

H. 938: An act relating to the Vermont Homelessness Response Continuum
Changes made by SHW & SAC in red

Sec. 1. Findings

Sec. 2. Legislative Intent

- It is the intent of the GA that:
 - Unsheltered homelessness be eliminated and homelessness be rare, brief, and nonrecurring;
 - VT reduce reliance on inefficient hotel/motel room use for emergency housing;
 - Use of emergency housing benefit to access hotels/motels through the General Assistance program end and be replaced by a continuum of services; and
 - A continuum of supports and services be available **and administered flexibly in a manner** to:
 - Provide a pathway to permanent housing;
 - **Meet** the specific needs of a household experiencing homeless; and
 - **Support community partners**

Sec. 3. Purpose

- It is the purpose of this act to:
 - establish a continuum of supports and services for households who are experiencing homelessness or who are at risk of experiencing homelessness;
 - ensure that emergency housing assistance is available to Vermonters in a manner that encourages efficient and accountable use of taxpayer funds;
 - support self-sufficiency and reduce returns to homelessness;
 - establish clear eligibility criteria and require active household participation;
 - expand the use of alternative emergency housing models in partnership with municipalities, nonprofit community-based providers, and private landlords;
 - integrate supportive services;
 - establish transparent accountability measures, reporting requirements, and oversight mechanisms;
 - increase program efficiency and promote maximum flexibility;
 - empower local communities to administer emergency housing services with maximum flexibility; and
 - create a diversified system of emergency housing options

Sec. 4. Adds 33 V.S.A. chapter 22 (Vermont Homelessness Response Continuum)

§ 2201. Definitions

§ 2202. Establishment; Vermont Homelessness Response Continuum

- Establishes the Vermont Homelessness Response Continuum, which shall be administered by OEO

- Requires OEO to maintain a continuum of service that are designed to prevent homelessness and that prioritize early intervention, rapid resolution of housing crises, and equitable access to emergency and permanent housing
- Requires that the Program:
 - Provide temporary emergency housing to eligible households;
 - Reduce reliance on hotels/motels;
 - Expand use of alternative housing options in partnership with community organizations, municipalities, and private landlords;
 - Integrate case management and individualized housing plans into all emergency housing placements; and
 - Ensure accountability, transparency, and cost efficiency in the use of public funds
- All funding opportunities available under the Program are open to any entity or community partner, including those that did not previously receive funding

§ 2203. Program Components

- Establishes continuum of services:
 - Level 1: prevention & diversion services;
 - Level 2: shelter services;
 - Level 2A: highly structured shelter services;
 - Level 2B: low-barrier shelter services;
 - Level 3: specialized shelter services;
 - Level 4: hotels and motels
 - Permanent supportive housing;
 - Other emergency housing services
- Requires OEO to address each level of the continuum by separate line items in its budget
- Once assessed, OEO or community partners shall offer to place a household in the appropriate level of care to address the household's specific needs if capacity, staffing, and geographic accessibility are available

§ 2204. Prevention and Diversion Services (Level 1)

- Primary entry point to Program for all households, although connection may be made at any level
 - OEO must ensure that prevention & diversion services are provided through an agreement with one or more community partners in each region of the State in a manner that accommodates disability
 - Upon request for assistance, all households receive a brief, standardized initial prevention and diversion assessment to identify safe alternatives to homelessness and resolve immediate housing barriers
- Funds for prevention/diversion have maximum flexibility

§ 2205. Shelter Services (Level 2)

- Level 2A: Highly structured shelter services
 - To the extent funds are appropriated for this purpose, OEO shall determine the need for highly structured shelter services and develop sufficient beds to meet the need

- DCF (through OEO) will enter into agreements for a period of not less than 2 years at a time
 - with community partners for the provision of highly structured shelter services
 - Highly structured shelters must offer programming that emphasizes case management, housing stability, employment, education, or treatment services, etc.
 - Participating households shall engage in case management services to the extent of their ability
- Level 2B: Low barrier shelter services
 - To the extent funds are appropriated for this purpose, OEO shall determine the need for low barrier shelter services and develop sufficient beds to meet the need
 - DCF (through OEO) will enter into agreements for a period of not less than 2 years at a time with community partners for the provision of low barrier shelter services
 - Requires that low barrier shelters minimize barriers to entry by reducing rules/program requirements, while providing case management and other support services in a manner that accommodates disability, if any
 - Stays in low barrier shelters are time-limited with households transitioned to highly structured shelters or permanent housing

§ 2206. Specialized Shelter Services (Level 3)

- To the extent funds are appropriated for this purpose relevant AHS departments shall:
 - determine need for and develop specialized shelter services; and
 - enter into agreements for a period of not less than 2 years with community partners for the provision of specialized shelter services
- Specialized service shelters shall offer services delivered in highly structured shelter as well as additional specialty services, such as for SUD and mental/physical health conditions, and require participation in case management to the extent of the household's ability

§ 2207. Hotels and Motels (Level 4)

- GA intent to decrease reliance on hotels/motels, but until sufficient affordable housing or shelter services are available, the use of hotels/motels is permitted
- If hotel/motel is used, DCF shall:
 - Enter into an agreement with one or more community partners to provide supportive services;
 - Permit a population-specific placement when certain criteria are met;
 - Propose hotel/motel rates as part of its budget presentation;
 - Use only rates established by the GA;
 - Enter into agreements for the use of hotel/motel blocks and negotiate conditions of use; and
 - Ensure services are not provided on a night-by-night basis
- If hotel/motel is used, eligible household shall participate in case management services, planning for housing stability, etc.
- To the extent funds are appropriated for this purpose:

- Between 4/1-11/30 of each year, hotel/motel utilization is capped at 700 rooms/night
- Between 12/1-3/31 of each year, hotel/motel utilization is capped at 1000 rooms/night
- Hotel/motel rooms used by households experiencing domestic or sexual violence pursuant to 33 V.S.A. § 602 do not apply to above room caps

§ 2208. Permanent Supportive Housing

- AHS' departments or their community partners shall offer permanent supportive housing to an eligible household participating in the Program that combines long-term, community-based rental assistance with voluntary, flexible supportive services
- Requires participation in case management and planning for housing stability to the extent of the household's ability
- Allows the use of permanent supportive housing by an eligible household for as long as the eligible household's plan indicates it is necessary

§ 2209. Other Emergency Housing Services

- Municipal supports:
 - Requires DCF (through OEO) to provide grants to municipalities in areas of the State with a high volume of unsheltered homelessness, which shall be used at the discretion of the municipality, including for shelter when the National Weather Service declares a cold weather advisory
 - Authorizes an eligible municipality to submit a grant application to OEO containing the estimated cost of the municipality's proposal and other identified funding sources
- Emergency cold-weather shelters:
 - Shelters managed through an agreement between OEO and one or more community partners to provide overnight, low-barrier shelter
- Alternative AHS housing solutions:
 - AHS (through its departments) provides time-limited or permanent housing, such as recovery housing, housing supports for individuals with an intellectual or developmental disability, etc.

§ 2210. Household Responsibilities

- A household qualifies for services if it:
 - Is physically present and intends to reside in VT as evidenced by active participation in a housing, employment, or other AHS-recognized plan;
 - Agrees to coordinated entry assessment (unless exempt);
 - Agrees to engage with a case manager to develop a housing plan (unless exempt); and
 - Abides by Program rules
- OEO or community partners shall not impose a penalty upon a household for good faith, material error that was corrected upon notice
- Household will be subject to termination 30 days after notice if it knowingly provides false, misleading, or incomplete information

- Pending outcome of relevant HSB hearing, OEO may refer cases suspected of fraud to AG's Office or a State's Attorney for investigation/prosecution
- Household may be terminated from the Program for repeatedly refusing suitable placements
- Member(s) of a household may be subject to immediate termination as necessary for the safety of others if the member engages in criminal activity or misconduct not related to disability or victimization
- "Misconduct" means documented behaviors that materially endanger the safety of others, involve intentional destruction of property, or constitute illegal activity.

§ 2211. Prioritization

- OEO or its community partners shall prioritize services within appropriated funds to eligible households with a member who:
 - Is age 65+
 - Has a disability
 - Is a minor child
 - Is pregnant
 - Is experiencing domestic violence, dating violence, sexual assault, stalking, human trafficking, etc.
 - Is under court-order eviction or constructive eviction due to circumstances beyond the household's control
- Proof of disability verified by:
 - A health care provider licensed in VT;
 - A determination or certification from a State- or federally-recognized agency serving individuals with disabilities; or
 - Self-attestation by the eligible household, subject to verification by the State or community partner within 30 days when other documentation is not reasonably available at the time of application.
- Disability redetermined annually, unless the person has a lifelong disability, in which case redetermination shall not be required
- Required compliance with ADA

§ 2212. Time Limits for Program Participation

- Program time limits:
 - Level 1: prevention & diversion services
 - Any temp. housing provided in the form of temp. rental assistance through Program's prevention/diversion services shall not exceed 30 days per rolling 12-month period
 - Level 2: shelter services
 - OEO, in collaboration with community partners, establishes maximum lengths of stay
 - Level 3: specialized shelter services
 - DCF, in collaboration with relevant AHS departments, establishes maximum lengths of stay
 - Level 4: hotels and motels

- Between 4/1-11/30, for not more than 70 days per rolling 12-month period **as calculated from the date of the eligible household's application through the same day of the month 12 months later**
- Between 12/1-3/31, continuous services which shall not count toward 70-day limit above
- DCF may grant extensions pursuant to rule, including for medical necessity, actively awaiting placement, lack of reasonable alternative placement for household member with a disability, and imminent risk to health safety of one or more household members

§ 2213. Case Management Services

- Each eligible household is assigned a lead case manager (except where exempted)
- Household may request, **but is not guaranteed**, a specific case manager or change in case manager

§ 2214. Needs Assessment

- OEO and community partners shall provide advice and consultation to Dept. of Housing and Community Development in its completion of a needs assessment that ID's gaps in services for households that are homeless in the State

§ 2215. Notice; Appeals; Right to Fair Hearing

- OEO or a community partner must provide written notice to any applicant/household whose participation in the Program is denied, reduced, suspended or terminated, which shall include:
 - The specific factual/legal basis of a decision;
 - Effective date of action **in a timely manner by email or U.S. mail**;
 - Statement of right to request a fair hearing; and
 - Clear instructions on process and deadlines for filing an appeal
- Applicant for or recipient of assistance may file a request for a HSB hearing under specific circumstances
- **Fair hearings held under this section must be conducted in accordance with 3 V.S.A. §§ 3090-3091**

§ 2216. Rulemaking

- Requires DCF to adopt rules addressing various topics, such as shelter standards, documentation requirements, appeal procedures, time limits for Program participation, quality monitoring, **process for reinstatement after termination**, etc.

§ 2217. Reporting

- Requires DCF to provide annual status report as part of its budget presentation addressing each level of the continuum as well as various other topics, such as number of households served, average length of participation, utilization of hotels/motels, housing stability outcomes, total expenditures, etc.

Sec. 5. Merger of Continuums of Care

- Requires OEO to work in collaboration with the Chittenden County Homeless Alliance, the Balance of State Continuum of Care, and U.S. HUD to establish a single continuum of care by 10/1/2028
- By 1/15/2028, OEO must submit a report to the GA summarizing efforts to establish a single continuum of care to date

Sec. 6. Adds 33 V.S.A. § 2218 (Grant Requirements); Effective October 1, 2028

- Adds a new section to the chapter establishing the Vermont Homelessness Response Continuum requiring that any grant or other agreement executed by AHS or its departments shall require a community partner, as appropriate to:
 - Participate in the local housing coalition or other group established to assist eligible homeless households;
 - Utilize coordinated entry assessment;
 - Utilize the appropriate planning process and options for an eligible household transitioning to permanent housing; and
 - Measure performance outcomes

Sec. 6a. FY27 Time Limits for Use of Hotels and Motels

- In FY27, an eligible household utilizing GA emergency housing in a hotel/motel during the previous fiscal year shall not be subject to the 70-day limit established in the Vermont Homelessness Response Continuum until the 12-month anniversary of the eligible household' fiscal year 2026 application

Sec. 7. Transition to the Vermont Homelessness Response Continuum

- Recognizing that DCF and community partners will not have capacity to fully implement the Vermont Homelessness Response Continuum on 7/1/26, DCF (through OEO and community partners) must implement the Program to the fullest extent of their ability in FY27, while developing capacity to fully implement the Program in FY28

Sec. 8. Interim Emergency Rulemaking; Deadline for Adoption of Permanent Rules

- Pending adoption of permanent rules, requires DCF to adopt and maintain emergency rules, which shall take effect on 9/1/26 and at a minimum address the topics listed in 33 V.S.A. § 2216
 - In July & August 2026, DCF shall administer the Vermont Homelessness Response Continuum by applying GA emergency housing rules approved by LCAR on March 13, 2025 for the administration on this act
- Unless extended by LCAR, requires the adoption of permanent rules by 10/1/27 as required by 33 V.S.A. § 2216
 - Prior to filing the permanent rule, DCF must:
 - Work in collaboration with stakeholders to develop the rule, including at least 5 stakeholder meetings throughout the State; and
 - By 4/1/27, submit draft rules to HHS/SHW for review and consideration of Committee comments

Sec. 9. Implementation Status Report; Vermont Homelessness Response Continuum

- By 2/15/27, requires OEO to present a progress report to the GA regarding the Office's implementation of the Vermont Homelessness Response Continuum, including an initial draft of the rules and recommendations for legislative action

Sec. 10. Amends 33 V.S.A. chapter 6 (Prevention and Treatment of Sexual Abuse and Domestic and Sexual Violence)

- Requires DCF to select and enter into an agreement with a statewide organization to provide or cause to be provided supportive services and shelter to households experiencing or that have experiencing domestic or sexual violence

Sec. 11. Vermont Rental Assistance Bridge Program

- Establishes Program within the VT State Housing Authority to link households who require rental assistance to permanent housing when the household does not have access to relevant U.S. HUD rental assistance
- **Directs AHS to collaborate with VSHA to develop a framework for establishing a unified housing voucher program that consolidates voucher assistance currently provided through AHS' departments**
 - **AHS and VSHA shall report findings and recommendations to HHS/SHW by 1/15/27**
- Requires the VT State Housing Authority and AHS departments to incorporate existing rental assistance **that is funded by AHS and its departments and designated for Vermonters exiting homelessness** into the Program and establish eligibility criteria and any prioritization that may be necessary for use of funds appropriated from this Program, **and the appropriate length of assistance under this section**
- Program does not provide full amount of household's rental payment **and shall not be a permanent voucher**
- Priority given to recipients of the HOME program who have not reached 24 months of rental assistance
- **Program is accessible to eligible households served by each of AHS' departments, with priority given to those exiting homelessness, but not to the exclusion of other eligible populations**

Sec. 12. Payment Rate Structure; Shelter Services

- Requires DCF, in collaboration with AHS and relevant community partners, to **propose** a payment rate structure for all shelter services required by the act, which must include a base rate and potential for supplemental payment to the base if necessary
- By 4/1/27, DCF is to submit an **interim** report to the GA **and by 11/ 27, DCF shall submit a final report** regarding the implementation of the payment rate structure and proposed implementation timeline

Sec. 13. Fiscal Year 2027 Capped Room Rates

- In FY27, prohibits DCF or community partners from paying a hotel/motel more than its lowest advertised room rate and not more than \$80/day to shelter a household participating in the Vermont Homelessness Response Continuum

Sec. 14. Expenditures; Vermont Homelessness Response Continuum

- Provides for FY27 expenditure of \$82,634,153 for implementation of act as follows:
 - \$39,284,606 for HOP operations;
 - \$4,400,000 for shelter development;
 - **\$23,370,000** for emergency hotels/motels;
 - \$2,400,000 for case management;
 - \$4,200,000 for permanent supportive housing and family supportive housing;
 - \$3,000,000 for rental assistance;
 - \$500,000 for grants to municipalities pursuant to 33 V.S.A. § 2209(a);
 - \$1,500,000 for emergency cold weather shelters;
 - \$314,618 for other expenses;
 - \$3,164,929 for staffing, grants, and contracts; **and**
 - **\$500,000 to the Community Resources Center.**
- Any remaining unspent funds at the end of FY27 are to be carried forward for the purposes they were initially appropriated
- Any HOP or GA emergency housing funds unspent at the end of FY26 are to be carried forward for investment in the Vermont Homelessness Response Continuum
- **Requires quarterly reports from OEO describing how funds have been utilized to date**

Sec. 15. Repeals 33 V.S.A. § 2115 (General Assistance Program Report)

- Repeals annual report evaluating the General Assistance program

Sec. 16. Effective Dates

- This section and Sec. 8 (rulemaking) take effect on passage
- Sec. 6 (grant requirements) take effect Oct. 1, 2028
- All remaining sections take effect July 1, 2026