"/>	I know what documentation I need before accepting a resident.
<input type="checkbox"/>	I have a process for reviewing diagnoses, behavior history, hospitalization history, mobility needs, substance use history, allergies, medications, support network, funding, and emergency contacts.
<input type="checkbox"/>	I understand that accepting the wrong resident can create safety, staffing, financial, and regulatory risk.
<input type="checkbox"/>	I have a process for determining whether a resident is clinically and operationally appropriate for the home.

Founder Reflection	Your Notes
What residents would be a good fit for my home?	
What residents would not be a safe or appropriate fit?	
What information would I need before saying yes to a referral?	

## Section 4: Property and Zoning Readiness

The property is not just a house. It is part of the service model. The wrong property can delay licensure, fail inspection, violate zoning rules, create accessibility problems, increase staffing burden, or prevent safe evacuation.

	Checklist Item
<input type="checkbox"/>	I have checked local zoning requirements before signing a lease or purchasing property.
<input type="checkbox"/>	I know whether group living, supervised living, adult care, behavioral health residential, or similar use is permitted at the location.
<input type="checkbox"/>	I know whether special use permits, occupancy limits, or local approvals may be required.
<input type="checkbox"/>	I have considered fire safety requirements.
<input type="checkbox"/>	I have considered building code requirements.
<input type="checkbox"/>	I have considered sanitation requirements.
<input type="checkbox"/>	I have considered bedroom size and occupancy limits.
<input type="checkbox"/>	I have considered bathroom access and privacy.
<input type="checkbox"/>	I have considered accessibility, stairs, ramps, exits, and evacuation.
<input type="checkbox"/>	I have considered medication storage.
<input type="checkbox"/>	I have considered staff workspace and secure record storage.
<input type="checkbox"/>	I have considered common areas, dining space, laundry, kitchen readiness, and outdoor safety.
<input type="checkbox"/>	I understand that a beautiful home is not automatically a compliant home.

### Property Red Flags

**A property may be risky if it has unclear zoning, limited exits, poor accessibility, insufficient bedroom space, weak fire safety features, unsafe stairs, poor maintenance, limited parking, neighborhood restrictions, no secure storage area, or a lease that prohibits business/residential care use.**

## Section 5: Staffing and Supervision Readiness

Staffing is one of the biggest operational realities of a residential program. You must know who will be present, what they are allowed to do, what training they need, how call-offs will be handled, and how supervision will be documented.

Checklist Item	
<input type="checkbox"/>	I know the minimum staffing requirements for my model.
<input type="checkbox"/>	I know whether awake staff are required.
<input type="checkbox"/>	I know whether overnight staff can sleep or must remain awake.
<input type="checkbox"/>	I know whether staff must meet specific education, certification, or credential requirements.
<input type="checkbox"/>	I know whether a qualified professional, nurse, administrator, or clinical supervisor is required.
<input type="checkbox"/>	I have planned staff coverage for weekdays, weekends, holidays, overnight shifts, emergencies, and call-offs.
<input type="checkbox"/>	I have identified required staff training topics.
<input type="checkbox"/>	I have a plan for background checks and personnel files.
<input type="checkbox"/>	I know how medication support responsibilities will be handled.
<input type="checkbox"/>	I know how transportation responsibilities will be handled.
<input type="checkbox"/>	I know how incident escalation will work.
<input type="checkbox"/>	I understand that staffing must match resident needs, not just minimum rules.

Founder Reflection	Your Notes
What hours will staff need to be present?	
What will staff be responsible for each shift?	
Who will provide oversight, supervision, and backup support?	

# Section 6: Compliance Binder and Policy Readiness

A residential program needs written systems. If it is not written, trained, implemented, and documented, it does not function as a reliable system.

	Checklist Item
<input type="checkbox"/>	I know what policies and procedures are required before opening.
<input type="checkbox"/>	I have a governing body or ownership structure documented.
<input type="checkbox"/>	I have admission and discharge procedures.
<input type="checkbox"/>	I have resident rights policies.
<input type="checkbox"/>	I have confidentiality and privacy procedures.
<input type="checkbox"/>	I have medication policies.
<input type="checkbox"/>	I have incident reporting procedures.
<input type="checkbox"/>	I have emergency and disaster plans.
<input type="checkbox"/>	I have infection control procedures.
<input type="checkbox"/>	I have transportation procedures.
<input type="checkbox"/>	I have staffing and scheduling procedures.
<input type="checkbox"/>	I have personnel file requirements.
<input type="checkbox"/>	I have resident record requirements.
<input type="checkbox"/>	I have documentation standards.
<input type="checkbox"/>	I have quality assurance or internal audit procedures.
<input type="checkbox"/>	I understand that copied generic policies may not match my actual model or state requirements.

## Starter Binder Categories

Category	Category
Administrative / Governance	Personnel Records
Admissions and Discharge	Resident Records
Resident Rights	Infection Control
Medication Support	Transportation
Incident Reporting	Quality Assurance
Emergency Preparedness	Training Records

Category	Category
Staffing and Scheduling	Forms and Logs

## Section 7: Documentation and Recordkeeping Readiness

Residential care requires documentation discipline. Founders should know what must be documented, who documents it, where it is stored, how often it is reviewed, and how errors are corrected.

	Checklist Item
<input type="checkbox"/>	I know what documents are needed before admission.
<input type="checkbox"/>	I know what must be included in each resident record.
<input type="checkbox"/>	I know whether service plans, care plans, treatment plans, or support plans are required.
<input type="checkbox"/>	I know how daily notes or shift notes will be completed.
<input type="checkbox"/>	I know how medication administration or medication support will be documented.
<input type="checkbox"/>	I know how incidents will be documented and escalated.
<input type="checkbox"/>	I know how staff training will be documented.
<input type="checkbox"/>	I know how emergency drills will be documented.
<input type="checkbox"/>	I know how resident funds, fees, or payments will be tracked if applicable.
<input type="checkbox"/>	I have a system for secure storage of records.
<input type="checkbox"/>	I know how long records must be retained.
<input type="checkbox"/>	I understand that documentation protects residents, staff, the business, and the license.

## Section 8: Funding and Financial Readiness

A group home is not ready to operate just because there is demand. You need a realistic financial model that separates housing income, service income, staffing costs, payroll taxes, insurance, food, utilities, maintenance, transportation, supplies, licensing costs, and administrative overhead.

Checklist Item	
<input type="checkbox"/>	I know how the home will be funded.
<input type="checkbox"/>	I know whether residents will pay privately, through benefits, through family support, through state assistance, through Medicaid-related services, through payer contracts, or another pathway.
<input type="checkbox"/>	I understand the difference between room and board payments and service reimbursement.
<input type="checkbox"/>	I know whether my model allows billing for services.
<input type="checkbox"/>	I know whether payer enrollment, credentialing, contracting, or authorization is required.
<input type="checkbox"/>	I have calculated startup costs.
<input type="checkbox"/>	I have calculated monthly operating costs.
<input type="checkbox"/>	I have calculated payroll costs realistically.
<input type="checkbox"/>	I have calculated vacancy risk.
<input type="checkbox"/>	I have calculated insurance costs.
<input type="checkbox"/>	I have calculated food, supplies, utilities, transportation, maintenance, and administrative expenses.
<input type="checkbox"/>	I know how many residents are needed to break even.
<input type="checkbox"/>	I have a plan for slow referrals, delayed payments, and unexpected repairs.
<input type="checkbox"/>	I understand that revenue does not equal profit.

Founder Reflection	Your Notes
What is my expected startup budget?	
What are my expected monthly expenses?	
What is my break-even number?	

## Section 9: Referral and Marketing Readiness

A licensed or structured residential program needs referral relationships. Marketing should be accurate, ethical, and aligned with the population you can safely serve.

	Checklist Item
<input type="checkbox"/>	I know who my referral partners should be.
<input type="checkbox"/>	I know whether referrals may come from hospitals, discharge planners, case managers, families, guardians, community providers, social workers, clinics, payers, churches, courts, shelters, or other agencies.
<input type="checkbox"/>	I have a referral packet or one-page program overview.
<input type="checkbox"/>	I have clear admission criteria.
<input type="checkbox"/>	I have clear exclusionary criteria.
<input type="checkbox"/>	I have a referral inquiry form.
<input type="checkbox"/>	I have a waitlist process.
<input type="checkbox"/>	I have a resident fit screening process.
<input type="checkbox"/>	I have language that does not overpromise services.
<input type="checkbox"/>	I have a process for responding to inquiries quickly.
<input type="checkbox"/>	I have a CRM, spreadsheet, or tracking system for leads and referrals.
<input type="checkbox"/>	I understand that referral trust is built through professionalism, responsiveness, safety, and clarity.

# Section 10: Founder Readiness Score

Rate yourself in each area from 1 to 5.

Score	Meaning
1	Not started
2	Some research
3	Basic understanding
4	Mostly prepared
5	Ready for expert review / implementation

Area	Score 1-5
Model clarity	_____
Licensing research	_____
Resident population and fit	_____
Zoning/property readiness	_____
Fire/building/sanitation awareness	_____
Staffing plan	_____
Compliance binder readiness	_____
Documentation system	_____
Funding model	_____
Referral strategy	_____
Launch timeline	_____

**Total Score:** \_\_\_\_\_

## Score Interpretation

Score Range	Stage	Interpretation
10-24	Foundation Stage	You need more research before spending significant money. Focus on model clarity, licensing research, population fit, and property/zoning requirements.
25-39	Planning Stage	You have momentum, but likely still have gaps. Focus on documentation, staffing, financial modeling, referral strategy, and compliance systems.

Score Range	Stage	Interpretation
40-55	Implementation Stage	You may be close to structured implementation, but you should verify requirements and pressure-test your plan before making major commitments.

## Final Page: Next Step

If this checklist made you realize there is more to starting a group home than simply finding a house, that is a good thing.

**Serious founders do not rush into residential care. They build with structure.**

Inside Mental Health Residential Labs, you will learn the real roadmap for building a licensed mental health residential group home with clinical insight, compliance integrity, and operational structure.

### Join the Free Community

Start with the free community to learn foundational concepts, ask beginner questions, and access orientation resources.

### Upgrade to Premium

Upgrade when you are ready for deeper implementation support, templates, checklists, startup workflows, compliance binder guidance, documentation tools, and the Licensed Mental Health Residential Founder Roadmap.

### Recommended Next Step

**Join the free Mental Health Residential Labs community and attend the next Founder Orientation.**