

# Vermont's Commitment to End Homelessness:

*Spending and Homeless Totals  
FY17 to FY22*



28 July 2022



Investigative Report 22-02

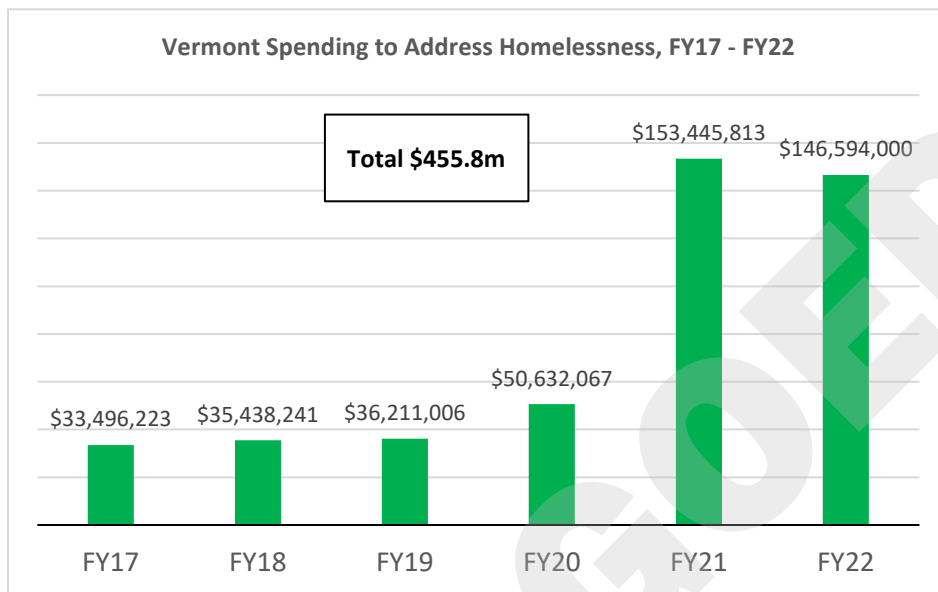
**Mission Statement:** The mission of the Auditor’s Office is to hold State government accountable by evaluating whether taxpayer funds are being used effectively and identifying strategies to eliminate waste, fraud, and abuse.

**Investigative Report:** An investigative report is a tool used to inform citizens, policymakers, and State agencies about issues that merit attention. It is not an audit and is not conducted under generally accepted government auditing standards. Unlike an audit, which contains formal recommendations, investigative reports include information and possible risk-mitigation strategies relevant to the topic that is the object of the inquiry.

**Project Director:** Tim Ashe, Deputy State Auditor

**Principal Investigator:** Fran Hodgins, Government Research Analyst

This research brief attempts, for the first time, to calculate the total financial effort Vermont has been making to address homelessness. **We conclude that Vermont has spent more than \$455 million in the last six years.** Annual spending jumped considerably in the heavily COVID-impacted FY21 and FY22 budgets.



Note: FY22 was still ongoing at the time this data was assembled and therefore FY22 totals are partial.

## Background

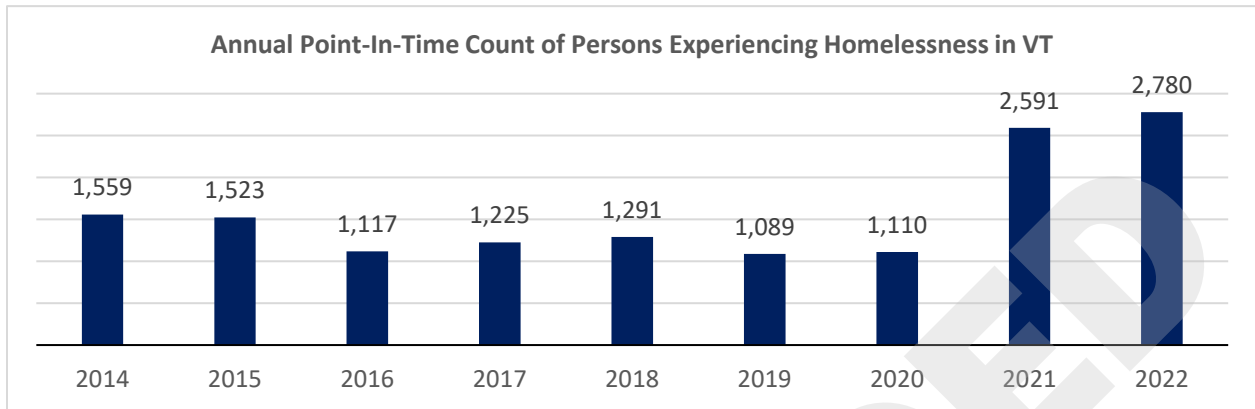
Vermont policymakers have grappled with how to tackle the state’s persistent homelessness challenge. An array of Federal and State funding streams has attempted to provide the needed shelter beds and services for this population. In the years immediately preceding the pandemic, a series of coordinated initiatives intended to “end homelessness” was set in motion. The pandemic disrupted these initiatives, doubling the “point-in-time” (PIT) homeless population. Substantial funds were deployed to house homeless Vermonters in hotels and motels to protect them from COVID, add to and improve the state’s permanent shelter and transitional housing capacity, and meet the basic needs of those being served.

Homelessness has many causes and takes many forms. The federal government defines homelessness using four major categories.<sup>1</sup>

1. Literally Homeless: Individual or family who lacks a fixed, regular, and adequate nighttime residence
2. Imminent Risk of Homelessness: Individual or family who will imminently lose their primary nighttime residence
3. Homeless under other Federal statutes: Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition
4. Fleeing/ Attempting to Flee Domestic Violence

<sup>1</sup> The Vermont Agency of Human Services uses this definition as well. For a more detailed description of these categories, see [here](#).

Prior to the pandemic, Vermont’s Point-in-Time Count<sup>2</sup> – an annual one-day snapshot of persons experiencing homelessness – hovered between 1,000 and 1,500 people, but the number increased significantly during the pandemic.



Source: [HUD Exchange Continuum of Care Homeless Populations and Subpopulations Reports](#)

Several factors help explain the pandemic-era spike in the PIT count. First, the state expanded eligibility for the General Assistance (GA) Emergency Housing program that houses people in hotels and motels. Second, because of social distancing, some people who’d previously stayed with friends or family (and had not been counted) had to move out and entered a shelter or a motel or hotel through GA Emergency Housing. Third, pandemic-exacerbated housing pressures have reduced the number of housing units available throughout the state while prices have soared. Meanwhile, the rise of housing conversions to short-term rentals—there were 6,624 short-term rentals in June 2017; by May 2022 there were 9,272<sup>3</sup>—has removed thousands of units that might otherwise have been available for long-term tenants or owner occupancy. These factors merit more analysis elsewhere.

<sup>2</sup> The Point-In-Time Count is required by the U.S. Department of Housing and Urban Development. While an imperfect measure, it provides a snapshot of homelessness each year. The 2020 annual count was conducted in January and therefore does not reflect the impacts of the pandemic.

<sup>3</sup> Source: [Vermont Housing Finance Agency’s short-term rentals data](#).

Given the numerous programs, organizations, and funders involved, it is difficult to measure the direct impact of any single element of the state’s homelessness prevention and response efforts. This research brief examines the total level of federal and state funding used to address homelessness in Vermont since state fiscal year 2017, including pandemic relief funding. In general, we grouped programs into three main categories:

1. crisis response emergency shelter and services,
2. supportive services and rent/financial assistance to help individuals exit homelessness, and
3. construction of permanent housing for households experiencing or at risk of homelessness.<sup>4</sup>

We organized our findings in this manner to approximate the stages an individual or family experiencing homelessness might go through – immediate crisis shelter, support to prepare for permanent housing, and, finally, a move into a permanent housing unit.<sup>5</sup> While many aspects of state government intersect with homelessness, we concentrated on programs focused primarily on serving people experiencing or “at risk of homelessness”.<sup>6</sup>

### Part One: Emergency Shelter and Essential Services

Emergency shelter may be what first comes to mind when thinking of programs that serve people experiencing homelessness. These facilities typically provide temporary shelter to people who are literally homeless. In Vermont, publicly-funded “shelters” take two forms. The first, sites managed by community organizations, includes congregate facilities, domestic violence shelters, seasonal warming shelters, and emergency apartments and are funded through a mix of federal, state, local and private sources. The second are motel and hotel stays funded by the GA Emergency Housing program, which are usually state-funded but have also been paid for with federal funds during COVID. Prior to the pandemic, the total annual number of people served by Vermont’s publicly funded shelters began trending down, declining almost 15% from its 2015 high (see below). But because the average length of stay has been steadily increasing, Vermont continues to fund a high number of shelter “bednights.”<sup>7</sup>

#### Key Players

The majority of Vermont’s funding for homelessness comes from federal sources, but a considerable amount is paid by Vermont taxpayers. Publicly funded homelessness work is primarily funded and administered by six organizations:

1. Vermont’s two [Continuum of Care](#) programs (Chittenden Co. and Balance of the State)
2. Agency of Human Services (AHS)
3. Agency of Commerce and Community Development (ACCD)
4. Vermont Housing and Conservation Board (VHCB)
5. Vermont Housing Finance Agency (VHFA)
6. Vermont State Housing Authority (VSHA)

<sup>4</sup> Our calculations include housing projects that have been completed and projects that have been awarded funds but have not yet been constructed.

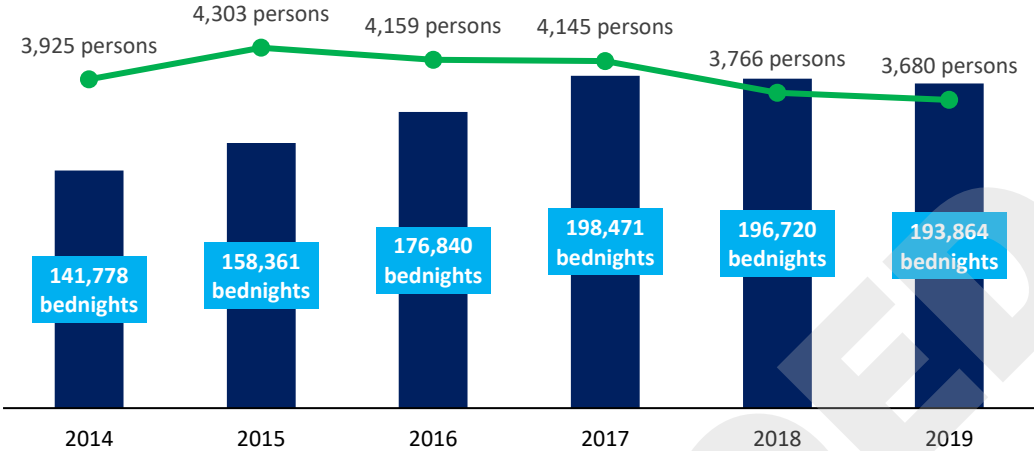
<sup>5</sup> New permanent housing is not the only path, nor is it necessarily the optimal one, for some Vermonters to exit homelessness. Reunification with family or friends on a permanent basis, for example, is another way people successfully exit homelessness.

<sup>6</sup> The HUD definition of “at risk of homelessness,” which is also used by Vermont’s AHS, can be found [here](#).

<sup>7</sup> <https://dcf.vermont.gov/sites/dcf/files/OEO/Docs/HOP-AR-2020.pdf>.

The average length of stay in 2019 was 58 days compared to 36 days in 2014. The report includes the following statement regarding the increased length of stays: “There continue to be significant barriers for shelter guests to move out of emergency settings into housing including the lack of available rentals, the high cost of rent, very low incomes, and tenant history.”

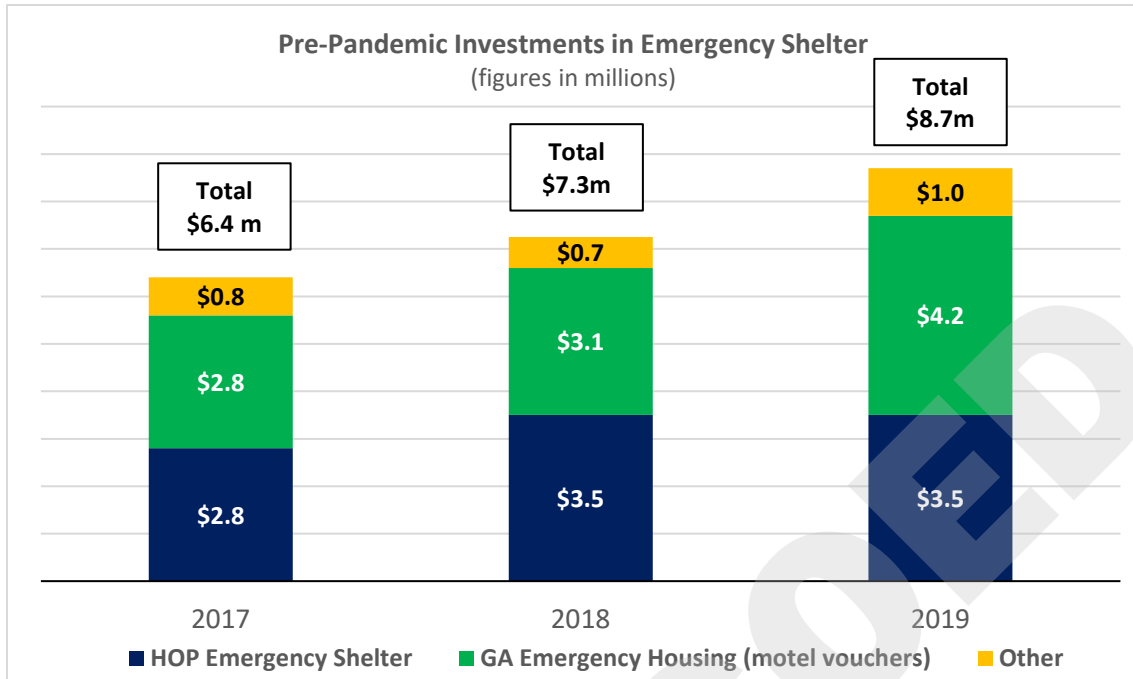
### Shelter Bednights vs. Persons in VT's Publicly Funded Homeless Shelters



Vermont’s emergency shelter system is primarily funded through two programs operated by the Department for Children and Families (DCF): the Housing Opportunity Program (HOP) and the General Assistance Emergency Housing Program (motel vouchers). Over time, investment in emergency shelter capacity has increased and shifted. In an attempt to move away from motel vouchers, DCF has expanded community-based investments (i.e., alternative crisis bed capacity) through HOP awards to provide more cost-effective and higher-quality interventions that include a service component.<sup>8</sup> While DCF saw improvements in some regions, the motel vouchers continued to experience rising demand, utilization, and costs, causing budgetary strain. From 2017 to 2019, partly reflecting the shift in investments, emergency shelter spending increased by 36% while serving nearly 500 fewer individuals for roughly the same number of bednights<sup>9</sup> (see below).

<sup>8</sup> The 2017 Annual Report stated that, “while motels may meet the need for a temporary roof overhead, it is not good public policy for reducing homelessness in Vermont.”

<sup>9</sup> The community-based investments may have helped avoid additional motel and hotel shelter costs, but those avoided costs could not be quantified for this report.



Note: Other awards primarily represents Reach Up housing and housing-related services for clients who are experiencing homelessness.

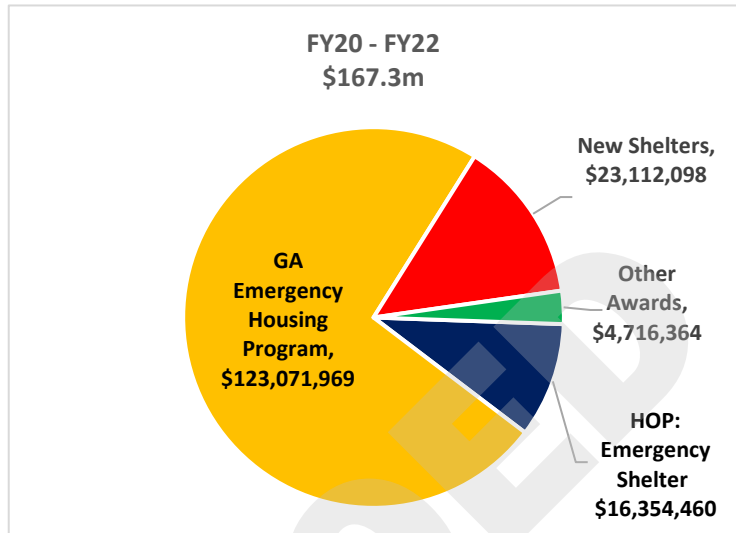
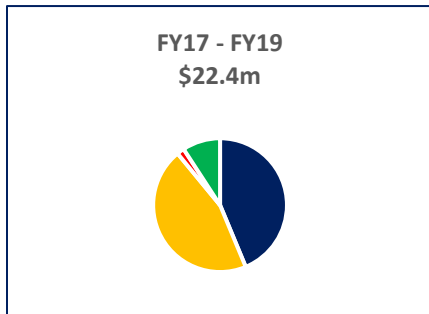
The COVID-19 pandemic required Vermont’s system of emergency shelters to significantly alter operations to meet the rising need for non-congregate, socially distanced housing. With reimbursements provided through FEMA, the use of motel vouchers through the General Assistance Emergency Housing program expanded dramatically to provide non-congregate shelter to households. Prior to the pandemic, 200-300 households per night were typically housed in motel rooms during cold weather. By April 2021, more than a year into the pandemic, there were more than 2,000 households enrolled in the program.<sup>10</sup> As of April 2022, there were 1,571 households in motels (1,850 adults, 522 children).<sup>11</sup> DCF drew on COVID-related funding to expand other programs and services to meet the needs of the increased number of Vermonters in shelters and motels. This included expanded staff coverage, supplies, outreach, housing navigation support, mental health support services, meals, and on-site security for motels. In addition, significant investments – primarily through the Vermont Housing and Conservation Board (VHCB) – were made to acquire and develop new shelter capacity.<sup>12</sup> **In total the state has spent or awarded \$190 million on emergency shelter (both community-based beds and GA Emergency Housing motel and hotel stays) and shelter-based services from FY17 to the spring of FY22, nearly 90% of which was spent during COVID** (see below).

<sup>10</sup> Department for Children and Families. [General Assistance Emergency Housing Report](#). September 2021.

<sup>11</sup> DCF Commissioner Sean Brown [testimony to the House Committee on Human Services, April 19, 2022](#).

<sup>12</sup> The state also funds an [alternative housing facility](#) for isolation and quarantine for people who are suspected to be or are COVID-19 positive. While these rooms are not exclusively used by people coming from homelessness, DCF noted that most are. The average monthly cost is approximately \$60,000-\$65,000. This facility is not included in the figure above.

## Summary of Emergency Shelter Spending <sup>13</sup>



Note: FY22 was still ongoing at the time this data was assembled and therefore FY22 totals are partial.

Housing Opportunity Program: Emergency Shelter	GA Emergency Housing Program	New Shelters	Other Awards
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### Part Two: Supports and Services to Exit Homelessness

Beyond crisis intervention, the State’s network of service providers offers an array of programs to help individuals and families achieve stability, exit homelessness, and address underlying challenges. At a high level, programs typically provide a combination of support services (such as outreach, housing navigation, life skills support, referrals, landlord mediation, financial coaching),<sup>14</sup> financial assistance (e.g., money for security deposits, rent, basic needs), and rental assistance or temporary housing.

#### Examples of programs offering services, financial assistance and a combination of the two.

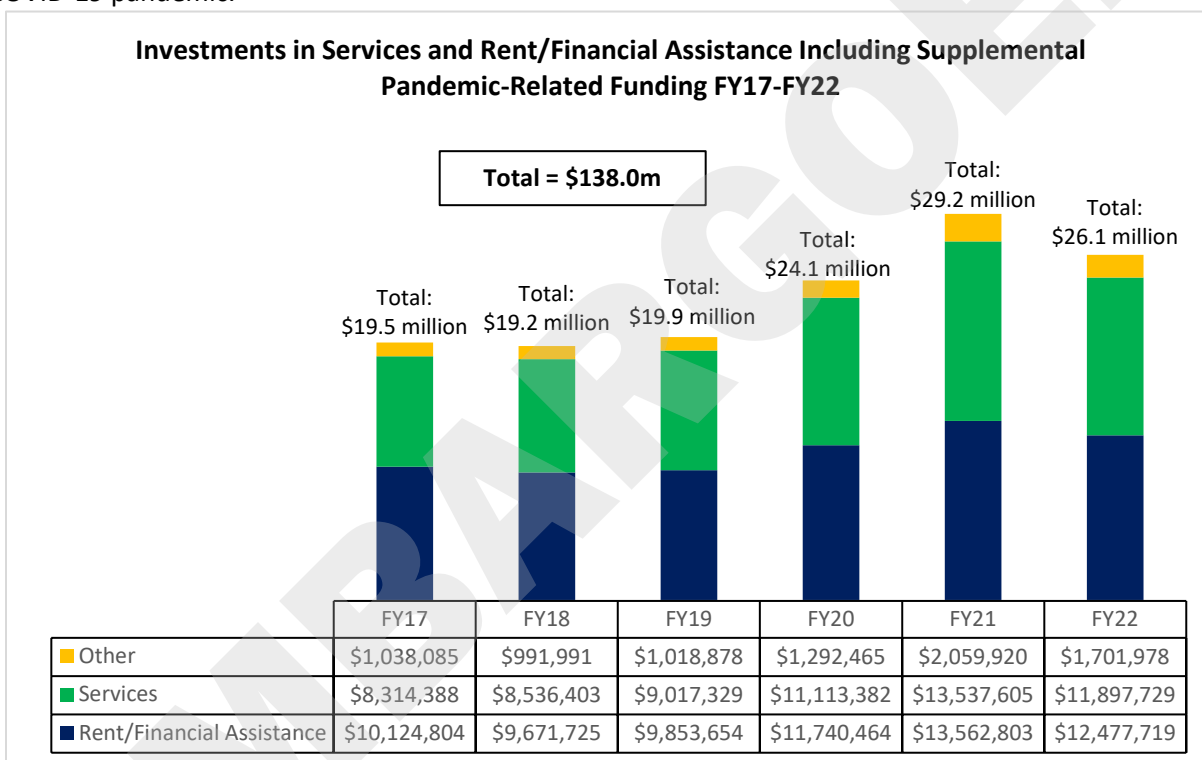


<sup>13</sup> “Other Awards” includes COVID-related shelter modifications and Reach Up housing contracts.

<sup>14</sup> A portion of funds for the emergency shelter programs in Part One also went toward providing services to persons experiencing homelessness and are not included in this section.



Historically, striking the right balance between rental assistance, financial assistance, and supportive services has been a challenge. Reports have highlighted that a lack of adequate investment in or availability of supportive services, in particular, has been a significant challenge, undermining efforts to successfully transition some Vermonters into permanent housing. For example, a 2019 [report](#) analyzing the underutilization of federal vouchers in the Permanent Supportive Housing and Rapid Rehousing programs noted that one reason Vermont was returning precious housing vouchers to the federal government was the limited service capacity for clients who needed to pair housing supports and services with the housing unit itself. There can also be a mismatch between program design and a particular region’s homeless population, putting resources out of reach for some households in search of housing and support. This challenge has continued with the pandemic; a January 2022 [report](#) by the Corporation for Supportive Housing notes that “the gap between service needs and availability has grown as the numbers of individuals and families experiencing homelessness expanded as a result of the COVID-19 pandemic.”



Note: FY22 was still ongoing at the time this data was assembled and therefore FY22 totals are partial. “Other” includes administrative costs, data collection and analysis, and landlord liaisons. See below for examples of “Services” and “Rent/Financial Assistance”.<sup>15</sup>

Prior to the pandemic, approximately \$19 million was spent each year on services, direct financial assistance, and rent/housing for persons who were exiting or at risk of homelessness. We estimate that

<sup>15</sup> Examples of “Services” include: COTS prevention services (CEDO), Department of Corrections transitional housing services, Pathways (Dept. of Mental Health), and Family Supportive Housing (DCF). Examples of Rent/Financial Assistance include: rental assistance (both CoCs), HOP rapid rehousing and prevention (DCF), Housing Subsidy Plus Care (DMH), and Department of Corrections transitional housing rental assistance.

the total in the pandemic years has been closer to \$29 million per year, **with approximately \$138 million in total having been awarded from FY17 to the spring of FY22.**

Starting in FY20, investments increased across the board, but most significantly for services, including the Family Supportive Housing program, the maturation of a Coordinated Entry system, and increases to the Department of Mental Health's investment in Pathways Vermont's Housing First program. However, these programs are modest in size, and the percentage growth in spending for services is considerably less than the percentage increase in the number of persons experiencing homelessness. In addition, services are not available consistently across the state.

***In addition to the supports and services described in Part Two above,*** Vermont funded other programs in the evaluation period that address homelessness or homelessness prevention. They include:

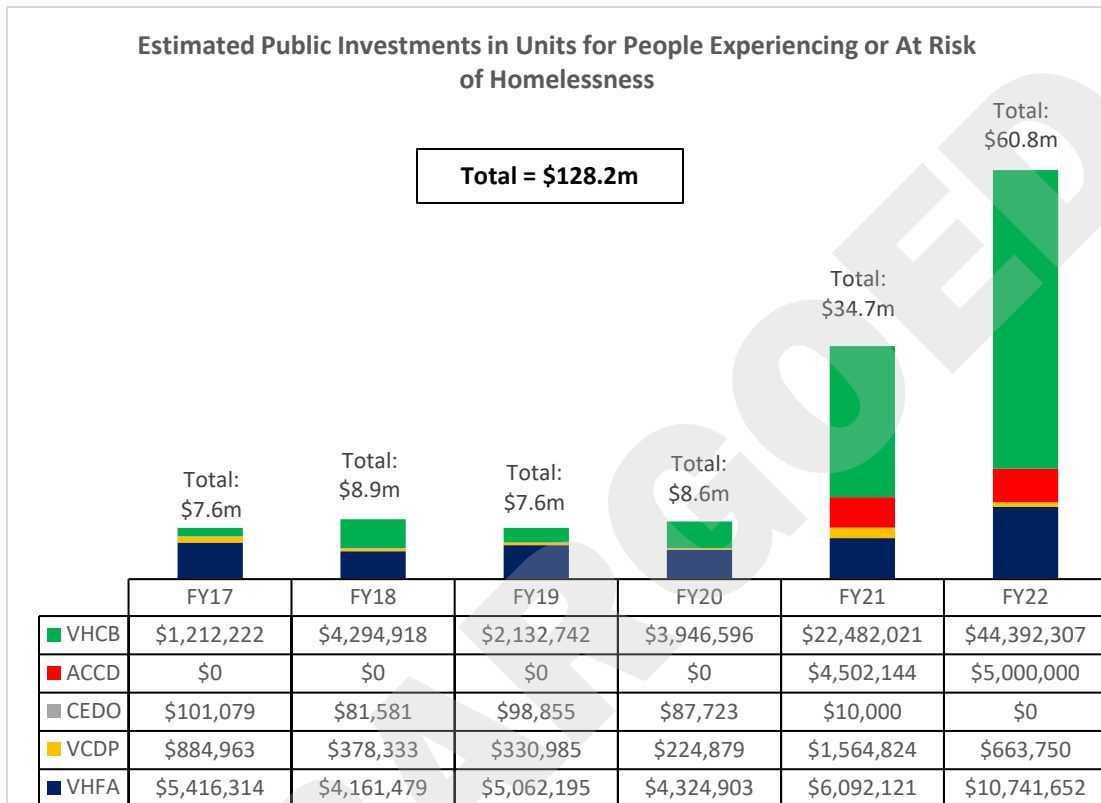
- **Housing:** As of July 12, 2022, more than **\$110m** in Emergency Rental Assistance Program (ERAP) funds have been spent to help Vermonters negatively impacted by COVID pay their rent and utilities, and to help some Vermonters find housing. An additional **\$3.5m** from this program was used to fund [housing stability services](#), including outreach, landlord mediation, housing navigation etc.
- **Housing:** Some (though not all) Vermont housing authorities give priority preference for housing vouchers (which provide partial or full rent payments for voucher holders) to people exiting homelessness. Burlington Housing Authority, for example, issued 80 of 226 new vouchers to people verified as homeless in the past twelve months.
- **Education:** Average of **\$241k/year** of McKinney Vento federal funds to provide school supplies and transportation for homeless children.
- **Education:** **\$1.9m** of [American Rescue Plan Act \(ARPA\)-Homeless Children and Youth](#) federal funds to support children and youth experiencing homelessness.
- **Education:** Title I federal funds to support students experiencing homelessness.
- **Veterans:** University of Vermont and Veterans Inc. provide homelessness prevention and rapid rehousing services for low-income veterans using US Department of Veterans Affairs funds.

### **Part Three: Increasing the Supply of Permanent Housing for People Exiting Homelessness**

Vermont's housing shortage is well documented and is consistently raised as one of the major barriers to addressing homelessness in Vermont. Vermont policymakers have made new affordable housing construction in general, and new housing construction designated for people exiting homelessness specifically, the centerpiece of a strategy to reduce the number of Vermonters experiencing homelessness. To calculate the level of spending directly targeted to homeless households, we analyzed the impact of [Executive Order 3-73](#), signed by Governor Shumlin in April 2016. The Executive Order established "a goal that owners of publicly funded housing make available at least 15% of their affordable housing portfolio to homeless families and individuals, including those with special needs who require service support and rental assistance to secure and maintain their housing."

Publicly funded housing in Vermont typically receives funding from multiple sources, including the Vermont Housing Finance Agency (VHFA), the Vermont Housing and Conservation Board (VHCB), the Vermont Community Development Program (VCDP) and Vermont Housing Improvement Program (VHIP) within the Agency of Commerce and Community Development (ACCD), and in Burlington, local and

federal funds administered by the Community and Economic Development Office (CEDO). These funders have incorporated the 15% executive order into their application process for funding, requiring project sponsors to demonstrate how they are complying with the requirement in their respective portfolios.<sup>16</sup> Some funders, such as VHFA, have taken it even further, prioritizing projects that allocate at least 25% of the units they fund as “Housing with Services” for people who are experiencing or at risk for homelessness.<sup>17, 18</sup>



Note: FY22 was still ongoing at the time this data was assembled and therefore FY22 totals may be incomplete.

We looked at publicly funded housing awards from FY17-FY22<sup>19</sup> and used the percentage of units set aside for homeless persons as a proxy to estimate what percentage of the total awards went toward developing housing for people experiencing or at risk of homelessness. **During that time, more than**

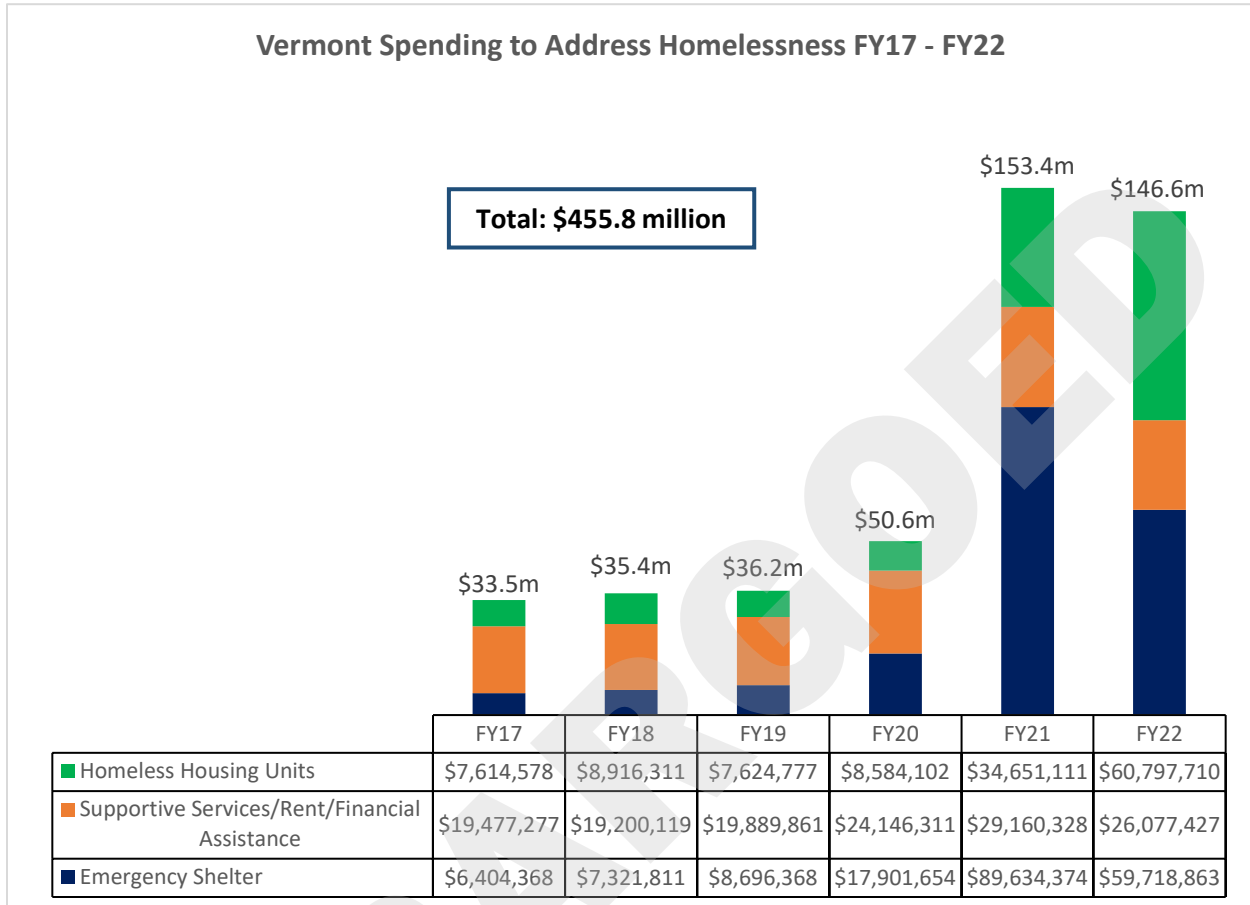
<sup>16</sup> We recommend policymakers evaluate the implementation of Executive Order 3-73. Questions that arose during our research include: whether an across-the-board 15% set-aside requirement is appropriate or if a regionally adjusted approach would better suit Vermont’s housing needs; whether apartments that count toward a housing provider’s 15% set-aside must be leased to households exiting homelessness or merely made available to them; if housing providers are using the same definition of homeless for purposes of compliance; and whether the executive order has had a measurable impact on reducing homelessness in Vermont.

<sup>17</sup> See the VHFA [2022-2023 Qualified Allocation Plan](#).

<sup>18</sup> Housing with Services include, but are not limited to, life skills, budgeting, credit counseling, and housekeeping and parenting. Services may be provided by the organization managing the housing or coordinated by them with other public or private agencies who are local partners. For additional details, see the [2022-2023 Qualified Allocation Plan](#).

<sup>19</sup> The fiscal year ended June 30, 2022.

**\$128 million of public funds were invested to develop or rehabilitate 991 unique units for people experiencing or at risk of homelessness.**<sup>20, 21, 22</sup>



Note: FY22 was still ongoing at the time this data was assembled and therefore FY22 totals may be incomplete.

### Conclusion

**We conclude that Vermont has spent more than \$455 million in the last six years to address homelessness, with a dramatic increase during COVID.** This substantial commitment is undoubtedly an understatement since it excludes the final months of FY22 spending for some initiatives and does not include programs that were not primarily directed at homelessness but which do benefit those experiencing homelessness or at risk of homelessness.

<sup>20</sup> This includes units created as part of DHCD’s VHIP program which provides cash grants to private landlords to make improvements to vacant or blighted apartments. While a portion of landlords in the first round were not required to rent to households experiencing homelessness beyond the initial rental agreement, later rounds of funding required landlords to rent to households experiencing homelessness for five years. It is also anticipated that a small percentage of these units will be rented to households being served by USCRI Vermont.

<sup>21</sup> Not all of these units have been constructed at this time.

<sup>22</sup> The direct impact of these units on homelessness will need to be examined in the future, once they are all constructed, to determine how many actually housed households exiting homelessness at the time of initial occupancy, and how many of those households successfully remained in them.

The coming fiscal year will bring still more financial effort.

- **\$55 million** in ERAP funds will be used to cover emergency housing costs between July 2022 and March 2023.
- VHCB will use **\$36.5 million** of ARPA funding for housing and shelter with a priority on people who are displaced from motels or are homeless, including investments in mixed-income housing.
- Based on estimated award amounts and number of homeless units, VHFA will provide **\$35.7 million** towards homeless units over the next two fiscal years.
- ACCD will deploy up to an additional **\$20 million** to rehab vacant and blighted apartments through the Vermont Housing Improvement Program (VHIP) program, which will require landlords, at least initially, to rent to people exiting homelessness.

Our research included interviews with a range of state and non-state housing professionals. They believe that the priority placed on confronting homelessness has led to some significant systemic improvements, notably the coordinated entry system which features greater collaboration among service and housing providers. According to DCF, from April 2020 to May 2022 more than 1,800 households exited homelessness to permanent housing. In addition, all interviewees applauded the collaborative effort to keep homeless households safe during the pandemic.

The housing professionals we interviewed nearly universally expressed concerns, though, as well,— while Vermont responded quickly and systematically to protect homeless households during the pandemic, the solution has been expensive and relies on short-term federal funding and the willingness of motel and hotel owners to continue to make rooms available. We heard other concerns about the general inadequacy of available mental health services that allow many homeless households to receive the care they need to remain in transitional or permanent housing. And finally, we heard frustration that despite all the investment in new units dedicated to homeless households, the problem seems to be getting worse. In other words, while the newly constructed units are extremely valuable for those who reside in them, Vermont is not building its way out of the problem.

Vermont policymakers we spoke with in the course of this research used different words to ask similar questions: What will it take for Vermont to have the infrastructure in place, both services and housing, to “end homelessness”? Is there a target number of shelter beds? Of new permanent affordable units?

**One year from now, Vermont will have exceeded half a billion in spending in seven years to address homelessness. While these investments benefited the many Vermonters who received shelter, services, financial support, and/or new housing, it is not clear that there is a unified vision of what a steady state system to address homelessness should look like. We recommend that the Executive and Legislative branches, working with organizations that work with homeless households, establish a definition of “success” so progress can be tracked. Homelessness is a complicated public problem, and the pandemic has added to the intensity of it. Nonetheless, without establishing measurable goals Vermont could easily continue on the current path without knowing whether the combined efforts described in this report have reduced the number of homeless Vermonters at any moment in time.**