



## REPORT FOR ACTION

## Update on the Delivery of the Housing Stabilization Fund (HSF)

**Date:** November 14, 2016

**To:** Community Development and Recreation Committee

**From:** General Manager, Employment & Social Services

**Wards:** All

### SUMMARY

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This report provides an update on the utilization and delivery of the Housing Stabilization Fund (HSF) in 2015. The report also responds to emerging issues raised by clients, advocacy groups and community organizations, identifying key policy changes that will be made to the HSF to make it more accessible, to streamline eligibility, reduce administrative complexity and increase transparency.

### RECOMMENDATIONS

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The General Manager, Toronto Employment and Social Services (TESS), recommends that:

1. City Council directs the General Manager of TESS to revise the HSF eligibility policies to:
  - eliminate the requirement for a separate income test to establish eligibility for the Fund,
  - change the criteria for the replacement of furniture as a result of bed bug infestations to include soft furniture in addition to beds, and
  - implement flat rates for the issuances of essential furniture and moving costs.
2. City Council request the Deputy City Manager & CFO to consider making a contribution of up to \$3.8 million from the 2016 year-end surplus in accordance with the City's Surplus Management Policy to the Housing Stabilization Reserve (XQ1112) to provide funding for time-limited housing allowances in accordance with the criteria set out by Council for this reserve.

## **FINANCIAL IMPACT**

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The 2016 Operating Budget for Toronto Employment & Social Services (TESS) includes \$27.957 million for the Housing Stabilization Fund (HSF), with \$26.432 million funded by the Provincial Community Homelessness Prevention Initiative (CHPI) subsidy. Provincial policy stipulates that all CHPI funds are to be spent within the fiscal funding period.

Based on actual expenditures through October, current projections indicate that \$24.2 million of the HSF budget will be spent by the end of 2016. This will result in unallocated funding of up to \$3.8 million which can be contributed to the Housing Allowance Reserve (XQ1112) at year end to provide funding for time-limited housing allowances to low income residents, with no ongoing commitment. The transitional benefit will bridge recipient households to self-sufficiency or long-term support programs, depending on their service needs.

In accordance with City Council's Approved Surplus Management Policy, the Deputy City Manager & CFO has delegated authority to apply any year-end surplus available after meeting legislative requirements, first to Capital Financing Reserve (at least 75% of the additional surplus) and the remainder to fund any under-funded liabilities, and/or reserves/reserve funds (25%), as determined by the Deputy City Manager & CFO.

The report recommends that the Deputy City Manager & CFO consider allocating up to \$3.8 million from the 2016 year-end surplus to the Housing Stabilization Reserve (XQ1112) to provide funding for time-limited housing allowances in accordance with the above policy.

It is anticipated that the policy changes outlined in this report will result in an increased take-up of the HSF and fully utilize the available funding. TESS will continue to carefully monitor expenditure levels and will report back to City Council through the quarterly variance process on any major variances.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT STATEMENT**

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Low-income Torontonians receiving social assistance, many of whom are from equity seeking groups, regularly access financial supports (including HSF) from TESS. They include people experiencing homelessness, the working poor, youth, seniors, and other vulnerable groups. This report discusses the utilization and expenditures of HSF, which support TO Prosperity: Toronto's Poverty Reduction Strategy and the 2014-2019 Housing Stability Service Planning Framework that both identify the City's commitment to prevent homelessness by assisting Ontario Works (OW) and Ontario Disability Support Program (ODSP) clients with their emergency housing needs.

## **DECISION HISTORY**

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On June 22, 2016, City Council, adopted the motion to "Review Key Aspects of the Housing Stabilization Fund" as it related to client eligibility criteria and processes and the allocation of funding across different program areas e.g. housing related expenses versus hydro expenses.

<http://www.toronto.ca/legdocs/mmis/2016/cd/bgrd/backgroundfile-94629.pdf>

On March 23, 2015, Community Development and Recreation Committee adopted "2014 Update on the Delivery of the Housing Stabilization Fund". The report provided an update on HSF spending from January to December 2014, including ineligible applications and appeals data, issues raised during the consultation conducted with stakeholders and improvements to the delivery of the HSF.

<http://www.toronto.ca/legdocs/mmis/2015/cd/bgrd/backgroundfile-77766.pdf>

On May 6, 2014, City Council adopted "2013 Year-End Report on Housing Stabilization Fund." The report provided an update on HSF spending from January to December 2013, including ineligible applications and appeals data, issues raised during the consultation conducted with stakeholders and improvements to the delivery of the HSF.

<http://www.toronto.ca/legdocs/mmis/2014/cd/bgrd/backgroundfile-68220.pdf>

## **ISSUE BACKGROUND**

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As discussed in previous reports, in 2013, there were considerable changes to homelessness prevention services in Toronto. The provincial government announced that the new Community Homelessness Prevention Initiative (CHPI) would combine funding from existing homelessness programs into a single funding package. Simultaneously, the Province eliminated the Community Start-Up and Maintenance Benefit (CSUMB).

The Province further announced that only 50% of the funding previously allocated to CSUMB in Ontario would be included in the new provincial CHPI. Overall, at the time, the City experienced a reduction of \$14.6 million in provincial funding, primarily due to the elimination of CSUMB.

With the elimination of CSUMB, vulnerable residents lost access to a long-standing, well-known and widely understood financial benefit. The City of Toronto responded to the elimination of CSUMB by establishing the HSF, which became effective on January 1, 2013.

Given this context, two primary issues have shaped the development and delivery of the Housing Stabilization Fund:

1. The fund had to be established with fewer resources and a funding cap, in contrast to the open-ended, cost-shared nature of CSUMB.

2. Extensive outreach and communication was required to increase awareness that HSF represented the continuation of a fund to support housing related needs.

In Toronto, over 240, 000 residents are in receipt of social assistance (including both OW and ODSP clients), representing 9% of Toronto's total population. With such a substantial number of people relying on these benefits and services, it is increasingly important to ensure that services and supports are responsive to their needs.

The HSF directly assists people in poverty in Toronto. The City's Poverty Reduction Strategy, passed unanimously by Council in November 2015, provides an overarching framework for and commitment to combatting poverty. Housing stability is recognized as one of the cornerstones of the Strategy. With 43.5% of Toronto households paying more than 30% of income on rent and over 90,000 households on the waiting list for rent-geared-to-income (RGI) units, investments in benefits such as the HSF provide key support to low-income residents who face the city's challenging rental market.

Using CHPI funding and consistent with the objectives of that program, HSF provides resources to prevent evictions and assist OW and ODSP clients to obtain housing, retain their housing or relocate to more appropriate or affordable accommodation. Specifically, the Fund assists social assistance recipients with their emergency housing needs by providing assistance with rental or moving costs (e.g., last month's rental deposit to secure housing or rental arrears) and household related costs (e.g., support to obtain essential household furnishings).

The budget for HSF has been set at \$28.0 million since its inception in 2013, with funding mainly from the Provincial CHPI subsidy. Actual expenditures were \$25.1 million in 2013, \$24.5 million in 2014 and \$24.9 million in 2015.

In 2013, City Council approved the creation of the Housing Allowance Reserve for the purpose of providing a housing allowance to individuals at risk of homelessness and a reserve contribution of \$3.7 million funded by a one-time reallocation of HSF CHPI funding to the Hostel Services Budget.

This report recommends a similar strategy be employed in 2016. Based on expenditures through October, HSF client benefits are projected to be \$24.2 million in 2016, \$3.8 million below budget. As Provincial policy stipulates that all CHPI funds are to be spent within the fiscal funding period, this report recommends a reallocation of the HSF underspending to SSHA Hostel Services to fund other CHPI eligible expenditures and thus fully utilize the 2016 CHPI subsidy.

The reallocation of CHPI funding to the Hostel Services Budget would free up \$3.8 million which would then be contributed to the Housing Allowance Reserve (XQ1112) to provide funding for time-limited housing allowances, with no ongoing commitment. The transitional benefit will bridge recipient households to self-sufficiency or long-term support programs, depending on their service needs.

This report also provides an update on the use and delivery of the HSF in 2015, outlines emerging issues that have been raised, and discusses important policy changes that

will be implemented to further simplify and improve access for Toronto's most vulnerable residents.

## **COMMENTS**

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As noted above, the HSF is intended to meet the emergency housing needs of social assistance recipients. To date, it has assisted over 80,000 people and issued over \$90 million to help residents secure or maintain their housing. The Fund is an important resource for many vulnerable residents receiving social assistance, and although it doesn't address all of the complex needs of people living in poverty, it provides a valuable support for those who need to establish or maintain their housing.

In line with Shelter Support and Housing Administration's (SSHA) Housing Stability Service Planning Framework, adopting a Housing First approach "enables people to find a safe, secure, affordable home, with supports as necessary, from which they can make changes and stabilize their lives. Other barriers, such as lack of employment skills, addictions and poor mental and physical health, are best addressed once a person has stable housing." Benefits and supports such as the HSF are vital to ensuring people are able to secure housing and begin to stabilize their lives.

In 2015, a total of 30,830 HSF applications were submitted by OW and ODSP clients.

Key program statistics include the following:

- \$24 million in funding was issued (this annual figure has remained consistent despite a 17% decline in the OW caseload from 2013 to 2016)
- 75% of requests were for securing housing and essential furniture and 25% were for rental arrears, energy costs and moving costs
- 81% of applicants were eligible for HSF
- 19% of applicants were found ineligible, primarily due to requests not meeting the criteria (e.g., voluntary re-location) and failure to provide information (e.g., eviction notice).

A more detailed overview of HSF usage in 2015 is provided in Attachment 1.

### **Responding to Client and Community Concerns**

Since its inception, TESS has sought input from a range of stakeholders about the effectiveness of the HSF.

A number of key issues have been raised during public consultations ranging from broader system level concerns, such as the unaffordable housing market, inadequate social assistance rates and poverty in the City, to specific issues related to the HSF, including:

- Concerns regarding the way eligibility is determined,
- The need for greater consistency applying HSF policies (e.g. types of furniture to be replaced),

- Lack of awareness of the HSF among OW and ODSP clients, and
- Unclear communications related to ineligibility decisions.

Overall, clients and community based advocates have challenged TESS to be more transparent with respect to the policies and rules governing the Fund, as well as to simplify access to the fund and minimize unnecessary complexity.

In response to these concerns, TESS has undertaken an extensive review of the HSF, which included consultations with stakeholders (including City Divisions such as Shelter, Support & Housing Administration and Social Development, Finance & Administration), a review of current policies, and an analysis of program data.

### **Improving the Administration and Delivery of the HSF**

Programs such as the HSF face a number of competing and sometimes contradictory objectives – to address the emergency housing needs of people on social assistance who are poor and have few resources to assist them with managing housing issues within an increasingly unaffordable housing market, while administering a program with a limited and capped budget. Given this reality, it is essential that the HSF be structured and administered as simply, straightforwardly and transparently as possible.

Thus, informed by community and client feedback and experiences, TESS undertook its review of the Fund in the context of the City's Poverty Reduction Strategy and with a focus on improving social assistance client's ability to stabilize their housing situations.

Within this context, the goal of the HSF is to support social assistance clients to retain their existing housing or relocate to new housing (e.g. clients facing eviction), including obtaining necessary furnishings.

Essential to meeting this goal are a number of principles that govern the administration and delivery of the Fund, as follows:

- Reducing administrative complexity and inconsistencies through simplification of policies and procedures, including the introduction of flat benefit rates to support people with their emergency housing needs.
- Providing integrated case management supports to ensure residents are aware of all options and connected, where appropriate, to internal or external service providers to assist them in a holistic manner.
- Embedding transparency and flexibility into the overall administration of the program to ensure that residents are able to access the benefit in a more streamlined, consistent, and timely manner.

### **Key Policy Changes**

The changes resulting from the review of HSF undertaken by TESS are described below. A phased approach to implementing the proposed policy and administrative changes will be adopted, with the initial change implemented on December 15, 2016.

## **Revising HSF Eligibility**

In response to concerns from clients, advocacy groups and community agencies about current eligibility criteria for the HSF, the eligibility process has been simplified. There will no longer be a separate income and asset test for the Fund. Effective December 15, 2016, all low income residents who qualify for OW/ODSP will automatically meet the primary test of financial need. Of course, clients will still have to demonstrate the use of the funding is required to address their housing related circumstances (e.g. to cover arrears, or to meet emergencies such as floods/fires that destroy their furniture).

This change is in line with other recent reforms to social assistance to better support clients, including the recent announcement ending the clawback of child support payments.

## **Additional HSF Changes**

Based on stakeholder input, and reflecting its commitment to simplifying the delivery and administration of HSF, while more consistently addressing client's needs, a number of other change are being made to the Fund, as described below.

### **Documentation**

- In order to streamline the application process, TESS will be taking steps to reduce the documentation required to complete an application (e.g., copies of eviction notices will no longer be required). These changes are intended to make it easier for clients to access the HSF and for staff to administer the program.

### **Bed Bugs**

- It has been widely documented that residents of the City of Toronto are facing significant challenges with bed bug infestations. Unfortunately, at present there is no singular solution to addressing this issue.
- TESS recognizes that the problem of bed bug infestation can be particularly difficult for social assistance clients, who may face situations where bed bugs recur in spite of attempts to eradicate them. Through the HSF, OW clients have received support to replace beds as a step to manage bed bug infestations. In 2015 alone, approximately 3,500 HSF applications were made and funds provided to clients to replace beds.
- Recognizing that there is currently only very limited support for addressing these situations outside of the HSF, the Fund's criteria will be revised to include replacement of soft furniture, in addition to beds.
- Bed bug infestations are a complex, city-wide issue. The above change does not provide a comprehensive or effective solution to the broader issue of bed bugs. For that reason, TESS will continue work with Toronto Public Health to develop more effective approaches to mitigating the impacts of bed bug infestations.

## **Revising the Delivery of Benefits**

The way HSF benefits are currently provided to support client with certain items (essential furniture such as beds, sofas, tables), as well as with moving costs, contributes to inconsistency in terms of what clients receive. Currently, clients must provide evidence of their specific needs. This process creates significant additional administrative work for TESS staff.

To that end, the intention is to introduce a flat rate benefit structure for furniture and moving costs. Combined with a reduction in the documentation required by clients to access HSF, the result will be greater transparency and consistency with respect to the benefits clients receive, while simultaneously simplifying program administration.

The change will require the Division to work within the current budget limits. The aim will be to ensure that, based on the current actual level of benefits provided to clients, the majority of clients will either be better off or obtain the same benefit level as is currently the case. There will of course be provision to provide additional funding in extraordinary circumstances (e.g. relocation due to domestic abuse or similar situations). The Division's analysis indicates these changes can be made within the current budget allocation.

## **Reviewing HSF Eligibility Decisions**

In 2015, TESS established a new role for the Decision Review Committee (DRC)<sup>1</sup> to act as a final decision maker where HSF cases are not resolved through the initial decision review processes that are in place at local TESS offices. Stakeholders have sought increased information about this Committee and its role and functions. To promote greater transparency, TESS will be providing information on the make-up of the Committee, how it functions and other details, such as the timelines for scheduling and holding reviews.

Given that the DRC is comprised of senior public servants from across the city with experience in fairness review processes, this role allows them to get first-hand experience with respect to the range of housing issues social assistance clients face and the impacts on their health and well-being. Additionally, given the number and range of issues brought forward to the DRC, there is an opportunity to identify systemic problems and recommend appropriate policy and administrative changes.

Further, in response to concerns raised by clients and advocates, TESS will improve its communication to clients with respect to eligibility decisions, both in-person and in letters provided to ensure clients are clearly informed of the reason(s) for eligibility.

A number of additional steps will be taken to increase transparency and simplify access to the HSF, with the following changes also taking effect by December 1st:

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<sup>1</sup> The decision review process involves a thorough review of eligibility or ineligibility related to the client's request. Additionally, the DRC makes recommendations to the Chairperson (General Manager of TESS) or designate in relation to established policies and/or practices as warranted.



- ODSP applications - TESS will further streamline the process for ODSP applications by centralizing the access point and dedicating a team of staff to manage requests.
- Transparency - TESS will ensure information about HSF policy changes are updated on the TESS external and internal website, and additional details provided in key areas (benefits rates). As well, TESS will outreach to community agencies and advocacy groups to ensure they are informed about the changes.
- Consistency – TESS will complete training and orientation sessions for OW and ODSP staff to ensure a consistent understanding of these changes and to ensure more consistent delivery of the Fund overall.

## **Monitoring the HSF**

As a result of the implementation of Social Assistance Management System (SAMS) in 2015, improvements to the HSF tracking tool were put on hold as divisional resources were committed to addressing the complex issues resulting from the implementation of the new technology. With SAMS now stabilized, improvements will be made to the tools used to accurately monitor the Fund's delivery.

The majority of these changes will be implemented in January 2017, with improvements to data collection and monitoring occurring throughout the first quarter of 2017.

Combined, the changes discussed above, represent a significant transformation of the HSF and better enable TESS to assist some of the City's most vulnerable residents with their emergency housing needs. In addition, recognizing that social assistance recipients interact with a number of different city divisions, TESS will explore opportunities to work with these divisions to further streamline access to the Fund.

## **Estimated Impacts of Proposed Changes**

It is anticipated that the changes to the HSF that will be implemented over the next several months will have a number of important affects, as listed below:

- Reduction in the number of clients who are found ineligible due to the elimination of the current income test,
- Increased consistency with respect to issuances for specific items (beds, furniture, appliances) resulting from the introduction of flat rates,
- Improved benefit processing times resulting from the policy changes that simplify the eligibility process,
- Improved client awareness of the Fund through clearer communications material and revisions to the City's website as well as better outreach to community agencies and advocacy groups,
- Improved awareness of the decision review process, and

TESS will continue to assess the impacts of the discussed policy changes through 2017 and make additional changes as required to ensure the Fund is accessible to clients and effectively administered and delivered.

## **Conclusion**

With the changes highlighted in this report, TESS seeks to increase access to the HSF and make the Fund's operation more consistent and transparent, while reducing administrative complexity. TESS will continue to work with staff, community agencies and residents to continuously look for ways to improve the delivery of the Fund to ensure that those who are most vulnerable are able to access the funds in a fair, timely and consistent manner.

## **CONTACT**

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## **SIGNATURE**

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Patricia Walcott  
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## **ATTACHMENTS**

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Attachment 1: Key HSF Statistics 2013 - 2015

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**Table 1: Reasons for Requests in 2015 (including ineligible requests)**

Reason for Request	Total # Requests 2015	%
Furniture	22,224	46%
Last Months Rent	14,092	29%
Rental Arrears	4,639	9%
Energy Arrears	1,927	4%
Moving Costs	5,732	12%
Total Requests	48,614	100%

**Table 2: Applications Found Ineligible 2013 – 2015**

Cases by Social Assistance Program	2013		2014		2015	
	Cases	%	Cases	%	Cases	%
Ineligible – OW	2,406	9%	2,444	10%	2,824	12%
Ineligible – ODSP	1,613	23%	2,652	32%	3,136	47%
Total (both programs)	4,019	14%	5,096	16%	5,959	19%

**Table 3: Number of Decision Reviews and Outcomes of Decision Review Committee (DRC)**

# of Decision Reviews (2015)	% that went to DRC	% that were upheld by DRC	% that were reversed or varied by DRC
346	15%	80%	20%

**Table 4: Maximum HSF Allowance by Family Size**

Family Size	Maximum Allowance
Singles and Couples	\$1,600
Families with Adult Dependants	\$2,000

Family Size	Maximum Allowance
Families with Children	\$3,000

**Table 5: HSF Expenditures, 2013-2015**

2013	2014	2015
25,064,161	24,487,053	24,872,679

**Table 6: HSF Funding, 2013 – 2016 (\$ Million)**

Source of Funding	2013	2014	2015	2016
CHPI Funding	20.200	23.900	26.432	26.432
One-Time Provincial Funding	6.800	2.532	-	-
Property taxes	1.525	1.525	1.525	1.525
Total	28.525	27.957	27.957	27.957