

# MEMO

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TO: Joint Fiscal Committee

FROM: Interim Commissioner Harry Chen, Department for Children and Families

DATE: December 7, 2022

RE: Emergency Housing Proposal: \$15 Million General Fund

**Purpose:**

The Department for Children and Families (DCF) has prepared the following memorandum to propose the utilization of \$15 million General Fund to serve Vermonters experiencing homelessness. The proposal was created with input from community partners originating from DCF-led community meetings ([Link to Summary Document](#)), and in partnership with the Department of Housing and Community Development and the Vermont Housing and Conservation Board.

Sec. 53(b)(10) of Act 185 appropriated \$15,000,000 to DCF for emergency or transitional housing needs in the event federal emergency rental assistance funds are insufficient to meet needs in fiscal year 2023. As a result of recent funding reallocations between the emergency rental assistance 1 and 2 (ERA1 and ERA2) funds \$54,377,500 of ERA2 is being allocated to the emergency and transitional housing programs in FY23. This allows more flexibility with the \$15M General Fund to meet the needs of Vermonters experiencing or at risk of homelessness.

**Background:**

At the beginning of the pandemic, Vermont expanded eligibility in the General Assistance Emergency Housing Program as a response to the COVID-19 virus and to mitigate health and safety risks. Since the beginning of the pandemic, the state has served a record number of households experiencing homelessness. While it often seems like the population served is stagnant, Vermont has made incredible progress. Since April 2020, Vermont has supported over 2,800 households exit homelessness to permanent housing. This work would not be possible without the

collaborative and coordinated work with partners and providers across the state or without the incredible investments in housing, emergency housing, and homelessness assistance services.

**Plan Overview:**

1. Expands emergency shelter capacity through capital investments,
2. Enhances the Vermont Rental Subsidy program to continuing serving extremely low-income Vermonters in the Reach Up Program,
3. Funds rental arrearages to help keep Vermonters in permanent housing,
4. Supports the creations of permanent housing units (Vermont Housing Improvement Program),
5. Sustains the General Assistance Emergency Housing Program through FY23

**\$5,680,000 to increase and preserve Emergency Shelter capacity through capital investments (VHCB)**

Emergency shelter projects operated by community partners provide the strongest connection to services and achieve better outcomes for participants. There are several new emergency shelter projects in development in communities across Vermont that will meet distinct local needs.

Vermont Housing and Conservation Board provides capital investment for emergency shelter projects. By using General Fund dollars, the State can support 3-6 shelter projects which are in the development pipeline at various levels of approval. This investment will help create or preserve 64-80 emergency shelter beds.

Increasing emergency shelter capacity correlates to increased base pressure for emergency shelter operations.

**\$1,500,000 to temporarily expand the Vermont Rental Subsidy program (DCF)**

This one-time increase to an existing benefit program, the Vermont Rental Subsidy Program (VRS), will serve approximately 140 additional households with children. This benefit will be targeted to extremely low-income families enrolled in Reach Up who have exhausted their ERA benefits. The VRS benefit will continue to be time-limited (12-18 months). While receiving the temporary voucher, participants benefit from services to support their permanent housing plan, including support for a permanent federal housing voucher.

Expansion to VRS is expected to serve approximately 140 families and includes temporary DCF staffing.

**\$500,000 to the Housing Opportunity Grant Program to prevent homelessness (DCF)**

This one-time increase to the Housing Opportunity Grant Program (HOP) will boost the amount of financial assistance available to help households at or below 50% Area Median Income (AMI) with rental arrearages or financial support for moving. With the changes to the Vermont Emergency Rental Assistance Program to adapt to funding needs, HOP is the only statewide source of funds to help households at risk of homelessness. DCF foresees an increase in arrearage requests as ERA federal funding ends. Eligible households apply to a local agency for up to \$8,000 (three year maximum) based on their individualized housing plan.

This funding will prevent homelessness for approximately 150 households.

**\$1,000,000 for incentives to increase the amount of homelessness units within projects (VHCB)**

Housing projects with a portion of units dedicated to extremely low-income or recently homeless populations require additional investment. This funding will support VHCB to increase dedicated units beyond 15% in forthcoming projects. It is anticipated that this funding will lead to an additional 10-15 permanent units being set aside for those exiting homelessness.

**\$1,500,000 to fund the extremely low-income portion of the Vermont Housing Improvement Program (DHCD)**

Continued support of the Vermont Housing Improvement Program (VHIP) allows for the rehabilitation of underutilized housing units to be brought back online to serve the most vulnerable. This Program incentivizes private landlords to bring vacant units online to serve persons exiting homelessness at affordable rental rates. Such an investment will build upon the success of VHIP, which to date has been funded by Coronavirus Relief Funds and American Rescue Plan Act funding. VHIP has proven to be a cost effective and expedient approach to placing more housing units into the rental housing stock. This investment will support an estimated 30 units.

**\$4,820,000 to sustain the General Assistance Emergency Housing Program (DCF)**

This funding will allow DCF to adjust to emerging needs, provide benefits to households who have timed out of the federal rental assistance program, and cover administrative costs of the General Assistance Emergency Housing Program (GA Program) throughout the winter.

In winter months, DCF expands eligibility in the GA Program through the Adverse Weather Conditions Policy, thereby serving more households. Flexible General Funds will help cover the winter months costs, especially as households time out of ERA funding.

To be able to serve these populations, DCF needs staff and systems that are efficient. The additional administrative funding will allow DCF to meet the needs of households served by the programs.

The Department for Children and Families has adapted to serve Vermonters experiencing homelessness during a global pandemic. Recognizing the expiration of federal funding and inability to sustain the program through state funding, DCF built this plan with input from community providers, and in partnership with DHCD and VHCB. These investments in existing programs will serve households facing housing instability. The enhanced programs will target households with children offering bridge funding as households navigate the application and leasing of federal permanent housing vouchers, will support households at imminent risk of homelessness, and support capital funding for emergency shelters and permanent housing. These programs support the Department's crisis response, homelessness prevention response, and permanent housing solutions.