

# neighbourhood legal services

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June 10, 2014

Community and Protective Services Committee

RE: JUNE 16, 2014 AGENDA ITEM- THE HOUSING STABILITY FUND

We have been advised that the Housing Stability Fund will be an agenda item at the June 16, 2014 Community and Protective Services Committee meeting.

Please find attached a letter from our organization that outlines our major concerns regarding the Housing Stability Fund and the proposed changes to the program that will become effective July 1, 2014.

Yours Truly,



Mike Laliberte,  
Staff Lawyer



# NEIGHBOURHOOD LEGAL SERVICES

(LONDON & MIDDLESEX) INC.

BY FAX

June 10, 2014

Jan Richardson  
Manager – Homeless Prevention

Dear Jan:

**RE: PROPOSED CHANGES TO HOUSING STABILITY FUND (HSF)**

Thank you for your recent meetings with the Advocates Network to allow for input/discussions of proposed changes to the Housing Stability Fund that will become effective July 1, 2014. As previously discussed, the provincial government's decision to end the Community Start Up and Maintenance Benefit Program (CSUMB) and provide only half of the funding of this program to municipalities to develop their own housing stability funds is creating enormous difficulties.

In London, we have seen the negative impact in numerous ways, including:

- Ability of low-income individuals to obtain essential furniture/appliances is much more restrictive;
- The plans to develop a furniture depot have been placed on hold due to financial constraints;
- No funds to deal with bed bug issues;
- With the July 1, 2014 proposed change to eliminate moving expenses from the HSF, many individuals who need financial support to help move will have nowhere to turn.

I look forward to the ongoing discussions in regard to the HSF. As per the recent meetings/discussions, I am willing to be a member of a small working group to review certain HSF issues. Those issues would include developing an exceptional circumstances policy and reviewing the possibility of having a grant portion to the HSF program for individuals with very low income levels.

I am also looking forward to participating in the upcoming community participation meetings to discuss the important basic needs/discretionary assistance issues that are currently impacting our city.

In the meantime, I would like to outline further concerns with the HSF that I have, which I was not able to fully articulate at the recent meetings.

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### Issue #1: Loan Aspect of the HSF

The proposed July 1, 2014 changes would make any funds received from the HSF a repayable loan. I have serious reservations about this aspect of the program because I believe that the repayment of an HSF loan is an unrealistic goal for the vast majority of individuals who will receive help from the HSF, especially those with income levels that are at OW levels or below. In relation to this issue I would like to point out the following:

- It appears London is the only major municipality to have had a loan portion (now fully loan) in its HSF program. Other large city programs use grant funds rather than loans.
- A review of the first year of the HSF showed only an approximate 10% repayment of loans. This was with liberal/generous repayment schedules. In my opinion, the repayment recovery rate will not increase significantly even with more generous repayment terms due to the following factors:
  - "You can't get blood from a stone"; many individuals use the HSF because their monthly bills are creating financial hardship. The fund eases their difficulties, but their monthly financial challenges persist and asking them to pay an extra bill (loan repayment) adds to their financial stresses. I was a committee member of the initial THAW program and this is the main reason we made THAW a grant program;
  - It is logistically difficult for many to make the monthly loan repayment due to a number of factors (i.e. no chequing account, the costs of making the trip to pay the loan, etc.) Moreover, given the financial stresses faced by these individuals, repaying the loan will not be a priority;
  - Basic necessities such as food and hydro costs continue to increase significantly. For example, hydro bills are expected to increase by as much as 30% in the next few years. Social assistance rates and pay wages will not keep pace;
  - Developing the loan repayment schedule et al adds to the administrative costs of the program.

I realize the goal of the loan repayment plan is to have the loan repayments pay for the administrative costs of the HSF, which is a second big concern of mine.

### Issue #2: Administrative Costs

At our recent meetings, last year's administrative costs were noted to be approximately \$700,000 of the \$4 million HSF budget and only \$130,000 was recouped by way of loan repayments. Administrative costs were approximately 17-18% of the program's budget. This seems excessive. I do note that London appears to be the only municipality to have a third party administer the program and from what I understand, most other regions have their OW discretionary departments run their housing stability funds.

### Issue #3: Moving Costs

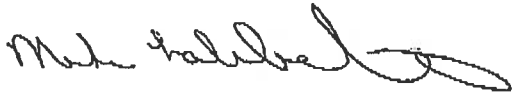
This is my third big concern. As noted previously, with the elimination of moving costs from the current program, there appears to be a black hole in our community (there is nowhere to turn for moving costs). As you stated, a basic needs/discretionary assistance review that will take place this Fall may lead to some possible solutions.

I appreciate all of your/ your office's hard work on the HSF and the enormous challenges you are trying to overcome. I realize that the proposed changes will be put in place due to the significant financial issues involved. I ask that the following occur:

- A one year review of the new policy. If there is no significant increase in loan repayments and/or no significant decrease in administrative costs, I ask that the entire model be reviewed and that best practices from other municipalities be considered;
- Establish some form of short-term moving costs program, either through the HSF or the OW discretionary assistance program.

I look forward to hearing from you soon.

Yours truly,



Mike Laliberte

- cc. CAPS for June 16<sup>th</sup> CAPS meeting