



Date: February 24, 2026

To: Chair Wood & Members of the House Human Services Committee

From: Chad Simmons, Executive Director, Housing & Homelessness Alliance of VT

Re: FY27 Budget Priorities for HOP Activities, Hotel/Motel Use as Shelter, Shelter Expansion

On behalf of members of HHAV, we would like to offer the following proposed FY27 budget priorities for the committee to consider in the draft bill, “26-0766 - An act relating to establishing the Vermont Homeless Response Continuum” as well as the committee budget memo to the House Appropriations Committee. This memo is in response to [“Draft 2.1, dated 2/9/2026 – KMM – 8:30AM”](#) and our proposed budget recommendations may change based on future drafts and testimony.

In summary, **HHAV is recommending an FY 27 budget of \$90,740,101 for three core areas:**

1. Activities and programs currently housing under the Housing Opportunities Program (HOP): **\$44,740,101**
2. Hotel/Motel use as shelter: **\$35,000,000**
3. Emergency shelter expansion: **\$11,000,000**

We understand the committee’s desire to stay within a certain top-line budget for these core homelessness response activities. In building this budget, we took into account several factors including:

- The need of people at risk or currently experiencing homelessness
- Root causes of homelessness, including the lack of safe, stable, long-term affordable housing and resources required to prevent homelessness from occurring.
- Previous requests from VT shelter and service provider networks based on actual program and shelter operational needs.
- The [Fiscal Year 2025 HOP Annual Report](#).
- The various FY27 budget proposals put forth by the Governor including the AHS housing initiative proposals, [here](#) (page 4), [here](#), [here](#) (page 9), and [here](#). We will note that there are several proposed budgets by AHS and the administration, so it was difficult to compare and align in any way.
- The [collaborative policy and budget proposal](#) put forth earlier this month by a coalition of housing and homelessness advocates. This proposal includes increased outreach and housing navigation/case management, rental assistance, disability-focused concrete supports, resource to conduct a third-party study, and financial assistance for municipalities. **HHAV fully supports this collective request.**

With these things in mind, **HHAV is recommending an FY 27 budget of \$90,740,101. Please see the breakdown of these budget priorities below.**



Finally, HHAV encourages the Human Services Committee to support/echo the [House General & Housing Committee FY27 budget memo](#) that calls for investing **\$12,000,000 to VHCB** to develop long-term, permanent affordable housing as well as **\$4,000,000 for the Vermont Housing**

Improvement Program (VHIP) to rehabilitate or create rental homes. Investing in permanent affordable housing is the best way to prevent homelessness from occurring.

Housing Opportunity Program (HOP) Activities, Initiatives, Services, Shelter Operations & Programs: \$44,740,101

The following activities are currently administered through OEO and operated through community service and shelter providers. HHAV recommends that these activities continue to be administered through OEO in FY27 ***along with use of hotel/motels for shelter and shelter expansion*** (see recommendations below this section). HHAV recommends funding emergency shelter operations at a base level of no less than 70% of total HOP funds for FY27 to ensure adequate, sustained operational funding. See our note below about the proposed payment rate structure for shelter providers for sustained funding beyond FY27. These include:

- Emergency Shelter Operations & Essential Services
- Transitional Housing.
- Homelessness Prevention
- Rapid Re-Housing
- Statewide Domestic & Sexual Violence Administration
- Coordinated Entry, Housing Navigation (Case Management)
- Homelessness Management Information System (HMIS)
- Statewide Training & Technical Assistance
- Financial Assistance
- Landlord Liaison
- Administration

It is our understanding that the committee bill would align these current activities, as well as other activities and programs under four core homelessness response buckets:

- Emergency shelter
- Case Management
- Prevention & Diversion
- Rental Assistance

We support this construct as long as enough time is provided for the system to adjust and OEO is able to work with the provider network to align goals and funding as well as flexibility is built in to allow community-driven, people centered responses to homelessness.

Hotel/Motel Use as Shelter: \$35,000,000

While we share a desire expressed by most parties to wind down the use of hotel/motel rooms as emergency shelter options under the existing General Assistance (GA) benefit program, the data

and dire needs of people seeking immediate shelter tell us this is just not realistically feasible until we have more permanent and specialized shelter capacity. The combination of a severe shortage of long-term affordable housing options (especially for the lowest income households living in VT) and the significant shortage of permanent and specialized shelter options requires Vermont to utilize a hotel/motel system for sheltering people on a short to medium term basis. HHAV strongly believes that we cannot wind down this benefit until more long-term affordable homes are created and there is increased shelter capacity. To that end, HHAV recommends investing \$35M for FY27 to fund the emergency use of hotel/motel rooms for shelter. We understand the GA Emergency shelter program is ending under this committee bill construct. We advocate for the elimination of eligibility requirements for hotel/motel use and confirm in statute the use of HOP guidance to administer emergency shelter to those in need.

This would include:

- \$80/night for 365 days/year for the approximate 1200 people in need of this type of shelter throughout the year
- Ability for shelter and services providers throughout the state to utilize this benefit based on individual household needs and appropriateness. Hotel/motels can be used until another suitable shelter or housing option becomes available.
- This would be administered by OEO, in collaboration with community service and shelter providers using existing shelter guidelines and eligibility is determined solely by a person being homeless and not having access to other shelter/housing options.
- Community service and shelter providers will have the flexibility to work directly with hotels/motel owners to secure rooms based on need and local availability and may include options such as negotiating blocks of rooms.
- Housing navigation (Case Management) and outreach provided through HOP-funded activities are paramount to moving people from hotel/motel emergency shelter to longer-term, sustainable shelter and affordable housing options. We recommend adding clear guidance to OEO that Housing Navigation and outreach services through community and shelter providers should be adequately funded and integrated into hotel/motel use.

Emergency Shelter Expansion: \$11,000,000

This would fund the expansion of emergency shelter capacity, based on community/regional needs and including general, non-congregate shelter as well as specialized shelter types such as recovery, respite, and family shelters. HHAV encourages further exploration of “convertible” shelters that could be used for emergency shelter in the short-term and permanent supportive housing in the long-term. Emergency Shelter is any facility that provides temporary shelter for people experiencing homelessness. This type of shelter **does not** require occupants to sign leases or occupancy agreements. Shelter types can be, but not limited to:

- Seasonal/warming shelter
- Master-leased apartments/shelter for short-term stay only

- Recovery shelter
- Low-barrier shelter
- Family shelter
- Convertible shelter

Other Considerations

Please consider the following when creating the budget for a full spectrum of homelessness response approaches

- **Permanent Supportive Housing (PSH).** Because of the funding mechanism, it is our understanding that PSH lives in another part of the AHS budget. HHAV would recommend leaving PSH where it currently resides and fully resourcing.
- **Payment rate structure for shelter providers.** Providers have lots of questions about this section and it is recommended that a thorough, collaborative process be created to look at the opportunities, challenges and needs of moving to this funding mechanism. As shared in [HHAV's February 11 memo](#), this should be done collaboratively with shelter providers and OEO. Some questions raised by members for consideration:
 - How will the base rate and supplemental payments account for the variation in shelter models, population served, staffing needs, and facility requirements?
 - Many shelters currently receive individualized funding levels based on organization structure and operational realities. How might a standardized rate structure impact shelters with higher operating costs or newer programs still stabilizing?
 - Is there concern that some shelters may become underfunded while others receive increased funding under a uniform model?
 - How will the Department ensure that the rate structure does not unintentionally discourage innovative or community-specific shelter models particularly those created to meet a newly identified need?
 - The federal government once did this approach. It was found that it disincentivizes the policy goal of moving people out of homelessness as quickly as possible.
- **Please see HHAV's memo on CoC merger considerations along with CCHA's memo.** If the committee plans to move ahead with encouraging merger discussions, we would recommend including a placeholder of \$50,000 for FY27 to support these discussions. HHAV and CCHA can work together to provide a more detailed explanation of the need for merger discussions.