



# Independent Living Accounts Leaving Homelessness in the Past





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# Acknowledgements

This study has been produced with contributions from a great number of people.

We are grateful to the Toronto Community Foundation who acknowledged the Independent Living Account as a Vital Idea in February of 2008 and provided a related research grant that allowed for this exploration to be undertaken.

Twenty-one key informants, all with a wealth of knowledge relating to the realities facing those who are homeless or those who are at risk of becoming homeless, informed this study's findings. Important insights from this group were also provided on income support and its administration, legal and justice issues as well as innovative suggestions for future partnerships and expansion of the ILA program. A special thanks goes to Alan Maslove, professor in the School of Public Policy and Administration, Carleton University, Ottawa, who provided guidance on this study's return on investment model.

The current Independent Living Account (ILA) Partners have been instrumental in administering this program to those residing within shelters in the City of Toronto. These Partners include staff at the Fort York Residents, Amelie House and St. Clare's Residence, Eva's Phoenix, The Salvation Army Gateway and the John Howard Society of Toronto. Their invaluable experience always translates into more relevant programming for those in need and has informed this study in a similar manner. For that we are most grateful.

Finally, we would like to heartfully thank the diverse group of ninety-two participants who took part in focus groups throughout the course of this study. The frank, sometimes very personal and always very impactful testimony provided during these group discussions highlighted what it is like to live day-to-day within the shelter system or on the cusp of being homeless. We are very grateful for their generosity in sharing these experiences with us.

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# Executive Summary

In 2008 SEDI's Independent Living Account (ILA) project was recognized as a Vital Idea by the Toronto Community Foundation for its innovative approach in assisting residents of Toronto shelter system to save, build life skills and subsequently move into their own place. The Toronto Community Foundation sponsored SEDI to research the effectiveness of the ILA model, as well as explore ways in which the ILA model could be expanded to support specific groups recognized as being vulnerable to homelessness.

The ILA model was designed to test the effectiveness of matched saving incentives in supporting individuals living in the shelter system to save for expenses related to moving out on their own. Participants enrolled in the ILA are provided with assistance to open a bank account and start saving. To incentivize this saving, SEDI offered a virtual \$3 in match credits for each \$1 saved, up to a maximum personal savings of \$400. Participants are also required to work with a case manager on a savings plan and attend a financial literacy workshop which lasts approximately 12 hours. If a participant meets all of the program requirements they are eligible to use their credits, combined with their own savings, to pay for first and last month's rent, utility hook up, moving expenses as well as supports to employment.

This report quantifies the benefit of the ILA model through a return on investment calculation. Feedback from current partners of the ILA was also gathered in an attempt to reflect the strengths and weaknesses of the model in order to evaluate the potential of bringing these benefits to scale. This study also explores the potential of expanding the ILA program to a wider audience of people vulnerable to homelessness, including: newcomers, urban Aboriginal peoples, youth, children/youth living in

care, people with mental health and/or addiction issues and people who have come into conflict with the law. This report builds on the previous report respecting the impacts of the ILA, Building Foundations for Canadians in Transition, to suggest that there are a group of homeless individuals that can achieve a positive housing outcome in an effective and efficient manner and with a somewhat limited intervention.

## Highlights

### Return on Investment

- **The results suggest a conservative estimate of a \$2.19 return for each \$1 of project costs within the first year following project graduation.** It is also worth noting that the analysis of the base case (existing environment) estimates a negative return of nearly -\$0.74 for each \$1 invested in the current system of support for those moving through the housing continuum to exit homelessness. This result clearly illustrates the investment potential created by the ILA model.

### Impressions from Current Project Partners

- **Partners involved in the ILA are overwhelmingly positive about the benefits of the model and support future expansion of the ILA program.** Six shelters/transitional housing facilities in Toronto are currently partners in the ILA Program. There was consensus that the ILA is a useful tool to promote self-sufficiency and prepare individuals for independent living.

- **Many of the perceived weakness of the ILA program can be easily overcome with simple changes in operation and longer term funding.** Partners provided feedback on how to improve the program in the future. Greater flexibility in some of the program parameters and longer time frames to implement the program were common concerns.

### **Newcomers to Canada**

- **Newcomers are particularly vulnerable to homelessness and housing instability.**<sup>1</sup> Many struggle with issues around isolation, loss of financial and social status, loss of family and community support, and barriers related to accessing appropriate and affordable housing.
- **Finding appropriate rental accommodations is a barrier for many newcomers.** Our findings show that landlords often required newcomer applicants to have one year of Canadian work experience, a credit check and two long-term (3 years) Canadian references. This criteria cannot always be met by individuals and families who have recently arrived in Canada. This results, in many cases, in newcomers obtaining inappropriate housing where the application process for such housing is less onerous.
- **Newcomers would benefit from an ILA program that would support them to save for a variety of goals related to the settlement process.** Savings goals identified include housing stability and choice, access to employment supports, or access to education or training. Courses on financial literacy and navigating the rental market

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<sup>1</sup> *Paradis, Emily, Sylvia Novac, Monica Sarty, & J. David Hulchanski (2008) "Better Off in a Shelter? A Year of Homelessness & Housing among Status Migrant, Non Status Migrant, & Canadian Born Families" University of Toronto's Centre for Urban and Community Studies, Toronto.*

were also seen as vital to housing stability and could be incorporated into the ILA model.

### **Urban Aboriginal**

- **Individuals of Aboriginal descent are over-represented in Toronto's homeless population.**<sup>2</sup>
- **Homeless Aboriginal peoples often face numerous barriers to housing.** Some individuals lack skills required to live independently, others have low education levels, low self-esteem, and may suffer culture shock when coming to Toronto from a reserve. Many have been through 'the system' – foster care, corrections, residential school, etc. Others are dealing with mental health and addiction issues. An ILA could potentially assist with relieving the social and financial exclusion felt by this population.

### **Children/Youth in Care**

- **Catholic Children's Aid Society of Toronto strongly supported the implementation of the ILA for youth in care and those transitioning from care.** Staff indicated they would embrace a program like the ILA as it would enhance their capacity to do what they are already trying to do – care for, and prepare, children/youth for independence.
- **Youth transitioning out of care were enthusiastic about the ILA program and its components.** Youth leaving care who participated in this research believed that it would be best if the ILA were offered to youth between the ages of 16 and 18 while they are still in care so they can plan their transition to independent living.

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<sup>2</sup> *See the Toronto Street Needs Assessment: <http://www.toronto.ca/housing/pdf/streetneedsassessment.pdf>*

## **Persons with Mental Health and/or Addiction Issues**

- The financial management workshops and matched savings were both perceived to be positive tools in supporting increased independence and wellbeing by patients and practitioners at the Centre for Mental Health and Addiction (CAMH). This population would benefit from a wider range of savings goals such as pursuing school, employment, volunteerism, hobbies and other social/recreational activities in order to increase general well-being and quality of life.

## **People Who Have Come Into Conflict with the Law**

- Key informants and focus group participants clearly illustrated that the relationship between homelessness and incarceration is complex and mutually constitutive. The prison-shelter nexus results from the incarceration of homeless individuals and the release of ex-prisoners into homelessness. In other words, homelessness makes people vulnerable to incarceration and vice versa.<sup>3</sup>
- Results from Key Informant interviews and focus group participants highlighted that the financial management workshops and matched savings components were both positive tools that could be used to support re-integration into society for those who have been incarcerated. An ILA program could potentially bridge the prison and the community, following individuals' own life trajectories, and contribute to the continuity of care necessary for successful integration in to society.

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<sup>3</sup> Novac, Sylvia and Joe Hermer, Emily Paradis and Amber Kellen, (2006), "Justice and Injustice: Homelessness, Crime, Victimization, and the Criminal Justice System", Research Paper 207, Centre for Urban and Community Studies, University of Toronto with the John Howard Society of Toronto, Toronto.

# I. Introduction

## Background

By best estimates, more than 30,000 people in Toronto rely on the city's emergency homeless shelters each year.<sup>4</sup> This figure does not take into account those living in temporary transitional housing or those in precarious shelters (such as overcrowded or temporarily shared accommodations).<sup>5</sup> While there has been growing interest in a "housing first" approach<sup>6</sup>, for the majority of homeless people, successfully leaving homelessness generally means moving through a housing continuum - from homelessness, to emergency shelter, to transitional housing to stable independent or assisted housing. Too often, the continuum is non-linear or worse, circular: clients cycle back through the system repeatedly, sometimes even after they have found longer-term housing. Each time clients cycle through, returning back to homelessness and emergency shelters, there are cumulative and accelerating costs to society and to the individual in lost income, increased social expenditures, and a reduction of health and wellbeing.

There is widespread agreement that successful and lasting transitions out of homelessness require more than just a supply of adequate

housing. Supports for social services, financial resources and skills development are also key.<sup>7</sup> In 2004 SEDI (Social and Enterprise Development Innovations) piloted a small project, The Independent Living Account (ILA), in two major Canadian cities. This project modeled supports, including financial literacy training, case management and matched personal savings, in an effort to improve the trajectories for residents living in transitional housing. The ILA Project tested their effectiveness. The project was heavily informed by SEDI's expertise in the field of asset-building, by the advice of front-line workers in the field of homelessness and by residents of transitional housing/shelters.

The origin of the ILA model draws heavily from theoretical work in asset-building which proposes that poverty is about more than simply a lack of income - it is **also** about a lack of opportunities to save and invest in a better future. Assets include a home, savings, an education, a business, investment capital and community networks. Savings and assets can leverage new income, cushion against sudden income losses or planned risks, build social capital by enhancing inclusion and participation, and enhance forward planning.<sup>8</sup> The act of saving alone may foster a sense of hope and mastery, two factors that may be key to breaking cycles of homelessness and poverty.

The Independent Living Account (ILA) project is an asset building project that offered a matched savings account to residents of transitional shelters in Toronto and Fredericton.

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<sup>4</sup> City of Toronto (2003) "The Toronto Report Card on Housing and Homelessness 2003", Toronto. Available online at: <http://www.toronto.ca/homelessness/pdf/reportcard2003.pdf>. The estimate is of separate individuals staying in a homeless shelter not a count of shelter stays.

<sup>5</sup> Anucha, Uzo and Ana Lenk (2003) "Research Highlights, May 2003", Canada Mortgage and Housing Corporation, Ottawa.

<sup>6</sup> For a critical review see Falvo, N. (2009) "Homelessness, Program Responses, and an Assessment of Toronto's Streets to Homes Program", CPRN and SHSC Housing Research Internship and Scholar Program, Ottawa.

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<sup>7</sup> See for example the "Toronto Report Card on Housing and Homelessness 2003"

<sup>8</sup> See Sherraden 1991; Robson Haddow, J. and P. Nares eds. (2006) *Wealth and Well being, Ownership and Opportunity*, SEDI, Toronto; Bynner, J. and W. Paxton (2001) *The Asset Effect*, Institute for Public Policy Research, London.

Each dollar deposited was matched at a rate of 200% or 300% and the funds could only be accessed to pay for certain costs related to the move out of a transitional housing shelter and into permanent rental housing (subsidized or unsubsidized). In addition to the savings incentive, participants were asked to take part in a 12 hour financial literacy course that covered banking, credit, budgeting and other basic financial skills and information. When participants faced challenges in meeting their goals, case management services were provided to find solutions, make referrals to other complementary programs and motivate participants. The program services were delivered by shelter providers while SEDI provided training, program coordination and administered the matching contributions. More detailed information on the program design and initial evaluation is available in the project's final report<sup>9</sup> as well as in the next section of this report.

The final results, while acknowledging a high attrition rate, suggested that the project was extremely powerful for those participants who successfully completed the program. These participants were able to build financial capital over the short-term for an investment in the longer-term goal of stable housing.

The results show that there is a significant proportion of individuals, and possibly families, residing within the shelter system who could benefit from access to an ILA account and related supports. Such a service package would help participants to save, participate in the economic mainstream and gain the foundational knowledge and confidence to support themselves in independent living. This is supported by shelter intake studies that show a growing percentage of people are homeless as

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<sup>9</sup> Gosse, B., J. Springer and S. Webber (2006) "Building Foundations for Canadians in Transition: ILA Project Final report", SEDI, Toronto. Available online at [http://www.sedi.org/DataRegV2/unified/sedi\\_Reports/ILAs%20Report%20Final.pdf](http://www.sedi.org/DataRegV2/unified/sedi_Reports/ILAs%20Report%20Final.pdf).

a result of economic circumstances and that many have jobs or are employable when they arrive at a shelter. Consequently, high-cost emergency resources may often be used on many homeless people who do not require extensive supervision or support.<sup>10</sup>

## This Research

Although the ILA project is now in its third iteration in the City of Toronto, ambitious expansion of the model demanded more compelling evidence that the program can offer positive returns if offered on a broader scale. Through interviews and focus groups with staff and shelter residents, this research paper set out to document such evidence and examine the merits of adapting the model broadly within the shelter system. Of particular interest are the results for those diverse and vulnerable populations who today are becoming vastly overrepresented in homeless counts, namely newcomers, urban Aboriginal peoples, youth<sup>11</sup>, children/youth living in care, people with mental health and/or addiction issues and people who have come into conflict with the law. In addition, this research also examined how the model, or individual components of the model, could enhance the services being provided currently to those who are homeless or "at risk" through existing programs such as the Toronto Drug Treatment Court, The Trusteeship at St. Stephens Community House and through Streets to Homes Toronto.

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<sup>10</sup> Laird, Gordon (2007) "SHELTER, Homelessness in a Growth Economy: Canada's 21st Century Paradox. A Report for the Sheldon Chumir Foundation for Ethics in Leadership", Calgary, Alberta.

<sup>11</sup> "Shared Learnings" Raising the Roof, 2006, [www.raisingtheroof.org](http://www.raisingtheroof.org), identifies that Youth ages 16 to 24 now make up almost 1/3 of the Canadian homeless population.

## Methodology and Tools

The foundation of this study was framed around the following set of five questions that provided the context for the proposed quantitative and qualitative aspects of this research.

### 1. *Is there a return on investment from the ILA Project?*

- What are the costs of the model in comparison to the benefits it generates?
- Did the ILA model increase participants' transition to independent living?
- Did the ILA model promote sustainable improvements in housing and employment outcomes?
- Does the ILA model have a measurable impact on participants?
- How could the ILA model be adapted to increase its value?

### 2. *Could the following groups benefit from the ILA model? What are their specific circumstances? How vulnerable are they to homelessness? How could the ILA model be adapted to best support them?*

- Individuals with mental health or addiction issues;
- Newcomers;
- People who are incarcerated or who were recently released from incarceration;
- Urban Aboriginal peoples;
- Youth living in transitional housing;
- Youth aging out of care.

### 3. *What barriers do these groups face in order to accumulate enough savings to secure and maintain accommodation?*

- To what extent do members of these groups tend to be excluded from the financial mainstream?
- How do members of these groups understand money and savings practices?

- How do they respond to the components and conditions of the ILA model?

### 4. *What future partnership opportunities exist for the expansion of the ILA?*

- How do representatives of these organizations respond to the ILA model and its elements?
- Would the model fit with the structure of these organizations, their mandates and the services they currently provide?

### 5. *What is the potential for bringing the model to scale?*

- How does the model relate to the current policy environment and to the field of available services?
- Do the ILA components complement the existing policy environment and services or are there components that are incompatible or redundant vis-à-vis the environment and services?
- What changes could be made to policy, services and/or the model to improve the model's efficacy and potential to be brought to scale?
- How feasible is the ILA model as a repeated pilot project? As a longer-term program?

A variety of research activities and processes sought to answer these questions. These include a calculation of the return on investment, focus groups with shelter residents and those at-risk of homelessness and key informant interviews with shelter staff as well as experts in the field.

## Return on Investment

A research report, prepared by Ryerson University in 2006, reflected the outcomes of the initial 2005/2006 ILA project and provided some basic quantitative and qualitative data analysis. This study also provided a brief re-

view of the project costs and benefits. However, in order to quantify the overall impact of the ILA, a more detailed accounting of the costs and benefits of the project through a return on investment (ROI) calculation was undertaken as a part of this study. In addition, a comparison ROI of the 'base case' experience that would have been realized without the ILA was also created. This benchmark allowed for the calculation of the real potential impacts of the ILA and, ultimately, for an assessment of the ILA's cost effectiveness as a tool to alleviate homelessness.

This study's ROI analysis was completed using methods approved by the Treasury Board of Canada in the "Canadian Cost-Benefit Analysis Guide".<sup>12</sup> The analysis, found in section III, covers a 2 year period to capture the project costs incurred in year 1 and benefits realized in the year following. Given the current state of literature and data from the ILA pilot itself, this study cannot extrapolate beyond the second year but it would not be unreasonable to expect that any returns, due to increased employment, reduced returns to shelters and the value of the improved housing would all accumulate substantially over time.

The analysis of the costs and benefits of the ILA project was completed under a logic model to describe the ways in which the ILA might be generating benefits. In the case of the ILA, the origin of the model draws heavily from theoretical work in asset-building<sup>13</sup> that proposes that savings and assets have multiple and related positive benefits such as improving household stability, promoting opportunities for income generation, and enhancing forward planning

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<sup>12</sup> Treasury Board of Canada Secretariat (2007) "Canadian Cost Benefit Analysis Guide", Government of Canada, Ottawa.

<sup>13</sup> See Sherraden 1991; Robson Haddow, J. and P. Nares eds. (2006) *Wealth and Well being, Ownership and Opportunity*, SEDI, Toronto; Bynner, J. and W. Paxton (2001) *The Asset Effect*, Institute for Public Policy Research, London.

and hopefulness. The model also draws heavily on a literature review of patterns of homelessness in Canada and the effects of housing loss.

## Focus Groups<sup>14</sup>

Having validated our research questions through a literature review (see ROI Section III page 17), we then chose the qualitative research method of conducting focus groups to address many of them. The focus group is a data collection method that is often used in market and socio-economic research. It provides in-depth insight into a phenomenon, a behaviour, a perception or an attitude on specific topics. It tends to be most useful for exploring ideas from consumers' perspectives, finding new factors for future and more in-depth research and for developmental research which can contribute to quantitative research. It can also shed greater light and understanding on patterns observed in quantitative research.<sup>15</sup>

SEDI developed a structured focus group discussion template that aimed to capture patterns in respondents' attitudes towards saving, preferences for spending and saving, barriers to saving, relationships to mainstream financial institutions and fringe financial services (money mart, cheque cashers etc.), experiences with homelessness, challenges faced in accessing affordable and appropriate housing, and responses to particular components of the ILA model.

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<sup>14</sup> Please see Appendix A for additional details on focus group protocols used.

<sup>15</sup> SEDI has used this research method in the past to portray patterns in participants' understanding of the concept of financial literacy, their existing knowledge of financial information, education and advice products and services, and patterns in consumer preferences.

Between February and May 2009 SEDI conducted 9 separate focus groups with 92 respondents. Participants were recruited through the organizations contacted for the key informant interviews and were selected from the

vulnerable groups identified in the research questions.

A breakdown of the focus group composition is found in Figure 1 below:

**Figure 1: Focus Group Composition**

Host Organization	Focus Group and Characteristics	Number of attendees
Native Men's Residence	Aboriginal male shelter residents	12
Elizabeth Fry Society of Toronto	Female group	11
John Howard Society of Toronto	Male group, ILA participants	3
Keel Community Correctional Centre	Male group, Federally incarcerated	8
Centre for Addiction and Mental Health	Combined group of male(11) and female(1) clients	12
Catholic Children's Aid Society of Toronto	Combined group of male(3) and female(11) youth	14
Eva's Phoenix	Male youth shelter residents, not ILA participants	12
Eva's Phoenix	Female youth shelter residents, not ILA participants	7
Woodgreen Community Services	Combined male (5) and female (8) group	13
<b>Total Focus Group Participants</b>		<b>92</b>



## Limitations of the Study

There are several limitations to this study.

First, the return on investment analysis was developed through data that was collected without the foresight of knowing that a return on investment would be conducted. That said, the data collected and used was pertinent. However, additional data that would provide a more rounded analysis would have been helpful.

Additional data is being collected through the current iteration of the project (2009-2010). Some of the data being collected includes information from both successful and non-successful participants relating to length of time in the shelter system, savings behaviour, and participation in banking, employment, social assistance take-up, community activity etc.

Second, this study does not discuss the critical relationship between the ILA program components and the need to have a suitable stock of affordable and appropriate rental housing available to program participants.

Third, the ILA components were offered to all residing within the partnering shelters. However they seem to be more attractive to a specific subset of shelter users. This study in no way seeks to identify the ILA as the panacea for everyone entering into, residing within, and hoping to move from the shelter system.

## Report Sections

Section II of the report provides information on the ILA model and its conceptual beginnings, innovative components of the model and a chronology of all programmatic and research initiatives that have been associated with the project.

Section III of this report, relates to the return on investment model and the outcomes of this interim effort to provide a return on investment analysis of the ILA project as it was delivered in Toronto during 2005 /2006 and the related follow-up research in 2007. This section builds on the ILA Final Report published in Partnership with Ryerson University in 2006 by using a more detailed accounting of the costs and benefits of the project as well as separating the incremental project costs and benefits from the costs and benefits that would have been realized without the ILA.

A brief literature review is included in this section which illustrates recent study findings in the area of housing and homelessness and supports the logic of our analysis.

Section IV provides impressions from current project partners. These impressions are important factors for consideration as relevant input from front line staff administering the project is critical to the effective functioning of the ILA. This section highlights the results of interviews with all shelter partners as well as with TD Bank Financial Group, the project banking partner, to explore the strengths and weaknesses of the program. This has provided an opportunity for constructive criticism and a view to improving the model. In addition, this has assisted SEDI in anticipating any growing pains, should expansion of the program be achieved.

Section V provides in-depth results of both key informant interviews with stakeholders representing vulnerable populations such as newcomers, urban Aboriginal males, children/Youth in care, youth in shelters, persons with mental health and/or addiction issues and persons who have come into conflict with the law. These stakeholders, from all sectors, were chosen from a range of positions and expertise, including policy experts, senior managers, case managers, program developers, etc. While all have much in common, the clear

outstanding link is that each and every stakeholder indicated the need for action to assist the population residing within the shelter system or those “at risk” of homelessness when transitioning to greater independence.

This section also includes results of interviews with representatives of the Toronto Drug Treatment Court, the Trusteeship at St. Stephen’s Community House and with the Manager of Streets to Homes. These interviews were undertaken to investigate how the ILA model, and/or some of its components, could compliment the basket of services provided by each one of these innovative programs.

This is followed by Section VI on policy and taxation which seeks to inform on the technical aspects of both the Provincial regulatory environment and the related taxation implications of the ILA’s matched incentives.

Section VII contains the conclusions and recommendations, and is followed by a brief discussion on next steps.

## II. **T**he ILA Model: An Innovative Response to Homelessness

The Independent Living Account (ILA) Model was designed to provide individuals, living in shelters or transitional housing, with the knowledge, skills, tools and supports to move in to independent housing.

### **ILA Design**

The concept of the ILA derived from focus groups conducted by SEDI in 2003 with individuals living in shelters, and front line staff operating programs within shelters and transitional housing facilities. Respondents articulated a variety of barriers faced when moving out of their current housing situation which included acquiring first and last month's rent, searching for an appropriate and affordable housing, opening and/or maintaining a bank account, and having low knowledge of personal finances. Respondents also brainstormed ways to overcome these challenges. The ILA model was envisioned. SEDI decided to pursue a pilot project to test the ability of the ILA to facilitate independent living. Based on feedback received, SEDI decided to implement the program through the shelter system. Shelter partners were identified and they participated in molding the components of the ILA and advising on how to implement them.

### **How It Works**

The project builds the financial and personal assets of participants and increases their financial literacy in an effort to support moving participants out of transitional housing and into independent living in the rental market. The ILA project provides participants with a matched saving incentive of \$3 for every \$1 of personal savings deposited into a savings account. Participants have the opportunity to

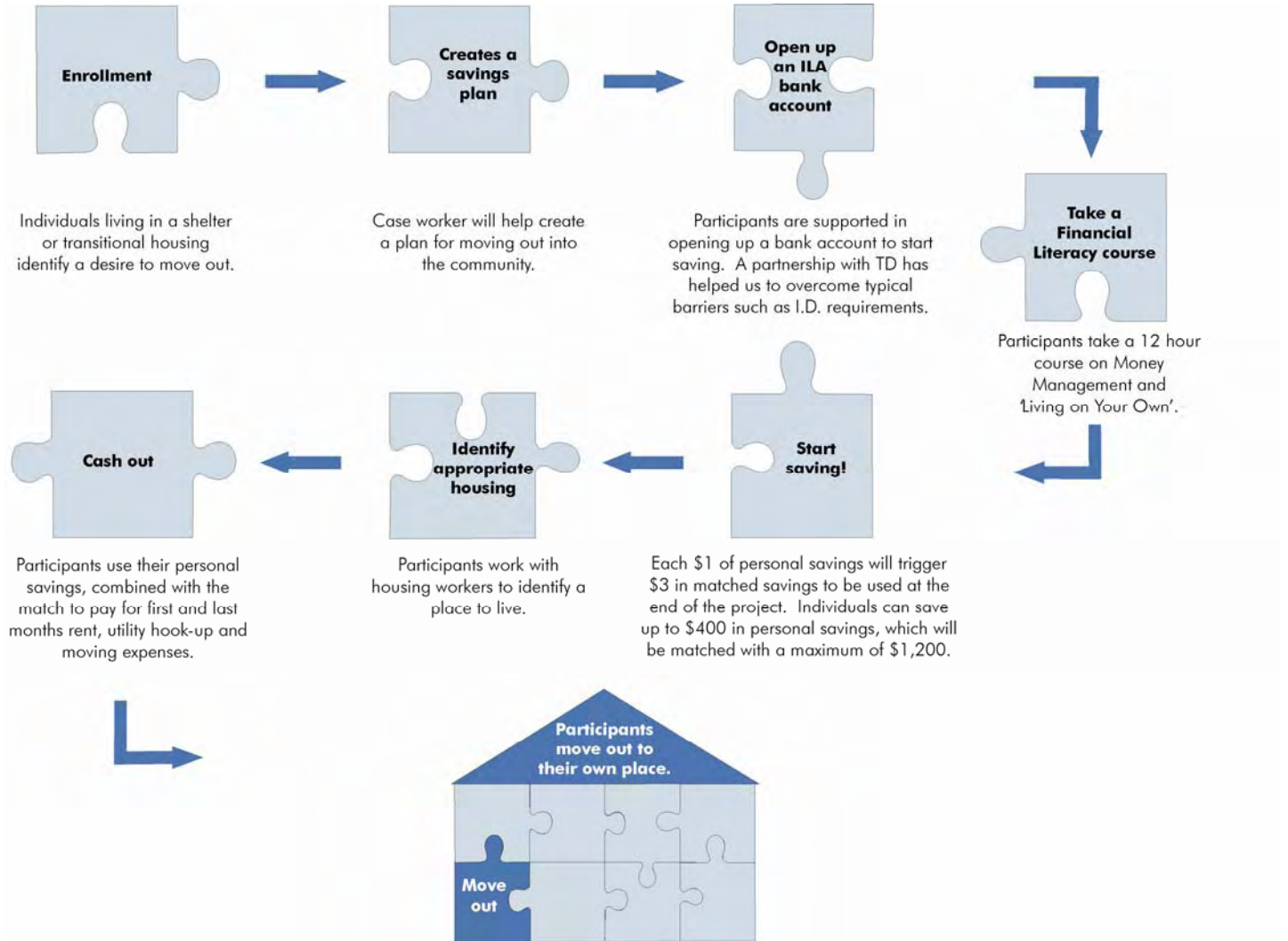
save up to \$400 in personal savings and have that matched by up to \$1200. Thus, a total of up to \$1600 could be used by each participant to access a more independent, self-sufficient, lifestyle.

During this savings process, participants are required to complete a 12 hour financial literacy workshop that includes modules on basic banking, budgeting, credit and debt management/repair, consumerism and their rights and responsibilities as tenants. Once the participant has achieved their personal savings goal and completed the required training, they would identify which savings goal, including first and last month's rent, apartment insurance, moving expenses, utility hook-up, or a combination of those, they wanted their matched savings allocated towards. Participants then arrange for the payment of rent or other associated services with the assistance of their case manager. All matched funds are allocated via cheque to the identified vendor of service (i.e. landlord, utility company, etc.).

### **Implementation**

It has been identified that building the capacity of shelter staff and incorporating the ILA into the existing infrastructure of the shelter is an efficient and effective method of implementation. SEDI, the coordinating partner, provides training to the shelter partners on program operations, financial literacy facilitation, and case management support. Shelter residents voluntarily enroll in the project with assistance from staff who offer the ILA as a compliment to the basket of services already provided by the shelter. The following diagram illustrates the ILA components:

Figure 3: The ILA Model



## Where Innovation Creates Action

The ILA Project has been recognized for its innovation in helping homeless individuals become housed independently. To date, the program has been named a Vital Idea by the Toronto Community Foundation and has been accepted to the SHIFT program by the City of Toronto, which recognizes innovative solutions to combating homelessness. Figure 4 provides an illustrated chronology of the history of the ILA Project's development.

There are many aspects of the ILA which are innovative and contribute to the success of the model. These components are described below:

### **The Project Partners**

The ILA project is made possible by unique partnerships between the public, private and non-profit sector. SEDI created this unique partnership to ensure that the project worked within the existing structures of the shelter system and provided participants with a basket of services/tools that would help them succeed in moving to more independent living.

The Province of Ontario has been helpful in ensuring that participants receiving social assistance and enrolled in the ILA Project not have their income-tested benefits adversely affected. This has only been granted, however, on a project-by-project basis.

TD Bank Financial Group has provided in-kind banking services to the ILA project by assisting referred participants in opening bank accounts. Branch staff were instrumental in creating a welcoming environment and explaining the various account products and services. They also assisted with the development and implementation of debt repayment plans for participants, and/or overcoming challenges to

opening an account such as a lack of government-issued identification.

The shelters were responsible for the implementation of the ILA project. They were involved with all components of the project including enrollment, case management support, facilitating financial literacy workshops, providing referrals to the bank, support with savings, and helping participants identify and pay for a place to live. Although the ILA project adds to the workload of shelter staff, they found it complimentary and consistent with their goal of helping their clients become more independent.

### **Program Collaboration**

The ILA model has also proved to complement other innovative homeless programs that are currently running in the city of Toronto. At the Salvation Army Gateway Shelter, the ILA was offered to individuals currently working in the laundry facility program called Gateway Linens. The program equips homeless individuals with life and employment skills training. This empowers them to reconnect to more stable housing and provides an opportunity to reconnect to the workforce in the commercial laundry sector. Members of the Gateway realized that the ILA program could strengthen the services provided to their participants in order to promote independent living. This partnership has helped several participants overcome the 'welfare wall' by helping them transition from social assistance, find employment and move in to their own accommodation.

The ILA has also collaborated with CAMH and the John Howard Society of Toronto, who provide short-term supportive housing for Drug Treatment Court clients as part of a pilot project. Several residents of this housing project were enrolled in the ILA to encourage

their progress through the housing continuum and avoid falling into homelessness. Further parts of this report speak to additional programs that strengthen the tools and skills of their homeless or “at risk” clients which the ILA components could support.

## **ILA Funding**

Funding for the ILA has come from a diverse group of private and public bodies. SEDI plans to further develop this private and public funding partnership to bring this cost effective program to scale.

## **Funding Structure**

The ILA project uses a unique outcome-based funding structure for paying shelter partners for their role. Shelter partners are paid based on a combination of the services they provide and the success of their participants at moving on to independent living. Project partners have the potential to earn \$1000 for each participant: \$333.33 for enrolling a participant, \$333.33 for having them complete the financial literacy workshop, and \$333.333 if the participant cashes out and moves in to their own apartment. This arrangement motivates partner organizations to ensure that the participants are successful.

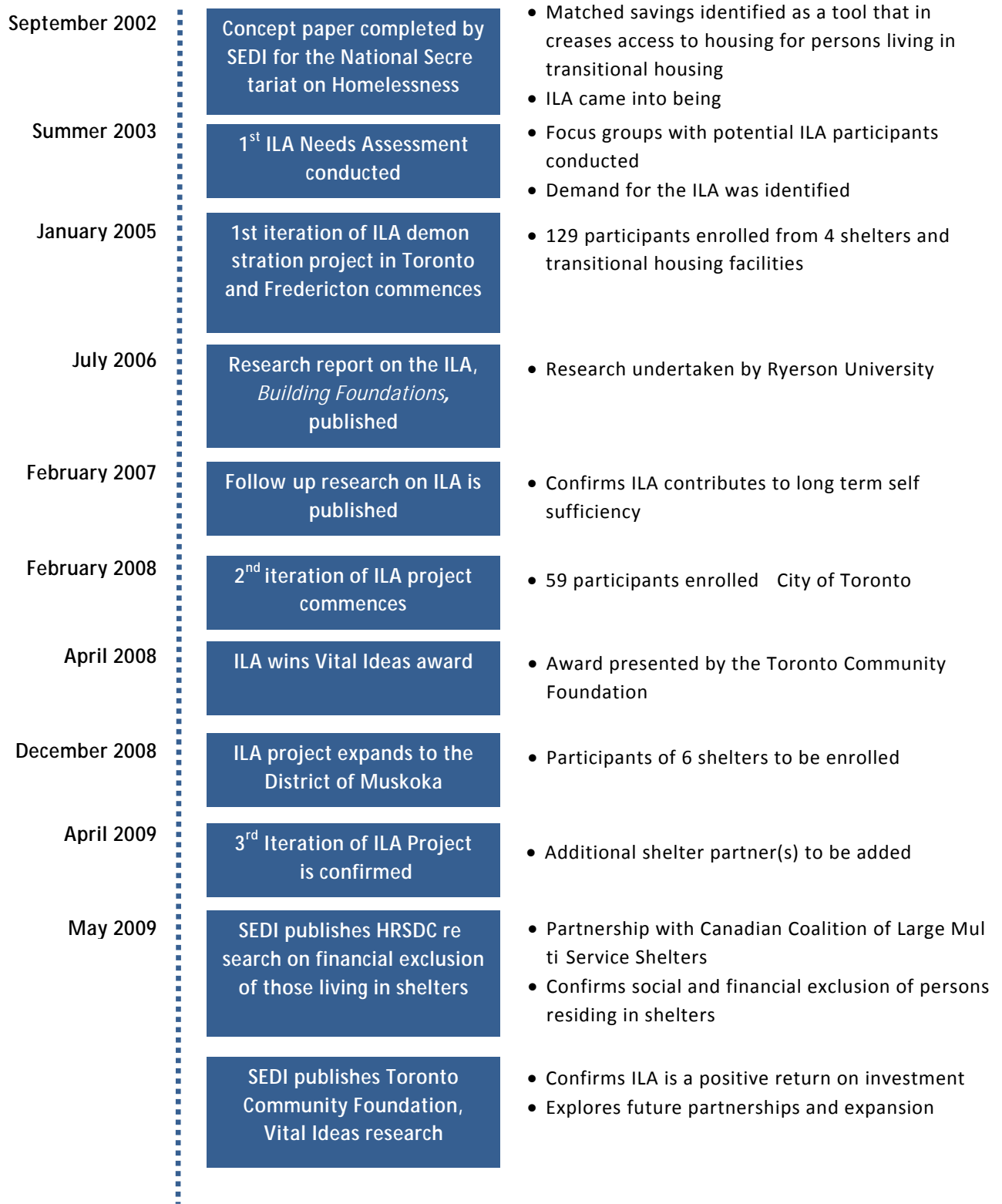
## **(Re) Defining Success**

Success for the ILA participants is as much about the journey as the final destination. We have heard repeatedly from participants and staff that there is great value in this project beyond moving out of the shelter system. Building self esteem, reconnecting with the financial mainstream, learning about personal finances, realizing the power of goal-setting, and saving for the future are all identified outcomes that have made a positive impact on participants regardless of whether they move into their own apartment.

One aspect of the program that is showing promising outcomes is the combination of increasing the knowledge and skills of participants through financial management workshops, while simultaneously providing opportunities to apply this knowledge and acquired skills in practical ways to improve or repair one’s financial situation. Saving money, opening a bank account, applying for a credit rating, meeting with credit counselors, setting up direct deposit, and acquiring new identification are examples of activities that occur during the ILA program.

This study provides an opportunity to investigate the monetary cost-benefit (to society and the individual) of the ILA model. In addition, the following research provides details on how this model could fit other vulnerable populations and be brought to a larger scale with a significant “pay-back” to society as a whole.

Figure 4: The ILA Chronology



### III. Return on Investment

Although the ILA project is on its third iteration in Toronto, a more ambitious expansion of the model demands more compelling evidence that the program model offers a positive return on the investment.

The following summarizes an interim effort to provide a return on investment analysis of the ILA project as it was delivered in Toronto during 2005 /2006 and the related follow-up research in 2007. The project's final report had very briefly identified project costs and had positioned some project benefits. This report builds on that by using a more detailed accounting of the costs and benefits of the project as well as separating the incremental project costs and benefits from the costs and benefits that would have been realized without the ILA. For example, there would be costs to housing a client in a transitional shelter, whether the ILA was in place or not. However, if the ILA were able to reduce the duration of the shelter stay then it would have an incremental benefit by reducing the transitional shelter costs. Creating this counterfactual, or base case, is key to more accurately describing the real potential impacts of the ILA.

A brief literature review is included here in order to illustrate recent study findings in the area of housing and homelessness and support the logic of our analysis.

#### Literature Review: Trajectories of Homelessness in Canada

A report by Acacia Consulting suggests that housing loss and acute homelessness may be

somewhat distinct phenomena.<sup>17</sup> Their study of patterns of homelessness and eviction prevention measures in three Canadian cities suggested that eviction prevention programs such as rent banks and landlord-tenant tribunals have very little or no effect on the population most likely to use emergency and, eventually, transitional shelters. For this latter target group, the report concluded that support in accumulating first and last month's rent, help in housing search and other practical and case management services would be most effective.

Lenk and Anucha note that the hardest to house clients frequently cycle through periods of homelessness, housing loss and unstable housing.<sup>18</sup> Similarly, a panel study of homelessness in Ottawa found that within the first year of exit from a shelter, the 412 clients tracked over 2 years faced a 79% risk of at least one stay in a homeless shelter.<sup>19</sup> A study of homelessness in Toronto by Novac et al suggests that the average duration of a shelter

<sup>17</sup> *Acacia Research and Consulting (2006) "Cycles of Homelessness: Understanding eviction prevention and its relation to homelessness", Ottawa.*

<sup>18</sup> *Anna Lenk, Research Consultant and Uzo Anucha, Research Associate, Centre for Urban and Community Studies, University of Toronto (2003) "A Study of Tenant Exits from Housing for Homeless People, Where Do They Come From? Why Do They Leave? Where Do They Go?" CMHC Research Highlights, Ottawa.*<sup>18</sup> *Aubry, T., F. Klodawsky, R. Nemiroff, S. Birnie & C. Bonetta (2007) "Panel Study on Persons Who Are Homeless in Ottawa: Final Report", Centre for Research on Educational and Community Services, University of Ottawa, Ottawa.*

<sup>19</sup> *Aubry, T., F. Klodawsky, R. Nemiroff, S. Birnie & C. Bonetta (2007) "Panel Study on Persons Who Are Homeless in Ottawa: Final Report", Centre for Research on Educational and Community Services, University of Ottawa, Ottawa.*

stay is approximately 3 months and that for each month of emergency shelter use, the costs in social services, policing and health services are \$4,583 per month.<sup>20</sup> As reported in the final ILA report, Toronto shelter providers involved in the ILA pilot estimated that a typical stay in a transitional shelter is between 9 and 12 months at an average cost of \$58 per bed per night based on municipal funding formulas. Taking an average of 10.5 months, the total cost of an average stay in a transitional shelter is estimated at \$18,270.<sup>21</sup>

There is widespread agreement that homelessness and income poverty are intimately related so it is important to consider the income trajectories (social assistance dependence and/or employment) of the homeless population as well as their housing trajectories. The study by Aubry et al estimated rates of dependence on the personal needs allotment<sup>22</sup> under provincial social assistance at roughly 90% among the sample population. Only 11% of the study sample had any employment while in a shelter. This latter figure rose to just 29% two years later. These results are consistent with another panel study that followed 91 female-headed households in Toronto who had experienced

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<sup>20</sup> Novac, S., Joe Hermer, Emily Paradis, and Amber Kellen (2007) "A Revolving Door? Homeless People and the Justice System in Toronto", Research Bulletin #36, Centre for Urban and Community Studies, University of Toronto, Toronto.

<sup>21</sup> See pages 53-54 of Gosse, Springer and Webber (2006).

<sup>22</sup> Ontario Works provides income assistance to cover shelter costs and personal needs according to a needs test. Personal needs include a basic amount for essentials which is then topped up depending on household size and needs such as special dietary, medical or education expenses. Shelter allotments are only paid when OW recipients have shelter costs such as rent or, more rarely, mortgage payments. In the case of emergency and transitional shelter residents, only the personal needs portion of OW is payable.

homelessness during a 1 year period.<sup>23</sup> That study found that rates of social assistance dependency were 60% while in the shelter, rising to 68% one year later after leaving the shelter. While other studies, such as a census survey of the homeless population on a given day in an urban area, offer snap-shots of the experience of homelessness, these two panel studies are a richer and more powerful source of information for a return on investment analysis. They tell us something about the trajectories of homeless persons by following the same clients over time.

Because the ILA involves such a significant interaction with mainstream financial services through both the use of a savings account as well as financial literacy training, the literature review also looked for information on financial inclusion and capability among shelter residents in Canada. The literature review found no specific quantitative studies of financial inclusion or literacy among homeless persons in Canada. Interviews with shelter staff and focus groups with shelter residents conducted by SEDI for another project suggest that use of fringe financial services (payday lenders, cheque cashers, etc.) is very high and that attachment to mainstream financial institutions is very low among shelter residents.<sup>24</sup> The best proxy may be a 1998 study of access to basic banking in Canada that estimated the proportion of social assistance recipients without a

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<sup>23</sup> Paradis, E., S. Novac, M. Sarty, & D. Hulchanski (2008) "Better Off in a Shelter? A Year of Homelessness & Housing among Status Immigrant, Non Status Migrant, & Canadian Born Families", Research Paper 213, Centre for Urban and Community Studies, University of Toronto, Toronto.

<sup>24</sup> Qualitative research for a study in progress of financial inclusion and financial literacy among homeless and insecurely housed Canadians for the National Homelessness Secretariat of Human Resources and Skills Development Canada, conducted by SEDI in 2008-09. Report forthcoming.

bank account to be as high as 60%.<sup>25</sup> Given the high rates of social assistance dependency in the shelter population, this estimate is reasonable and arguably conservative given the number of barriers faced by homeless persons such as addictions and mental health challenges. In trying to understand the costs of financial exclusion to the individual (when operationalized as the absence of a basic bank account), Desmond and Sprenger of the Federal Reserve Bank reviewed several US studies and found estimates ranging from \$30 to \$318 per year.<sup>26</sup> The most recent of the studies they reviewed was conducted in 2004 by Michael Barr who concluded that the costs of cashing just one cheque per month at a fringe financial service provider would be \$250 in one year.<sup>27</sup>

### Trajectories of ILA Participants

SEDI reported the outcomes of the ILA project in the final report (June 2006), drawing heavily on information from the project's management information system (MIS). The results suggest that the sample of participants who volunteered for the ILA project may be significantly different from the general homeless population. Using MIS data on the 111 participants in Toronto alone, rates of social assistance dependence were comparatively low at just 12.5% and employment rates were comparatively high with just over 50% of participants reporting some employment participation when they enrolled in the project. It is important to note that this figure is higher than estimates

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<sup>25</sup> Grant, Michael (1998) "Canada's Social Payment Disbursement System and the Financial Services Sector", research paper prepared for the Task Force on the Future of the Canadian Financial Services Sector, Ottawa.

<sup>26</sup> Desmond, T. and C. Sprenger (2007) "Estimating the Cost of Being Unbanked"

<sup>27</sup> Barr, M (2004) "Banking the Poor: Policies to Bring Low Income Americans into the Financial Mainstream", Brookings Institution, Washington.

from panel data but comparable to the baseline for the largest of the participating shelters (Fort York Residence). ILA participants were not significantly different from the larger homeless population in the duration of their stay in an emergency shelter prior to enrolling in the ILA project – the average was approximately 3 months. Unfortunately, the way in which the MIS data was collected, it is only possible to track the duration of program participation and not the duration of the stay in the transitional shelter.

Of the 111 participants who started the project in Toronto, 83 were still enrolled at the project's end (a drop-out rate of 25%). Among the 83 participants who remained in the project, 60% (or 50 persons) were eligible to, and did, cash out their own and matched savings for the purposes of the project. Participants who had made deposits in their ILA account but did not qualify for matching credits did not lose their own savings, rather they had these returned to them. Total Toronto participant savings by the end of the project were \$29,344.13 and total matched savings used by participants were \$57,996.73 with another \$13,599.56 in matched savings that were earned but not eligible for cash out by participants, perhaps owing to the relatively compressed timeframe for the project.<sup>28</sup> Among the successful participants who cashed out, the project MIS data indicate that the average monthly rent in their new rental accommodation was \$519.26. Within the MIS database, this is the last data point available.

Towards the end of the year following the project, SEDI conducted a follow-up study of the 50 ILA participants in Toronto who had cashed out their savings and were known to

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<sup>28</sup> The unused funds were later transferred by SEDI into a subsequent ILA project in accordance with agreements made with funders of the first pilot project.

have left the transitional shelter. Participants were reached by mail and then interviewed by telephone. In total 22 participants agreed to take part in the interview (a response rate of 44%) and were interviewed nearly one year after graduating from the ILA project. It is important to note that the survey did not cover non-graduates (those who participated but did not receive matching credit from the ILA pilot project) or those who withdrew from the project early.

Among the respondents to the follow-up survey, 81% were continuing to pay their own rent using their own income or savings while only 1 reported a return to a homeless shelter. Labour force participation had risen from 50% to 72% with most of the growth in full-time employment (87% of the participants reporting employment were working full-time).

Participants were asked if they had kept their ILA account as a basic account after leaving the project, and 41% responded that they had. This suggests that they perhaps had no other basic banking account before opening their ILA account. The survey did not specifically ask if participants were Ontario Works participants but some inference can be made from questions about the use of income assistance to cover monthly rental expenses: 3 participants (13.6%) reported that they were using income supports or benefits to cover their rent, however one indicated that they were receiving temporary (likely Employment Insurance or Workers' Compensation) benefits while on sick leave and another participant indicated that their own savings were their primary way of paying rent (suggesting the respondent may have been reporting a rental subsidy or the matched savings as a benefit). With only one participant who can be confirmed to be dependent on social assistance, the estimated dependency rate was 5% at follow-up, down from 12.5% at program entry.

## **Proposed Benefits of the ILA**

Based on the literature review above and the differences in the trajectories of ILA graduates versus that of non-participants, the ILA shows great promise to promote housing stability, enhance labour force participation, introduce financial inclusion (both in terms of account holding and financial literacy), reduce social assistance dependency, and to virtually eliminate the risk of recidivism in the shelter system.

## **The Project Logic Model**

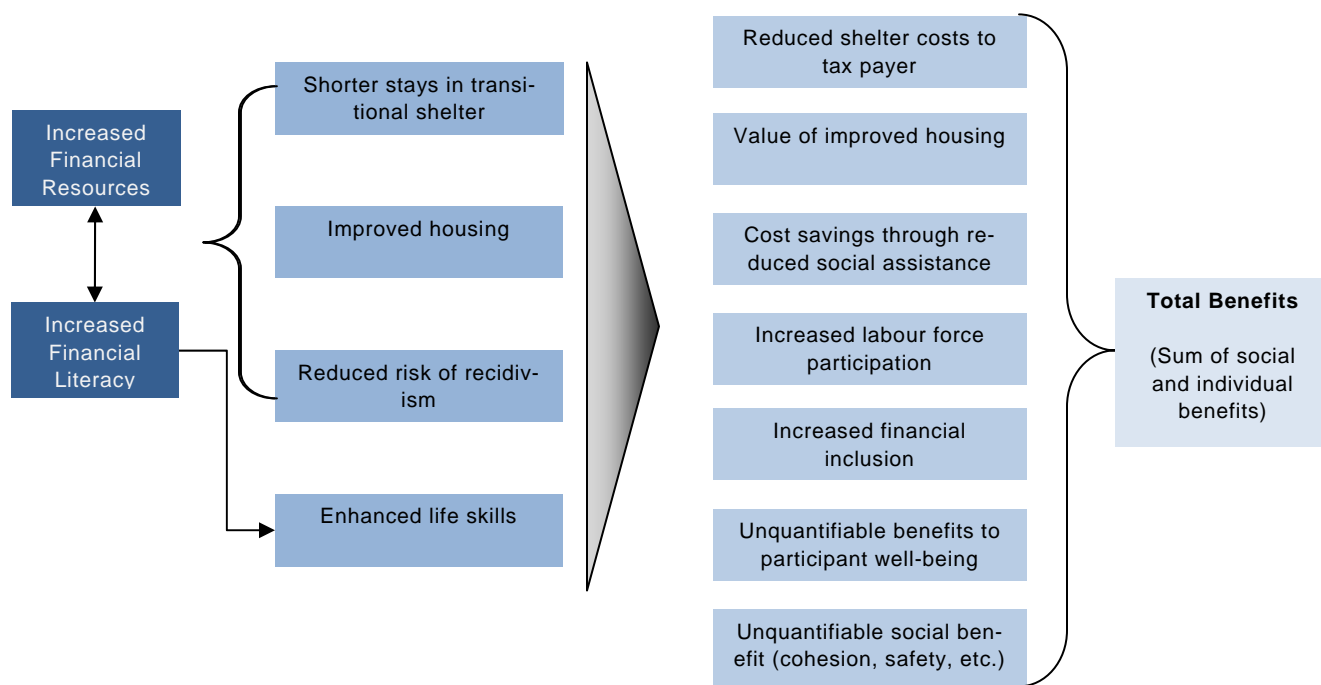
The analysis of the costs and benefits of the ILA project required a proposed logic model to describe the ways in which the ILA might be generating benefits. The ILA model draws heavily on theoretical work in asset-building that proposes that savings and assets have multiple and related positive benefits such as improving household stability, promoting opportunities for income generation, and enhancing forward planning and hopefulness.<sup>29</sup> The model also draws heavily on a literature review of patterns in homelessness in Canada and the effects of housing loss.

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<sup>29</sup> See Sherraden 1991; Robson Haddow, J. and P. Nares eds. (2006) *Wealth and Well being, Ownership and Opportunity*, SEDI, Toronto; Bynner, J. and W. Paxton (2001) *The Asset Effect*, Institute for Public Policy Research, London.

The outcomes and impacts of the project can be summarized as follows:

Figure 5: Hypothesized Model for ILA Impacts and Benefits



As illustrated in Figure 5 above, the combination of the financial resources (increased short term savings from personal and matching sources) with financial literacy training is thought to reduce the duration of transitional shelter stays, lead to an improvement in housing as participants move to stable rental accommodation, and to reduce the risk of recidivism. The financial literacy skills and information offered through the project has a role in increasing life skills that may also reinforce shelter exits and housing stability if participants are better equipped to manage their financial resources independently, avoid financial crisis and keep expenses within their means.

### Methodology

The current return on investment analysis was completed using methods approved by the Treasury Board of Canada in the "Canadian

Cost-Benefit Analysis Guide".<sup>30</sup> The analysis covers only a 2 year period to capture the project costs incurred in year 1 and benefits realized in the year following. Given the current state of literature and data from the ILA pilot itself, this study cannot extrapolate beyond the 2 year mark, but we should expect that any returns due to increased employment, reduced recidivism, and the value of the improved housing would all accumulate substantially over time.

All line items are reported in unadjusted amounts as well as net present value<sup>31</sup> using a

<sup>30</sup> Treasury Board of Canada Secretariat (2007) "Canadian Cost Benefit Analysis Guide", Government of Canada, Ottawa.

<sup>31</sup> Net Present Value (NPV) is a way of comparing the value of money now with the value of money in the future. A dollar today is worth more than a dollar in the future, because inflation erodes the buying power of the future money, while money available today can be invested and grow.

discount rate of 8% as per recommended Treasury Board Secretariat guidelines. Drawing on the adage “a bird in the hand is worth two in the bush”, the discount rate is applied only in the second year and adjusts costs and benefits to show their worth from the perspective of a decision-maker in year 1. Because costs incurred in year 2 are seen as less onerous than costs in year 1, the value of costs in year 2 are reduced by the discount rate of 8%. Similarly, because benefits that aren’t realized until year 2 are less attractive than benefits realized in year one, these are also reduced by the discount rate of 8%.

**Figure 6: Return On Investment Calculation**

Description of the cost of the ILA	
Program Expenses <sup>32</sup>	\$132,843.45
Matched Funds	\$53,356.99
Costs of Unused Match Funds <sup>33</sup>	\$13,074.62
<b>Total Costs of ILA</b>	<b>\$199,275.06 (C)</b>

Description of the benefits of the ILA	
Participants’ New Savings	\$29,344.13
Savings from Reduced Return to Shelter	\$468,015.96
Returns from Increase in Employment	\$98,513.95
Decreased Dependency on Social Assistance	\$34,372.35
Returns from Increased Access to in Mainstream Banking	\$4,945.00
<b>Total Benefits of the ILA</b>	<b>\$635,191.39 (B)</b>

<sup>32</sup> This figure includes design, delivery and administrative cost to running the ILA.

<sup>33</sup> This figure includes costs associated with having unused match funds such as foregone interest on the funds and lost opportunities to invest them in other productive purposes.

The return on investment is calculated as:

$$\frac{\text{the sum of the benefits (B) less the sum of the costs (C)}}{\text{the sum of the costs (C)}}$$

Therefore the ROI for the ILA is:

$$\frac{\$635,191.39 - \$199,275.06}{\$199,275.06} = 2.19$$

### Discussion

The results above suggest a conservative estimate, for each \$1 of project costs, of a \$2.19 return within the second year following the project. For the reasons discussed earlier in the report, this estimate likely reflects the upper end of the real range of returns and is likely the return for the most successful participants.

However, this return is high enough that it is unlikely to be reduced to less than \$1, even with a repeated analysis using better data on less successful participants or those who exited the project early. It is also worth noting that the analysis of the base case (please see Appendix B) estimates a negative return of nearly -\$0.74 for each \$1 invested in the current system of support for those moving through the housing continuum to exit homelessness.

Both benefits and costs have been reported as the incremental cost, over and above the base case (the costs and benefits in the absence of the ILA). If the benefits outweigh the costs, then the project would be worthwhile, from an economic point of view. Dividing the difference between the benefits and costs by costs provides an estimate of the rate of return or the amount we can expect back in benefits for each \$1 spent on the project. If the return is more than \$1, then it has a positive return

and again would be worthwhile, from an economic point of view. Please see Appendix B for a detailed review of the calculations related to this analysis.

Overall, a conservative approach has been taken in estimating the benefits and costs of the project. We have only generated estimates of benefits where it was possible to find some evidence and have not extrapolated beyond that. Estimates of increases in income and decreases in social assistance dependence have been informed by external studies, the project MIS, and survey data sources. The costs of the program are exactly as SEDI reported in the final project report and have been adjusted (as have benefits) for net present value and for the opportunity cost on the un-used matched credits. There are certain limitations to the present study, largely related to two line items in the analysis, and these are discussed in the next section.

### **Limitations of the Current Study**

The MIS data reviewed for this return on investment analysis was unable to find any evidence for any reduction from the 10.5 month average duration of transitional housing stays. While it may be true that the ILA does in fact encourage transitional housing residents to move out sooner, without evidence for this the return on investment does not include any quantifiable benefit related to the duration of stays in transitional housing. In fact, it may even be possible that participation in the ILA actually promotes a slight increase in shelter stays as project participants may rely on the support of the transitional shelter over the period of time required to accumulate adequate savings. This hypothesis is indirectly supported by the number of participants (33 of 111) who remained in the project until its completion but were unable to cash out matching savings before the pilot was terminated. In other words, a substantial portion of the tar-

get group for ILA may need a longer period of time to accumulate savings in order to fully benefit from the program model.

This is only a hypothesis that cannot be examined using data currently available, however data from future pilot projects might be able to test this limitation. Even if shelter stays are moderately prolonged, if the ILA leads to sustained independence (including better housing, higher employment and fewer or no returns to shelter use) then the up-front cost may be worthwhile.

It is also important to note that the single largest benefit from the ILA pilot comes from the reduced incidence of housing loss and returns to emergency shelter. Taking the estimate of returns to a shelter from Aubry et al of 79% and using the follow-up survey data, the project may reduce the risk of returning to an emergency shelter in the first year by as much as 74%. This figure likely overestimates the actual reduction in returns to shelter. Data is not available for those participants who exited the project early, nor for those who remained in the project but did not receive any matching contributions, nor for those successful graduates who did not participate in the survey. It would be reasonable to expect that the rates of returns to shelter would be higher among participants with more challenges. Again, data from future pilot projects will be key to re-examining the estimates in this study.

As a more general theme, the results of this return on investment should be interpreted to reflect the upper bounds of the range of the actual returns to the project costs. Because this analysis uses a conservative estimate based largely on the results for the participants who were most likely to succeed, they will be skewed upwards compared to the returns for participants with poorer results.

Finally, the ILA project is a voluntary initiative and it is difficult to imagine a comparable ILA program model using mandatory participation or forced savings for such a severely disadvantaged population. Because participants who self-select for the project may be different in motivation or in personal characteristics compared to the general homeless population, any evaluative research, including this return on investment study, should be considered applicable to the subgroup most likely to take part in an ILA, and not for the general population of homeless persons in Canada.

Last, but not least, a return on investment cannot provide a comparison to an alternative use of funds for another intervention with similar policy objectives for the same target population. In other words, a study of this kind sheds light on whether the ILA project is an effective use of the funds that were needed to run the project, relative to the benefits the project was expected to yield. According to generally accepted principles of cost-benefit analysis, any program with a return of \$1 or more is considered to be a cost-effective use of public funds. However, this same analysis does not tell us whether an effective program is also the most efficient use of the same funds to achieve a shared policy goal. An entirely different kind of study would be needed to compare the costs and impacts of the ILA project to another program with the same and important goal of helping more homeless Canadians to successfully leave a cycle of housing loss and exclusion.

The following section of the report reviews the project from the perspectives of existing project partners and provides important insights into the project's operational and administrative details, the effects on project participants, and how they could possibly be im-

proved to create better outcomes for shelter residents.

## IV. Impressions from Current Project Partners

The ILA project can be seen as a collaboration between the private, public and non-profit sectors. SEDI conducted interviews with all shelter partners to explore the strengths and weaknesses of the program. This has provided an opportunity for constructive criticism and a view to improving the model. In addition, it assisted SEDI in anticipating any growing pains should expansion of the program be achieved.

The following discussion breaks down the ILA project into its various components for ease of reference:

### Overall Impression of the ILA

The shelter partners see the ILA as a positive tool to transition shelter residents to independence if these residents self-identify as being ready to do so. Benefits of the ILA identified by the partners include:

- Creates an incentive to save;
- Establishes a savings behaviour;
- Facilitates future planning and goal setting;
- Facilitates a feeling of accomplishment;
- Teaches valuable life skills; and
- Provides participants with confidence and greater self- assurance.

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*"It puts participants 2-3 rungs up the ladder to self-sufficiency. Through the process of the ILA, participants gain an education they are going to need from the day they move out to the day they die. They become aware of how they are spending and where they are going. They realize they can get a credit report in 20 minutes, learn to read a lease, and discover that they need to budget every time their financial situation changes."<sup>34</sup>*

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### Enrollment

Once shelter residents had a clear understanding of the parameters and benefits of the program, there was generally a positive response to participation. The main challenges that were commonly identified by the shelter partners around enrollment were: complexity of the program; language used to explain the program; restrictive timelines; participants were unable to initially see the benefits; participants not ready or able to move out; eligibility criteria restrictive, specifically that people enrolled in full time post secondary education are ineligible.

### Key recommendations from ILA Case Managers

- Create an outreach document which explains the project in plain language;
- Provide flexibility in the operational timeline of the program;
- Encourage previous ILA graduates to promote the program to potential participants; and

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<sup>34</sup> Mr. James Hockaday, Trainer, Salvation Army Gateway Shelter, April 2009.

- Remove the ineligibility of participants that are pursuing full time post secondary education.

### **Bank Account**

Overall, the shelters found the experience of setting up bank accounts for the participants to be very positive. The partnering TD Canada Trust branch staff was instrumental in helping participants overcome many diverse barriers to opening a bank account and operating within the financial mainstream.

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*“TD recognizes the value of SEDI’s innovative ILA program and is pleased to support this project by assisting participants with their banking needs and their increased participation in the economic mainstream. At TD, it is our hope that by partnering with SEDI, we will make a difference together in the program participants’ transition to independence.”*

*TD Bank Financial Group*

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There were challenges commonly identified by our shelter partners around the banking aspect of the Project:

- Bank fees were too high and hidden fees seemed to be prevalent;
- Account statements were not always provided; and
- There was inconsistency in accounts offered and some participants were given products they did not ask for like overdraft protection.

However, on a more positive note, some branches offered to waive the bank fees for the participants for 6 months. We are optimistic that this provision can be extended to all participants involved in the next iteration of the ILA Project.

### **Key recommendations from ILA Case Managers**

- Identify an ‘ideal’ account for the project and set up clear guidelines with TD in opening ILA accounts; and
- Discuss and possibly implement a no-fee account (max. 6 months) for all ILA participants.

### **Financial Management Workshops**

Our shelter partners all felt that the financial literacy workshops are an essential component of the ILA model and a service that should be offered to shelter residents on an on-going basis. The financial literacy workshops coupled with the matched savings allowed participants to put their new knowledge to work by opening up a bank account, saving, and perhaps repairing, bad credit. A challenge identified by the shelter partners was that it can be difficult at times to continue to make topics relevant and interesting. Several sites suggested that outside speakers could be brought in to assist with parts of the training. This could potentially increase the participant’s connection to supports available in the community.

### **Key recommendations from ILA Case Managers**

- Explore the option of having guest speakers, such as a bank representative or a credit counselor, to participate in the financial literacy workshops.
- Continue to update the financial literacy curriculum to ensure that it is relevant and effective.

### **Case Management**

In each shelter, one or two staff are responsible for helping participants to complete the different components of the program. The main challenges that were commonly identified by the case managers are: the time required in monitoring the progress of the participants,

## Spotlight on the ILA Banking Partner

**TD Bank Financial Group** is a Funder and in-kind partner in the ILA project. They have provided the program with match funding and agreed to help our participants overcome their challenges to opening a bank account at the branch level. Amy Snow is a Financial Service Representative at the Dundas and Ossington Branch. Snow thinks that having a bank account is beneficial no matter how few resources one might have. She often suggests that people with low income get a savings account (free) and a chequing account (the value account- currently cost \$3.95 per month) for day-to-day use.

Like many homeless people, ILA participants often face numerous barriers to opening a bank account. Lack of identification (ID), mis-trust of banks, cost of banking fees, comfort level in dealing with bank representatives, and debt issues are a few common challenges which cause many to remain un-banked. There are currently numerous studies being conducted that explore the consequences of being un-banked, including the financial burden on the individual. Other factors that prevent individuals from having a formal bank account include the rigidity of bank protocol. Issues such as the holding of cheques (including social assistance cheques), typically held for 5 days, remains a large deterrent for many low income individuals. For an individual that is living on limited means, a week can be a long time. Another deterrent is the fear of a cheque being bounced with associated service charges reaching \$42.50. Most of the banking guidelines are designed to protect the bank against fraud and comply with formal regulations.

Snow believes that financial literacy workshops and a closer connection between the local branches and community organizations could help overcome many of the aforementioned barriers. To date, several branches have waived the bank fees for six months for ILA participants and have been instrumental in overcoming ID issues, explaining the different banking products, and creating a welcoming environment. Branch staff on occasion can also call a client's Ontario Works Case Manager in order to bypass the need for the 5 business day hold on their cheque. Direct deposit can also overcome the need for holds on social assistance cheques.

To date, the ILA has assisted over 140 individuals to set up bank accounts and this has helped many to save and increase their ability to live independently. The relationship between the TD branch at Dundas and Ossington and community initiatives like the ILA are examples of private and non-profit partnerships that are working collaboratively to overcome the barriers mentioned above. Though this partnership continuous progress can be made to best serve the homeless population with appropriate financial services and products. ■

motivating participants to complete the program, and continuing to demonstrate the merits of the program to the participants. Some sites mentioned that participants find it helpful to have a point of contact if they have any questions or concerns about the program.

#### **Key recommendations from ILA Case Managers**

- Provide clear communication pieces in plain language.

#### **Cash Out**

Due to the complexity of distributing matched funds to vendors directly, especially landlords, many partners found this process cumbersome. Some of the challenges that were identified by the partners included: landlords questioning why funds were coming from a third party and the difficulty in holding an apartment until the matched fund cheque is received.

#### **Key recommendations from ILA Case Managers**

- Explore option to speed up and simplify the cash-out process.

#### **ILA Fit with Shelter Services**

Many of the shelter partners expressed that there was a learning curve at the beginning of the program but found that it was complementary to their current work once implemented. One respondent commented that the time line for the ILA fit perfectly with how long they serve their clients. Others have expressed interest in making the timeline more flexible to better fit with existing services. All partners have shown overwhelming support for the program and its ability to prepare their clients for independence.

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*“The ILA project helps stop the revolving door. Our ILA participants just don’t come back”.*<sup>35</sup>

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<sup>35</sup> Ms. Eytayo (Tayo) Dada, Executive Director and ILA Trainer, Amelie House, April 2008.

#### **Future Expansion**

All of our program partners were asked about their thoughts on the expansion of the ILA and whether they would like it to become a permanent service at their shelter or transitional housing facility. The response was overwhelmingly positive. Project partners identified that by offering the ILA as a permanent service enrollment challenges would decrease because of word of mouth and the program could be better aligned with the timelines of individual shelter stays and related service delivery. The main challenge identified by the partners is the need for greater resources if the ILA is to become a permanent fixture. Others mentioned that they could ‘hit the ground running’ if this became a permanent program: “Now that the initial work has been done, the ILA doesn’t require a lot of extra effort. This is stuff we need to be doing anyways.”

#### **Further Exploration**

Our shelter partners have been instrumental in shaping the ILA to ensure its effectiveness. We constantly receive their feedback on ways to modify the ILA in order to better serve their client population, or expand the supports to other populations not currently being served by the ILA. In the next section, we explore the possibility of using the ILA model to support additional vulnerable populations through relevant studies, key informant interviews and focus groups of potential participants. These groups include: newcomers, urban aboriginal males, children and youth in care, youth in shelters, individuals with mental health and addiction issues, and individuals in conflict with the law.

## The Journey Back to Self-sufficiency



Kevin Johnson is a Toronto musician who found himself homeless after losing his job in a manufacturing factory in 2007.

Due to his lay-off, Kevin had to leave the housing co-op that had been his home for 18 years. He found what temporary work he could, but still had to downgrade to a basement apartment. The apartment had cockroaches. Moreover, the landlord refused to provide receipts and wouldn't allow Kevin's family to visit.

After three months in the basement apartment, the musician gave his landlord notice because of the severe restrictions. To his surprise, two weeks prior to the end of his lease, he came home to find he was locked out with all his belongings piled in the hallway.

With nowhere else to go, he turned to the shelter system for the first time in his life. He says he will never forget his first night in a shelter. "They let me in; I thought 'I can't do this.' I just curled up in the corner like a spider. I've always had clean, painted homes, nice furniture, new cars, and here I was with nothing. I lost a lot of my treasured belongings, things I would have given to my daughter. It's very devastating."

Kevin later moved to the Fort York Residence, a transitional housing for men. There he was introduced to the Independent Living Account (ILA) program.

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*"The ILA program was the first bit of the rainbow I saw. I was in a place I didn't want to be, I knew I had to start saving but didn't know where to start. The program seemed like a really good opportunity to build a fair amount of savings – a great springboard back into society."*

Kevin enrolled in the program in June 2007. He enjoyed the workshops and hearing from financial advisors. He says that the workshops worked for him because he was actually going through the process of budgeting and saving.

"When you think about things they seem much more difficult than when you just go through the process. Just thinking about things can really bring you down as you don't know where to go, who to talk to. But, with a program like this it's so simple: budget your money, put some away – even if it's only a small amount – just put it away for a rainy day. Believe me, it rains."

Saving became second nature to Kevin, who completed the program on Christmas 2008. Two months later, he moved into a cozy, affordable apartment. He has also found a full-time job he's proud of and is up for a promotion to an assistant operator position.

For Kevin, there is no turning back. "A lot of people are losing their jobs and their homes due to the current economic crisis. They could very well find themselves homeless and hopeless. I haven't been out of home and out of work since completing the ILA program. I was jobless for two years before I ended up here. Now my goal is to save for the rest of my life. Saving provides an unbelievable sense of security. I've never felt this secure before, not since I was a little kid." ■

## V. Adapting the ILA Model: Supporting Populations Vulnerable to Homelessness

This section provides in-depth results of both focus groups and key informant interviews with stakeholders representing populations vulnerable to homelessness such as newcomers, urban aboriginal males, children/youth in care, youth in shelters, persons with mental health and/or addiction issues and persons who have come into conflict with the law. This research set out to examine the merits of adapting the ILA model broadly within the shelter system and for those diverse and vulnerable populations who today are becoming vastly overrepresented in homeless counts.

### Newcomers to Canada

Toronto is the destination for almost half of all immigrants to Canada. As these newcomers try to settle into one of the Country's most expensive cities, many struggle with issues such as isolation, loss of financial and social status, loss of family and community support, resulting in both social and financial exclusion. Recent studies have shown that newcomer women, due to the resettlement process, face the greatest affordability problems and therefore the greatest risk of homelessness.<sup>36</sup> It is for these reasons that we decided to include newcomers in this study in order to identify barriers they face while trying to find appropriate housing in Toronto and to see if the ILA model could be used as a tool to improve the settlement process.

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<sup>36</sup> Paradis, Emily, Sylvia Novac, Monica Sarty, & J. David Hulchanski (2008) "Better Off in a Shelter? A Year of Homelessness & Housing among Status Immigrant, Non Status Migrant, & Canadian Born Families" University of Toronto's Centre for Urban and Community Studies, Toronto.

For this component of the study, data was also gathered through:

- a) a focus group with the Toronto based WoodGreen Immigrant Service clients;
- b) two key informant interviews with Carolina Gajardo (Manager of COSTI's North York Housing Help program) and Maisie Lo (Director of WoodGreen's Immigrant Services).

Carolina Gajardo is the manager of COSTI's<sup>37</sup> North York Housing Help program, which serves an average of 10,000 people per year, 80 percent of whom are women experiencing housing problems within the city of Toronto. She is a strong advocate for community-based, intensive support services that can be accessed by immigrants, particularly within the first year of their arrival. She identifies that refugees face unique challenges as they are immediately vulnerable due to lack of social and financial capital. Carolina reports that, while immigrants are resilient and generally see their transitional situation to be necessary for survival in their new country, many face collapse as they struggle to understand how government and private sector (banking) bureaucracies function. In many cases newcomers, particularly those without permanent residency

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<sup>37</sup> Established in 1952, COSTI is a community based multicultural agency, providing employment, educational, settlement and social services to all immigrant communities and individuals in need of assistance. COSTI annually serves a total of 42,000 individuals from a very diverse population and ensures equal access to services. COSTI is one of Canada's most culturally diverse agencies, with over 60 languages spoken by staff. See: <http://www.costi.org/index.php>

status, cannot form a bridge to the mainstream economy.

Carolina identified that community-based organizations, in many cases, only provide orientation to support services and lack any comprehensive education in how these services operate and why they provide a benefit. In addition, many agencies do not have the resources to communicate with newcomer populations in an effective, culturally competent manner. She has identified that more must be done to provide greater access to essential services such as affordable and appropriate housing, health, education (including financial literacy) and employment services.

The above sentiments were echoed by Maisie Lo, Director of WoodGreen's Immigrant Services.<sup>38</sup> Maisie has identified that, based on individual counseling in WoodGreen's Immigrant programs, approximately half of their clients are living in inappropriate housing (poorly maintained basement apartments or rooms, sharing kitchen or bathroom facilities, etc). High stress, concern about their children's development, education and language, their own employment and income, can lead to many severe family problems. WoodGreen has seen landlords using an array of excuses to refuse tenancies from newcomer applicants or even to evict them. Without the knowledge and understanding of tenant rights and responsibilities, newcomers are at a severe disadvantage in gaining and maintaining appropriate housing.

**Fatima<sup>39</sup> and her four young children are refugees from Pakistan.** When they arrived in Canada, they knew no one and had no place to stay. They took a cab from Pearson Airport and the driver helped them find a place. It was an illegal apartment in the basement of a private home. Fatima and her children had never even seen a basement before. When the owners of the house left for the day, they locked the door behind them. Fatima and her children couldn't leave – they were locked in – they felt like prisoners. Eventually, Fatima's husband joined his family in Canada and they moved to a more appropriate apartment. However, when Fatima's husband lost his job he decided to return to Pakistan and look for work there. Fatima has unsuccessfully applied for Ontario Works. Currently, she and her children are living off of monthly Canada Child Tax Benefit payments. They are facing eviction. As Fatima communicated her story through a translator, her anxiety was evident. She cannot afford the cost of rent and she has no money saved to transition into a more affordable place. ■

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<sup>38</sup> Every year, WoodGreen assists over 8,000 immigrants and their families to settle into their new lives in Canada while helping them to develop a sense of belonging. Woodgreen Immigrant Services offers a range of no cost services aimed at supporting newcomers to live independently within the community. See: <http://www.woodgreen.org/immigrants/index.html>

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<sup>39</sup> Some details of this story – including the participant's name – have been changed to protect her privacy.

## Focus Group

A focus group was conducted with 15 Wood-Green Immigrant Service clients. The findings<sup>40</sup> clearly illustrated that newcomer clients accessing community-based supports see saving and building financial assets as a necessity to improve the quality of their lives. Most of the respondents are currently struggling to adapt to the Canadian environment, including finding appropriate employment and housing.

## Saving

Most of the respondents see educational attainment for themselves and their children as crucial to success in Canada. Saving for their child's education was cited several times as a priority. Several respondents believed that their challenges around housing would be solved if they could find appropriate employment. In the meantime, their ability to save is very limited. On the contrary, those that cannot find work are currently in the process of spending down the savings they brought from their previous country of origin in order to obtain eligibility for social assistance.

## Housing Challenges

Struggles with low-income, paying rent and a low level of understanding of tenant rights and responsibilities were prevalent issues raised throughout the session. For several of the respondents their current housing situation is dire. With risk of eviction, several members were desperately seeking help to stabilize their housing situation. This is in stark contrast to the situation they left in their previous country of origin where the large majority of respondents were homeowners.

Many also face challenges when trying to apply for housing. Several respondents mentioned that landlords required applicants to have one year of Canadian work experience, a credit check and two references from persons who have known them for at least 3 years. Others mentioned that the landlord asked to see proof of their salary and indicated that he/she would find a way to reject their application if it was not high enough. Outright discrimination was also experienced by several respondents who were rejected in their application for an apartment. This has led many newcomers to be under-housed because of the more relaxed criteria for renting unsuitable units (in disrepair, in bad locations etc.).

## ILA Model

There was consensus that the Independent Living Account Project could assist the newcomer population. However, language could remain a barrier to participation. The matched savings was seen as a useful tool to help improve housing stability and housing choice. There was also interest in using matched savings to help newcomers afford post secondary education and homeownership.

The financial literacy component of the project would assist this population greatly. The curriculum components should also include information pertinent to this population such as: the Canadian context for government benefits, banking and taxation systems, investing, understanding pay cheque deductions, how to manage on a limited budget, understanding where to get financial aid, as well as tenants rights and responsibilities.

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<sup>40</sup> Focus group held with 15 WoodGreen Immigrant Service clients on March 25<sup>th</sup> 2009.

Mei<sup>41</sup> is a single mother who has lived in Canada for six years. She has a 3 year old. He is a typical child – energetic, curious and noisy. This is problematic because Mei is renting a room in a shared house where everyone needs to use the same common spaces. The kitchen gets particularly busy. Through a translator Mei tensely explains that the other residents are bothered by her son. Yet, Mei is adamant that she cannot totally control his behaviour or keep him silent. Mei does not really know the other individuals and families who share the house. She lives there because she can afford it and because the owner did not require her to pay first/last month's rent.

Mei has lived in similar situations before and, accordingly, she and her son have frequently had to relocate. In each new situation, after about two or three months, she is typically asked to move because her son is too busy and loud. Mei does not like feeling unwelcome or having to hide in her room and avoid contact, so she moves. But, because she has no savings – and insufficient income to save for first/last month's rent – she tends to settle for similar shared arrangements.

Mei has applied for Social Housing and will join the massive wait list if approved. She is unable to communicate effectively in English and this affects her ability to navigate these complex systems and understand paperwork.

Recently, Mei's landlord knocked on her door and said the other residents were bothered by her son. Mei said she would try to keep him quiet and out of the way. Now she dreads returning home and the inevitable knock on her door. After Mei finished recounting her story, she and her translator (a WoodGreen Immigrant Services housing worker) broke into an impassioned conversation in Mandarin. Mei was asking about her options, she wanted to know more about the city's homeless shelters. ■

### Implications for the ILA

Newcomers are particularly vulnerable to homelessness<sup>42</sup> and housing instability because many struggle with issues around isolation, loss of financial and social status, loss of family and community support, and barriers related to accessing appropriate and affordable housing. The

high education level and large percentage of respondents who were previously home owners signals that there is definitely a place for a modified ILA model to help newcomers struggling with housing stability or to bridge the gap to independence. Whether the goal is to improve their housing stability and choice, access to

<sup>41</sup> Details of this story – including the participant's name – have been changed to protect her privacy.

<sup>42</sup> Paradis, Emily, Sylvia Novac, Monica Sarty, & J. David Hulchanski (2008) "Better Off in a Shelter? A Year of Homelessness & Housing among Status Immigrant, Non Status Migrant, & Canadian Born Families" University of Toronto's Centre for Urban and Community Studies, Toronto.

employment supports or access education or training, newcomers would benefit from matched incentives that would help them save and reach their goals. There was also an overwhelming demand by the newcomer respondents to learn about financial literacy in the Canadian context. Providing financial literacy and matched savings could prove to be a powerful and cost effective way to improve the employment and housing outcomes of newcomers who move to Canada.

### Recommendation

- Immigration Canada together with the related Provincial Government Ministry/Department (i.e. The Ontario Ministry of Community and Social Services) review the viability of providing savings and financial literacy supports to assist Newcomers in order to overcome the barriers faced when integrating into Canada (accessing education, accreditation, employment and appropriate and affordable housing).

## Urban Aboriginal Males

The Toronto Streets Needs Assessment has shown that individuals of Aboriginal descent are overrepresented in the city's homeless population. Of those surveyed, 26% of people sleeping rough were Aboriginal, compared to being only 2% of Toronto's population.<sup>43</sup> The disproportionate number of urban Aboriginals who are homeless in Toronto requires thoughtful investigation on how the city can combat this trend. We included urban Aboriginal males in this research to see if the ILA, or some of its components, could be used to help

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<sup>43</sup> See the *Toronto Street Needs Assessment*: <http://www.toronto.ca/housing/pdf/streetneedsassessment.pdf>

transition individuals from the shelter system into more independent living situations. For this component of the study, data was also gathered through:

- a) a focus group with Native Men's Residence (NaMeRes) clients;
- b) a key informant interview with Steve Teekens (Shelter Manager at NaMeRes).

NaMeRes is a sixty-three-bed emergency shelter that has been providing services to Aboriginal men who are homeless in Toronto since 1985. Recently, NaMeRes has embarked on transforming the Tumivut Youth Emergency Shelter into a transitional shelter for Aboriginal men and male youth. It is scheduled to open in 2009.

Steve Teekens is currently the Shelter Manager at NaMeRes. Steve has observed that many of the Aboriginal men that come to NaMeRes do not possess the skills necessary for living independently. They often face numerous barriers and many have been through 'the system' – foster care, corrections, residential school, etc. Others are dealing with mental health and addiction issues.

Aboriginal people often leave the reserve to come to Toronto in search of better opportunities. Steve believes that low education levels, low self-esteem, and culture shock are a few factors that prevent these opportunities from materializing. The legacy of the residential schools is also cited as a reason for many of the social issues that face many Aboriginal people.

Staff at NaMeRes provide accommodations for those who have fallen through the cracks of our social safety net. Many Aboriginal men leaving incarceration, addiction treatment, foster care, and hospitals find their way to NaMeRes because they lack any other options.

The number of individuals that arrive at NaMeRes straight from incarceration is an alarming 10-15%. Steve gets calls from Aboriginal Legal Services telling him that someone is applying for bail. If there are no beds available for the individual, they will usually be denied and then have to wait in remand until their court date, which can be a lengthy process.

Approximately 40-50% of the residents at NaMeRes are working. A large percentage is receiving social assistance because they cannot find work, they are not looking, or they are unable to work because of a variety of reasons. Steve sees a strong connection between receiving employment income and having appropriate and affordable housing opportunities. Despite the enormity of the challenges that face many Aboriginal people in obtaining appropriate housing, Steve highlights positive initiatives in the city, including organizations like Mizwebik who offer support around employment and training. They also assist middle income Aboriginal people to become homeowners and run affordable housing projects.

Steve hopes that the transitional house will be a stepping stone for his residents so that they can leave after a year (or less) with the skills needed to live independently. He believes the ILA would be a great fit with the transitional house. It would offer his residents the opportunity to learn about money management, creating savings goals along with incentivized savings, and to achieve independence through moving out on their own. Steve has received training on operating the ILA and is committed to allocating the appropriate staff to make the project work at NaMeRes at some future time.

### **Focus Group**

We conducted a focus group at NaMeRes to explore how the residents felt about savings and their prospects for living independently. There was a wide range of opinions on these

topics but most considered their prospects for saving to be slim because of their limited income. Only a small minority expressed a strong desire to move in to their own place. Many believed that the only affordable accommodations in the community were 'cubicles', 'slums' and 'crack houses'. A few respondents commented that having first and last month's rent remains a barrier to finding a decent place.

### **Banking**

There seemed to be a lack of information and trust towards mainstream financial institutions. Many individuals equated the banks to the government, who they also demonstrated distrust for. Many respondents have been using fringe financial services for their banking needs claiming that they are "easy, clean, and don't have a tracking system. I don't care if I lose \$10. I would be more willing to pay a higher fee if it's clear." Another respondent said that "Banks are too personal. With Money Mart, it's all business."

### **ILA Model**

When the different components of the ILA were introduced, the majority of the group was initially skeptical of its merit but later seemed keen on learning more. Contrary to their previous thoughts on banks, the group thought that getting help to set up a bank account would be useful if they could set up direct deposit to cash cheques and to pay bills.

Many responded positively to the matched savings but were concerned about the restrictions around using the funds for moving on to independent living. There was real concern about how they were going to maintain the housing with their current income level.

## Implications for the ILA

The disproportionate number of Aboriginal people who are homeless in Toronto requires serious attention and new ideas to try to address this concerning trend. From the interview with Steve Teekens it is clear that the challenges faced by many urban Aboriginals are immense, yet Steve remains positive. He believes that the ILA will fit nicely with the service programming in conjunction with NaMeRes's new transitional housing facility and that it will help a select group of residents build the skills, knowledge, confidence and savings to successfully move onto independent living.

## Recommendation

- The Ontario Ministry of Aboriginal Affairs and the City of Toronto assist to provide an ILA Program for all residents at the Native Men's Residence transitional housing facility.

## Children/Youth in Care

It has been estimated that one-third of Canada's homeless population are youth. On any given night, that means close to 65,000 young Canadians are without a place to call home.<sup>44</sup> In 2006, Toronto based organization Raising the Roof launched the research for *Youth Homelessness in Canada: The Road to Solutions – a national initiative aimed at breaking the cycle of homelessness among young Canadians*.<sup>45</sup> Through three partner agencies across Canada, one-on-one interviews have been released with over 546 homeless and at-risk youth. The study, seeking to ascertain

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<sup>44</sup> *Raising the Roof. Youth Homelessness in Canada: The Road to Solutions.*  
[http://www.raisingtheroof.org/lrn\\_youth\\_index.cfm](http://www.raisingtheroof.org/lrn_youth_index.cfm)  
(accessed May 01 2009).

<sup>45</sup> *Ibid.* Study is expected to be released in late spring 2009.

which supports and approaches are working and where the gaps lie, found that 68% of the youth had come from group homes, foster care or a youth centre and 43% of the youth had previous involvement with child protection services.

As the figures above confirm, youth in or transitioning out of care are markedly vulnerable to homelessness. As a group, they exhibit many characteristics commonly associated with housing insecurity and homelessness. Research shows that, compared to their peers, youth aging out of care are more likely to:

- leave school before completing their secondary education;
- become a parent at a young age;
- be dependent on social assistance;
- be unemployed or underemployed;
- be incarcerated/involved in the criminal justice system;
- have mental health problems;
- be at higher risk for substance abuse problems; and,
- experience homelessness.<sup>46</sup>

Thus, SEDI chose to focus on this group to explore how the ILA, or some of its components, could be used to improve some of the outcomes mentioned above. For the purposes of this section, "children and youth in care" refers to children and youth for whom a Children's Aid Society (CAS) has legal custodianship (i.e., has the rights and responsibilities of a parent for the purpose of the child's care, custody and control) and who are placed in foster care, residential service, or customary care or in kinship care

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<sup>46</sup> *Children's Aid Society of Toronto. Housing Crisis Face Youth Leaving Care.*  
[http://www.torontocas.ca/2007/09/14/housing\\_crisis\\_face\\_youth\\_leaving\\_care/](http://www.torontocas.ca/2007/09/14/housing_crisis_face_youth_leaving_care/) (accessed May 01 2009).

(i.e., the child is placed with a member of the child's extended family or community under the same rigour as a child placed in foster care).

### **For this component of the study, data was also gathered through**

- a) a focus group with youth who have left care but who are receiving extended care and maintenance (see below);
- b) a joint key informant interview with Meeta Bains (Manager - Child & Youth Services) and Mary Juric (Director of Service – Child & Family Services Admin.) of the Catholic Children's Aid Society (CCAS) of Toronto; and
- c) a group interview with 6 child protection workers and supervisors from CCAS of Toronto's Child and Youth Services.

These stakeholders assisted SEDI in understanding the barriers kids in care face as they transition to independence. Moreover, they shared their thoughts on the ILA and how it could help fill an important gap they have identified with youth leaving care who are generally not well prepared to live independently. At 18 – whether or not they are ready – youth must leave their placements. Often, connections with group and foster homes are severed.

### **Background**

Children who are the legal responsibility of the government, are housed in a diverse range of group and foster home settings. CCAS places children/youth all over Ontario – in both urban and rural areas.

Extended Care and Maintenance (ECM) is a written contract with the Children's Aid Society (CAS) that is negotiated between youth who want to retain support and their workers. Youth who remain in care until their 18th birthday

are eligible for ECM up to the age of 21. The contract, signed on an annual basis, lays out mutual expectations (i.e. youth are either in school or working), including the independence goals youth should be working towards (e.g. a student is expected to get a part-time job and save a portion of their income). ECM youth receive monthly cheques (approximately \$800) to cover the cost of living. As well, their medical and dental expenses are covered.

Almost 100% of CCAS youth in care sign ECMs. This shows that, at 18, youth in care are generally not ready for independent living. CCAS targets youth from 16 - 18 years old to identify what needs to be in place to facilitate their transition to independence. However, as a large number of youth are leave care, it is difficult to keep track of their needs. Key informants estimate that, when youth leave their placements, only about 20% are prepared to live independently (budget, plan for the future, maintain housing, etc.). Notably, as of March 2009, only 56 individuals or 22% of the 256 ECM youth cared for by CCAS had active bank accounts. As one key informant noted:

*"Some of the unbanked have their cheques made out to landlords. Landlords cash the cheques, take their rent payment and give youth the remainder. Of course, such arrangements leave youth vulnerable to financial abuse."*

When leaving care, not many youth have savings to cover first/last month's rent. CCAS does not pay for this expense though they can and do provide an advance to cover it. This loan is subsequently clawed back from recipients' monthly ECM cheques (at a rate of \$50/month). Key informants identified this pattern as problematic indicating that "this group never seems to catch up with paying this debt." They agreed that access to first/last month's rent would help "kick start" youth's transition to independence. "For one, it would give them

an extra \$50/month of purchasing power. ECM youth live on fairly fixed incomes and, therefore, this could make the difference between decent, appropriate housing or a substandard, mouldy roach-infested shared basement apartment". Notably, as our key informants pointed out, a nicer place can positively affect self-esteem and allow youth to focus on other priorities.

When youth turn 18 and sign an ECM, case managers stress the importance of having a bank account and savings. It's not hard to imagine how youth, without family to turn to, can make mistakes if they don't have some savings to fall back on. Yet, despite case managers' best efforts, after a year or so, many ECM youth really seem to struggle financially. Key informants suspect this may be due to poor money management skills.

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*'They don't save!'*

*'They lack education about how to build assets.'*

*'They don't plan for the future, most of the time they just live for today.'*

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Hence, key informants exhibited overwhelming approval of the ILA model.

Staff agreed that group delivery of financial literacy training would work well for children/youth living in the city. With planning, their schedules could certainly be accommodated. For those living outside of Toronto, perhaps smaller-scale, one-on-one counseling through workers, foster parents, or group home staff would work best.

Staff indicated they would embrace a program like ILA as it would enhance their capacity to do what they are already trying to do – care for and prepare children/youth for independence.

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*"For a lot of us, the chance to have kids take part in an ILA would head off a lot of other problems we might encounter."*

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Key informants shared the story of Star<sup>47</sup>, a high-functioning young woman who achieves good grades in high school and plans to go to college in the fall.

Just before turning 18, Star left her placement. At that point, she was completing her final year of high school and she was broke. Like so many other youth leaving care, Star signed an ECM contract. With an advance from CCAS she was able to move into a \$600/month shared apartment. Given her income (about \$750/month with debt repayments), she felt this was all she could sustain. Unfortunately, after only a short period of time, Star received notice that the building was being shut down because a group of tenants had made a complaint to the housing tribunal. Almost overnight, Star had to find a new place.

Eventually, Star managed to find a decent bachelor but, it was going to cost her an additional \$25 per month. In light of her struggles with substandard housing, Star decided the cost was worth it – even if it meant having less for food and other expenses. Again, the CCAS advanced her funds for first/last month's rent. This time, they also lent her money to replace clothes damaged by mould.

At present, Star is finally living in appropriate housing. However, she now owes CCAS over \$2000. Today, instead of concentrating on school and preparing for exams, Star is worrying about paying back her debt and covering rent payments while still having enough money for other necessary expenses. ■

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<sup>47</sup> A pseudonym has been used to protect her identity.

Their only concern was that they are already extremely over-worked. Hence their conclusion that it would be helpful if there were a non-case-carrying worker who was able to oversee the program, train other staff, deliver programming etc. It was suggested that Case Managers would help with recruitment, encourage and support their clients, etc. However, the CCAS is currently in the process of creating a specialization in “transition work” and exploring group programming options that would promote life and independence skills. Key Informants highlighted financial literacy (‘money management and long-term planning’) as an essential component of this programming. In the future, CCAS of Toronto anticipates the creation of 2-3 “transition expert” positions. These staff will work primarily with ECM youth to deliver transition-focused programming. Key informants suggest that these staff could play a leading role in facilitating an ILA program.

If an ILA were offered, Key Informants don’t think engagement or retention would be a problem. They point out that using workers is key, as most youth have fantastic relationships with their workers. Moreover, CCAS staffs recognize that significant demand for enhanced support around financial issues is already present among youth.

In sum, key informants viewed the matched savings incentive as a “really great piece” and the ILA, overall, as a program that would have a very positive impact on children and youth.

### **Focus Group**

Fourteen youth (3 males and 11 females) between 18 and 21 who receive monthly ECM cheques from the CCAS of Toronto participated in this focus group. Two of the respondents were parents of one child each. Much of this group reported very low income with (12) reporting to be receiving an income of under

\$10,000 a year. 9 of the youth interviewed reported that they were employed, however out of this group only 5 were employed full-time albeit with very low incomes. Among those with full-time employment, 3 reported an income of below \$10,000, 1 earned between \$10-\$20,000 and only 1 earned between \$20-30,000. In addition, 1 of the youth reported no high school, 5 noted having completed some high school, 5 reported having completed high school and 3 reported some college or university training.

The experiences of these young people with employment and education is in-keeping with the generalized information provided by the key informants as well as that ascertained through the literature.

Below is a discussion of key themes that emerged from the focus group session.

### **Housing**

Respondents are currently living independently (no longer in foster/group homes) with the exception of one participant who was living with her grandmother and her child. Most share accommodations with siblings, friends or partners. Many mentioned living in basement apartments or in areas outside of the city (i.e. Pickering, Scarborough, Brampton etc.).

Roughly 1/3 of participants expressed a desire to move to more appropriate housing. Reasons for wanting to move included:

- current basement apartment is a ‘rip off’ and,
- desire to be closer to school.

One young mother currently shares a one bedroom apartment with her boyfriend and their infant son. She is saving so they can move into a two bedroom by the time her son is 1.

## Saving

Participants generally agreed that saving is good practice. They were asked to explain why they felt saving money is important. The most common explanations were:

- savings can allow your child to go to school;
- savings can allow you to go to school (affording post secondary school was obviously a significant struggle for many participants – several were trying to save for tuition, at least one had a significant OSAP debt (\$5000), and some had to drop out of programs because they were unable to juggle a full course load, related expenses and a job while maintaining a decent standard of living);
- bills exceed what you have budgeted, something unexpected always comes up, if you're on your own, you have no one – without savings you can go into debt at any time; and
- savings provide more opportunities for the future and open the door to experiences you wouldn't usually have money for (e.g. travel and return from travel – time spent job hunting).

Two participants recounted recent incidents when they had been sick. One young woman was hospitalized and subsequently lost her job. Her rent exceeded her monthly ECM payments. According to her: *"it's a good thing I had savings 'cause I was out of work for six weeks and, afterwards could only return part-time."* These participants were relieved that their savings had gotten them through these rough patches.

## Barriers to Saving

Despite clearly appreciating benefits of saving, many participants were quite frustrated by their

inability to save (or to save as much as they would like).

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*"I never know how much to put away so that I have enough for meeting my needs. I only get so much and have to cover bills and things and my child's needs as well... on my own it's a bit challenging..."*

*"Usually you set out a plan on paper but executing it is harder 'cause things pop up and it takes a lot of self control; you have to realize something is always going to come up."*

*"Overall, with how the economy is right now, all and all it's overwhelming trying to put money away. There are other things to think about and we're all pretty young..."*

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Most participants had developed little tricks to help them budget/save (or just make it to the end of the month). Some take extra hours at work to earn more and spend less. Most try to avoid carrying cash. A few entrust their money to family, though they acknowledge this can be risky: *"I have a problem saving so I don't keep money in my bank account, I get my mom to hold it but she can spend it too..."*

All respondents noted that they have savings/chequing accounts at main-stream financial institutions although a few respondents noted that they still use fringe financial services. While they recognize the costs associated with these services are exorbitant, as one young woman put it: *'If I really need the money, and it's a Friday and the bank says they'll hold my cheque then, yeah, I'll use Money Mart...'*

## Experiences of Transition

Participants had incredibly diverse experiences of being in care and transitioning from care to independence. None of the respondents had completed high school prior to leaving care. In advance of leaving, some spent time in special transition units/homes, some had foster parents who instilled budgeting and savings skills from a young age and some were involved in trusteeships where a percentage of their incomes went directly to the bank. Responses to these various programs varied from extremely positive to extremely negative. However, there was a general consensus among participants that they would have benefited from more support and education around personal financial matters and this would have better prepared them for independence.

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*"I still don't know how to budget..."*

*"I still don't know how to do my taxes, I don't know what I need to bring, which receipts I should be collecting..."*

*"When you decide you're independent you make that decision, workers don't help, they just say: 'here's a cheque have fun..."*

*"My worker was honest and said: 'I really don't think you're ready. How are you going to do it? What are your goals and plans?"*

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## ILA Model

Perhaps not surprisingly, participants were incredibly enthusiastic about the ILA program and its components. Indeed, the vast majority of respondents agreed that the financial literacy piece should be mandatory as this type of training would really assist. Respondents liked the idea of group workshops held in communi-

ty centres (rather than libraries)<sup>48</sup> at a set time/day each week and all respondents agreed that they could work it into their schedules. Many thought it would be helpful if the program offered to reimburse participants for public transportation costs or provide meals. Respondents suggested that the ILA's financial literacy modules be amended to include information on the "hidden costs of living", how to prepare personal taxes, how to save and pay for school and/or children's schooling, and details about relevant government benefits and how to apply for these.

Participants also had strong feelings about when this type of program (intervention) ought to occur. They agreed that it would be best if the ILA were offered to youth between the ages of 16 and 18 while they are still in care. They supported this by providing that, at 16, youth in care start to plan their transition and think about leaving.

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*"If we had a program like this it would have saved a lot of stress...we would have been more educated, more prepared. We would know that we had the things we needed taken care of. Moving out is very stressful; at some point you realize you just don't have enough money. With this program, you could afford a bedroom set, a TV, furniture, a microwave... Otherwise, you spend your first month sitting in an empty apartment. A program like this would help a lot."*

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<sup>48</sup> One possibility would be Pape Adolescent Resource Centre (PARC) – a non profit, joint project of the Children's Aid Society of Toronto, the Catholic Children's Aid Society and Jewish Family and Child Services. PARC's mandate is to assist youth who are presently, or have been, in the care of any of these agencies. They provide group work in the following areas: independent life skills; relationship building; employment; housing; etc.

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*“When I moved out, my budget was not at all realistic and I completely forgot about having money for myself...I had to do the whole budget over again...having this program when you’re 16 or 17 would give you a better idea of what you need to take into account – I forgot to budget for a mop and a bucket.”*

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In terms of eligible savings goals, participants expressed a desire for a wider range of possibilities. They indicated that while they would be interested in saving for first and last month’s rent, there are other savings goals that would improve the quality of their lives such as education costs, RRSPs, furniture/appliances, paying off debts, car, and food.

Half of the respondents indicated that they had to borrow money from CCAS to cover first/last month’s rent when they transitioned from care. These youth emphasized the time it takes to pay off that debt (approximately 1 – 1 ½ years) and the impact the loan repayments has on monthly income levels. It would be reasonable to conclude that, for youth 16-18 years of age, the ILA’s current range of eligible goals would be both desirable and impactful. Indeed, by allowing youth to avoid debt (and \$50/month repayments) and imbuing them with necessary knowledge and skills, the ILA could help youth save for school or a microwave, afford a more appropriate place, or simply free up more of their monthly income for other necessities “like food”.

## Spotlight on the Jim Casey Youth Opportunities Initiative (US)

**The Jim Casey Youth Opportunities Initiative** is a national (U.S) foundation, with the mission to bring together the people, systems, and resources necessary to assist youth leaving foster care to make successful transitions to adulthood. Studies have demonstrated that 4 years after leaving care: 25 percent of youth who were in care have been homeless, just 46 percent have graduated from high school, 42 percent have become parents themselves, and fewer than 20 percent are self-supporting.<sup>49</sup>

In response, Jim Casey Youth Opportunity has developed a promising program called the Opportunity Passport™, which is designed to organize resources and create opportunities for young people leaving foster care by providing financial management training, support in opening a bank account, matched savings (to go towards specific assets like education expenses and housing down payments/deposits), and provide ‘door openers’, which help link the youth to different opportunities in the community.

**The results after 5.5 years of running the Opportunity Passport™ include:**

- 3,052 participants enrolled in the program
- Total amount saved by the youth: \$3,108,407
- Average deposit per participant: \$1,018
- 35% of those who enrolled purchased an asset
- Asset purchases included: Vehicle(41%), Housing(24%), Education(21%), Other(14%) ■

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<sup>49</sup> See the Jim Casey Foundation website for more info: <http://www.jimcaseyyouth.org/aboutus.htm#one>

## Ontario Child Benefit Equivalent (OCBe)

On June 26, 2008, the Ontario Minister of Children and Youth Services announced that the provincial government would provide new funding, equivalent to the Ontario Child Benefit, directly to Children's Aid Societies (CASs) in respect of all children and youth in care beginning in July 2008.

This policy is intended to provide children and youth in care with more opportunities to build the skills and confidence they will need when they leave care. The CASs shall access the fund to support the achievement of the following outcomes for children and youth in care: higher educational achievement; higher degree of resiliency, social skills and relationship development; and smoother transition to adulthood.

This will be accommodated through a fund that will provide for the following:

- i. For all children and youth in care between 0-17 years old, in alignment with each child's individual plan of care, funds can be accessed for recreational, educational, cultural, and social opportunities; and
- ii. For youth aged 15 to 17, savings of up to \$3,300 at full implementation, will be held in bank accounts and can be accessed upon leaving care. Individuals will be provided with money management training so they will have the skills necessary to manage their savings responsibly.

The new funding, known as the Ontario Child Benefit equivalent (OCBe), is equivalent to the maximum Ontario Child Benefit payment for each child and youth, totaling approximately \$11.5 million in 2008-2009, growing to \$16.2 million in 2011-2012.

Maximum OCBe payment levels per child will be

Ontario Child Benefit equivalent per Child/Youth in Care				
	2008	2009	2010	2011
Month	\$50	\$67.08	\$75	\$91.67
Year	\$600	\$805	\$900	\$1,100

A payment equivalent to the one-time Ontario Child Benefit down-payment of \$250 per child that eligible families received in July 2007 will be made to CASs in August 2008 based on the number of children and youth in care in July 2007, according to data from the Canada Revenue Agency.

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*"Helping young people who are making the challenging transition out of care is part of the McGuinty government's commitment to tackle poverty. The government will continue working with its child protection partners, including young people in care, to ensure that the appropriate support and opportunities are in place."<sup>50</sup>*

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## Implications for the ILA

With the OCBe now available for youth in care, it would seem an opportune time to incorporate an ILA type model. This would be particularly useful for youth ages 15 to 17 who would benefit from the incentives to save, the financial literacy, and goal setting towards transitioning to adulthood. Saving goals could include post-secondary education, job training

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<sup>50</sup> Please see: *More Support for Kids in Care of Children's Aid Societies:*  
<http://www.news.ontario.ca/mcys/en/2008/06/more-supports-for-kids-in-care-of-childrens-aid-societies.html>

and costs associated with living independently, such as first and last month's rent. These types of supports would help reduce the vulnerability of youth leaving care and strengthen their transition into adulthood.

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*"We are always striving to become "better parents" at the Catholic Children's Aid Society and we recognize that the tools and related supports inherent in the Independent Living Account Project could provide our Youth with life skills that could greatly assist with their transition to independence and a more self-sufficient lifestyle as they move to adulthood".<sup>51</sup>*

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### Recommendation

- The Ontario Ministry of Children and Youth Services, in conjunction with the Children's Aid Societies of Ontario, fund a multi-year, multi-site matched savings and financial literacy supports program to assist youth leaving care and transition into adulthood. This program should be coupled with the benefits provided for youth ages 15-17 who will be receiving the Ontario Child Benefit Equivalent.
- The Ontario Ministry of Children and Youth Services, in conjunction with the Children's Aid Societies of Ontario, fund staff training at all Children's Aid Societies, for the provision of financial literacy to youth ages 15-17 who will be receiving the Ontario Child Benefit Equivalent.

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<sup>51</sup> Mary McConville, Executive Director, Catholic Children's Aid Society of Toronto, April 2009.

## Youth in Shelters

Today in Toronto, there are 13 shelters for youth, offering up to 582 beds. In 1979, there were only two youth shelters in the city, with a total of 95 beds. In the past 25 years there has been a 450% increase in youth shelter beds. In Toronto, estimates suggest that there are at least 10,000 different youth who are homeless at one point in any given year, and anywhere from 1,500 to 2,000 on any given night.<sup>52</sup> Due to the dramatic increases in youth homelessness in the City of Toronto, SEDI felt it important to ensure that this group be included in this research.

**For this component of the study, data was gathered through**

- a) a focus group with youth at Eva's Phoenix (transitional housing and training facility);
- b) a joint key informant interview with Elaine Belore (Program Supervisor at Eva's Phoenix) and Leah Wichmann (Community Support Worker at Eva's Phoenix).

### Key Informants

SEDI conducted a Key Informant interview with two employees of Eva's Phoenix namely, Elaine Belore, Program Supervisor and Leah Wichmann, Community Support Worker who both function directly with Eva's programming and administration in its Housing and Community Support Division.

Eva's works with homeless and at-risk youth ages 16 to 24 to get them off the streets permanently. They operate three shelters in the Greater Toronto Area that house 122 youth each night. The shelters provide homeless

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<sup>52</sup> See Touchtone Youth Centre:  
[http://touchstoneyc.org/index.php?p=1\\_2\\_Why\\_We\\_Exist](http://touchstoneyc.org/index.php?p=1_2_Why_We_Exist)

youth with emergency and transitional housing, harm reduction services to address drug and alcohol use, counselling, employment and training programs as well as housing support and services to reconnect youth with their families. Each year they assist over 2,300 homeless and at-risk youth to get off the street, find housing and community supports, and begin to rebuild their futures.

Both Elaine and Leah have been involved with administration and operation of the ILA project to their residents. As front line staff, they have particular insights into the objectives of the program, how it functions particularly for their client group and what the program's impacts are.

**Both Elaine and Leah indicated that their residents generally have 4 characteristics:**

- They have an undetermined future path;
- They generally have low education and reading comprehension levels;
- They think in the short term; and
- They have a short attention span.

Both Key Informants noted that enrollment into the project was a challenge however the project became popular when word of mouth spread. They provided that some participants didn't like that the match incentives had to be applied to first and last month's rent as this seemed to be a rather distant goal. When youth come to Eva's they fear the unknown and in many cases it takes them an extended period of time before they can begin to think of moving out and on to independent living.

Both Elaine and Leah provided that many participants were unclear about the program components and how it operated even as they progressed through it. The project required Case Managers to be actively involved in order to keep participants on track.

It is interesting that both Elaine and Leah added that their ILA participants are adults and their challenges are similar to those of other adults living within the shelter system. They are unstable, they are carrying a debt load, and they have short term gain mentality.

In terms of the financial literacy component, both Elaine and Leah felt it was useful, but the time allotted to the workshops was too long as most of the project participants have short attention spans. They also mentioned that the youth would benefit from having more interactive activities.

### **Focus Groups**

SEDI undertook two focus group sessions at Eva's Phoenix, a transitional housing and training facility, to assess their thoughts about saving and the different ILA components. Eva's Phoenix provides housing for 50 youth, ages 16 to 24 years, for up to a full year and, since 2002, has also allowed up to 160 youth each year, aged 16 to 29 years, to participate in its employment and pre-apprenticeship programs.<sup>53</sup>

The focus groups consisted of 12 men and 7 women. The majority of participants in both groups were in their 20's while a small proportion of participants were under the age of 19. In addition, two males were fathers and one woman provided that she had 1 child and another noted that she had 2 children. One female respondent was pregnant. In terms of education levels, 32% of total respondents had no, or only some, high school and only 37% of the group had any high school. Only 1 respondent out of the 19 had a university or college degree. In addition 46 %, or about half of the respondents, were on social assistance.

<sup>53</sup> *While SEDI has operated the ILA program at Eva's prior to this, focus group participants were not connected to the project in any way and had little or no knowledge of its operation in the past at Eva's.*

## Saving

At the start of the group, respondents were asked what they would do with additional income totaling \$2000 a month. Almost all respondents indicated that they would save some of this as well as spending the balance on other assorted uses including: rent, groceries, utilities, paying off debts or loans, entertainment, transportation and education. It was interesting that almost half of the female group noted that they would “send money home” or “send money to Mom”. Almost all of the respondents in both groups said that if they received additional income, they would purchase more nutritional food and many would cook more for themselves.

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***“My nutrition is terrible because of my income”.***

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There was unanimous agreement in both groups that saving money is a positive activity and the supporting rationale reflected some forward thinking including that it should be done to support: emergency situations, one’s future, if one loses one’s housing, families that are in debt, school, retirement, achieving life-altering investments, possible pregnancy, a family reunion, or a death. Only a few comments were voiced about why one should not be saving and these came only from the male group where the view was that if one only has little income it is not worth saving.

The females did provide that they have barriers to saving including lack of self control, being an impulse purchaser and not being accountable for one’s purchasing decisions. There was an agreement among the majority of females that if one recognizes the consequences that come from spending, it would assist with the idea of saving. Many participants also noted their need for assistance in learning how to save, as well as for a personalized savings

plan. In each group, five participants noted that they were actively saving.

## Savings Goals

In terms of goals for savings, both male and female parents recognized saving for their child’s education as important and one parent noted that they had an RESP set up. Although, when probing to gauge the understanding of such products, it was clear that there was a great lack of knowledge about the administration or the benefit of such products.

All participants recognized the importance of saving for first and last month’s rent and it was evident that the majority of participants felt stressed about doing so, even though they were in receipt of one year of housing supports from Eva’s. Both groups recognized the need for well-paying employment that will sustain their vision of independent living, although there was a clear vision of some of the barriers that they are facing.

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***“I can’t save for this until I am stable. I need to feel confident that I am not going to get fired. You can’t save for this if you are not stable.”***

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Education and job training is also a goal for the majority of participants and seven participants indicated that they are currently actively saving for this goal. The reasons for this were many, including the recognition that increased education and job training gives one more options and more opportunity.

A few respondents were aware of free resources and programs that could increase their job skills. However, the majority of the respondents interested in pursuing future education or training believed that they would have

to go into debt because of the high costs involved.

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*"I am looking at bursaries and loans. I was attempting to avoid debt but I don't think I will be able to."*

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There also seemed to be a lack of understanding of the financial aid available to support them in their quest for this goal.

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*"Banks will give me a bursary and Money Mart does that, too."*

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It was also interesting that none of the females saw starting their own business or saving for a car as a savings goal. A few of the males regarded saving for a car or for their own businesses as a valuable goal and identified this in a manner relating to the opportunity to have freedom of choice and owning something that is a reflection of one's personal identity.

Neither group noted retirement as a savings goal although they did recognize it as an important reason to save in the early part of the group. It would seem this reflects the time period in their life where this savings goal is less of a priority.

### **ILA Model**

Generally, it was seen as a positive that the Case Manager would be able to assist the participants with budgeting, savings and setting up a personalized plan. This was seen as being helpful not only because of the information sharing, but also because it added an accountability aspect to the participation in the project.

When asked about the requirement for having a bank account respondents had no issue with this, however many strong opinions were voiced about specific banks due to negative experiences (i.e. credit card debt). Some would prefer to utilize a bank of their choice for the program. Many identified that they had debt with a specific bank and agreed that they would be willing to look at setting up a debt repayment plan with the bank in question to assist in repairing their relationship with the financial institution.

Participants were energized when it came to discussing the matched savings incentives and all saw the \$3 match for every \$1 in personal savings as a good incentive. Some of the respondents suggested that the account should be a 'deposit only', or that the account couldn't be accessed until participants reached a certain age.

All female participants indicated that they could save up to the maximum permitted. Not all males were sure of this.

Generally, respondents thought that a longer savings period would assist with the creation of savings behaviour and would assist to keep on-going savings within the account. There was a consensus that regularly saving a little each month was positive.

Respondents thought that the savings goals for first and last month's rent as well as utility hook-ups were beneficial, however the females suggested that education and clothes be added as program savings goals.

The participants thought that the financial literacy course would be helpful but suggested that additions such as how to do your taxes, where to get community resources, housing availability (OCAP listings) and where to get emotional help and support should also be incorporated.

It is interesting to note that the females had no issue with this course being a mandatory requirement prior to cash-out while the males suggested that it be optional.

By the end of the two sessions participants were energized at the thought of being able to enroll in an ILA-type program to assist with their transition from Eva's to independence.

The results from both groups reflected mature and forward-thinking individuals who were concerned about their future and their related human capital development. This includes their educational attainment, job and life skills and, in some cases, their children.

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*"It all comes down to how serious you are about your future and taking responsibility."*

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### **Implications for the ILA**

The rise in numbers of youth accessing the shelter system is a cause of great concern. We know that in order to combat this trend it is important to focus on where the homeless youth are coming from, why, and what supports are needed to help those who are experiencing homeless break out of this trend.

Our findings from youth living in care have demonstrated the importance of providing the right mix of supports to help transition into independence. The consequence of a youth leaving care without the support, knowledge and savings to smooth the transition into adulthood could be that they resort to using the shelter system.

For youth that become homeless, there is a great opportunity to provide ILA-type supports to better prepare for independence. Many

youth who access shelters in the city are employable. Combining the ILA with other training and employment programs could drastically increase their ability to live independently.

## From Homeless To Award Winner



Photo by Fawn Fairfoul

Belinda Swaby was homeless from the age of 16 to 19. She left home when her mother and sister decided to go back to Jamaica, their home country. Belinda chose to stay with her father but did not foresee that the constant fighting between them would lead her to homelessness.

“After I left home, I spent years couch hopping and in various shelters. I once rented a room in a basement apartment; however, the place ended up being hazardous,” she recalls.

Because of her unstable family and housing situation, Belinda found it difficult to attend school and did not have a high school diploma. She also lacked conflict and anger management skills, which often led her to confrontations with peers, employers, landlords and social workers. In addition, she had a dislike and distrust of any type of authority figure. She could not find safe, stable housing as she was living on a low income derived from temporary work in the service industry.

Her life started to change in late 2005, when she moved into Eva’s Phoenix, a Toronto transitional housing and training facility. There she enrolled in the Transitional Housing Program, which offered an array of services including SEDI’s Independent Living Account (ILA) program.

The turning point for her was the ILA program, through which she learned how to make the best out of her income and save to leave the shelter.

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*“People who live in shelters have a difficult time getting the first and last month’s rent. The ILA program helped me overcome this barrier. I saved the money earned from part-time jobs at cafés and a movie theatre to be able to rent my own place.”*

Initially, Belinda lived in her own one-bedroom apartment. Later on she reunited with her mother and sister, contributing to rent and to her sister’s tuition for post-secondary education.

With the supports Belinda received from the ILA and other programs, she transformed her life within only two years. She gained career experience in office administration, attained her General Education Diploma and reunited with her family. Her case manager at Eva’s Phoenix describes her as “incredibly focused on her career and life goals.”

After the ILA program, Belinda started to work full-time as a receptionist. The financial advice she received through the program led her not only to leave homelessness behind but also to open her first Registered Savings Plan and a savings account.

In 2008, Belinda received the Independent Living Award for her determination to go from homelessness to self-sufficiency. The award is granted by SEDI and receives nominations from across Canada. Belinda credits the ILA program for helping her gain financial independence and uses her story to motivate marginalized women and youth at the organizations where she volunteers. ■

## Persons with Mental Health and/or Addiction Issues

A study conducted with 300 shelter users in Toronto found that 67% had a lifetime diagnosis of mental illness, 68% a lifetime diagnosis of substance abuse or dependence and 6% suffered from psychotic disorders.<sup>54 55</sup> A Toronto Streets Needs Assessment conducted on April 19, 2006 found that 9 out of 10 homeless individuals indicated that they wanted permanent housing. Of these, 26.5% cited mental health challenges as a barrier to achieving this and 28.6% identified that access to treatment and programs that address addiction would help them get housing.<sup>56</sup>

Given that the connection between mental health, addiction, and homelessness is well documented, we conducted research to identify some key barriers that this group faces in trying to attain and maintain appropriate housing. We also wanted to explore the potential of using the ILA, or some of its components, to help this diverse population achieve greater independence.

### For this component of the study, data was gathered through

- a) a focus group with clients of the Centre for Addiction and Mental Health;

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<sup>54</sup> Goering P., Tolomiczenko G., Sheldon T., et al., (2002), *Characteristics of persons who are homeless for the first time. Psychiatric Services, University of Toronto, Ontario. 53: p. 1472 1474*

<sup>55</sup> *Mental Health Policy Research Group, (1997), Mental Illness and Pathways into Homelessness: Findings and Implications, presented at the Mental Illness and Pathways into Homelessness Conference in Toronto, Ontario, on November 3, 1997.*

<sup>56</sup> *Toronto Shelter Support and Housing Administration. (2006) Street needs assessment: Results and key findings, Toronto.*

- b) a group interview with 4 members for the Community Support and Research Unit at the Centre for Addiction and Mental Health.

### Key Informants

The Centre for Addiction and Mental Health (CAMH) is Canada's largest mental health and addiction teaching hospital, as well as one of the world's leading research centres in the area of addiction and mental health. CAMH combines clinical care, research, education, policy, and health promotion to transform the lives of people affected by mental health and addiction issues.

Only recently have the social determinants of health been accepted by the health community as a vital component of recovery for people with mental health and addiction issues. The Community Support and Research Unit (CSRU) is a branch of CAMH that deals with this very issue. They have five multidisciplinary teams that provide comprehensive housing, income, education and employment services in an effort to promote a full recovery and community participation for people with severe mental health and/or substance use problems.

SEDI conducted one group key informant interview with 4 CSRU staff at CAMH and received feedback from one CSRU staff member who attended the focus group.<sup>57</sup> The staff at the CSRU have a first-hand understanding of the housing challenges faced by their clients. Although many of their clients are housed, most are under-housed in regulated and unregulated boarding homes, rooming houses and poor market rent conditions. A few CAMH clients are in transitional, supportive housing and many live in long-term supportive subsidized housing. Many clients are also on a waiting list for independent subsidized housing

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<sup>57</sup> Please see Key Informant List, Figure 2 on page 9

where the average wait time for a bachelor apartment is 5+ years. Unfortunately, there are some clients who are homeless; they are living on the street, couch surfing, in hospital with no return address, or in the shelter system.

Clients typically stay at CAMH anywhere from a few weeks to a few years, depending on the circumstance. Those who receive income support for a disability under the Ontario Disability Support Program (ODSP) can receive rent payments for 3-4 months while at CAMH in-care after which time they are cut off. Many clients that need to be hospitalized for long periods of time lose their housing this way. If clients have lost their homes, or do not have a fixed address, they can be discharged into the shelter system.

One respondent commented that the ILA would probably be good for a sub-population of CAMH clients who are further along in their recovery and in the process of saving for a new apartment. Because of the lack of good subsidized housing and the long waiting lists, many clients have to turn to market rent units.

Others commented on the possibility of a modified ILA that could help CAMH clients save for a wider range of goals that would improve their quality of life. These goals might include expenses related to pursuing school, employment, volunteerism, hobbies and other social/recreational activities.

All those interviewed felt that there is a significant sub-population at CAMH that could successfully live independently in the community if the right tools and supports were available. Whereas many existing programs focus on helping clients to simply manage their disability, the ILA is different in that it could help individuals focus on developing their abilities. As such, there is great interest among CAMH staff in providing programs like the ILA.

## Focus Group

A focus group was set up with 10 clients of CAMH to better understand how individuals who are dealing with mental health and addiction issues feel about savings, their housing situation, personal finance and supports like the ILA.

## Saving

Most respondents commented that saving is a valuable thing to do, while one participant in particular argued that saving money could actually be helpful in the recovery process:

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*“For many of us who have problems with addictions particularly, we have problems dealing with our memories and our past... Saving money is thinking about the future positively. It’s setting aside present interests for future goals and future happiness and that helps us not only deal with the present but with our past memories in a healthy and positive way.”*

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At the same time, however, respondents pointed out the many obstacles to saving, including living on a fixed income, not having enough money, and the risk that saving would trigger their addiction. For someone in recovery, having access to a sum of cash could be tempting and precipitate a relapse.

## Housing

The group was asked about their current housing situation and whether housing is among their savings goals. While all respondents were housed independently, the large majority were unhappy with their living situation. They expressed concern about a variety of issues including living in unsafe or drug infested neighbourhoods, cramping, and sanitation where one respondent commented “my room was

sprayed 7 times (for bedbugs)". They recognized that moving to better housing will be a challenge because they are living off of limited means and rent is perceived to be high. Most agreed that finding first and last month's rent while receiving social assistance is not feasible, where 8 respondents out of 10 were on social assistance.

Respondents were generally aware that their mental illness or addiction also limits their housing options. One person mentioned having recently received an eviction notice due to hoarding. Others discussed the challenges of maintaining housing while dealing with addictions, where one respondent likened addiction to a "contract killer in the financial and housing world".

Some respondents were well aware that without a bank account or established credit their ability to secure housing will be severely limited. "When you can't pass a credit check you are highly limited in the kind of accommodation you can apply for. You can't get a lease or join a coop." Three out of the 10 respondents did not have a bank account.

### **Other Savings Goals**

The majority of respondents were very interested in employment and job training. At the time of the focus group, some were pursuing training or attending school. Others expressed ambitions of volunteering, learning new skills such as computers, or starting their own business.

When asked about saving for retirement there seemed to be little hope that this was feasible. One respondent commented that she had to go on assistance and, in order to do so, was required to first liquidate her Registered Retirement Savings Plane (RRSP).

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*"..when I was working and I had to go on assistance, I had to get rid of it (RRSP) and live on that because welfare wouldn't pay for it as long as I had any money in the bank... It's cruel because I have no hope for the future. I had been saving for 20 years. I won't get CPP, I won't get anything... It's just a hole you get caught in."*

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### **Financial Management**

The group was asked about how they manage their personal finances which led to a lively discussion about bank accounts, credit, debt, and cashing cheques. Several mentioned that they use services like Money Mart and pay, on average, \$30 to cash their social assistance cheque. One person mentioned that they were not eligible to cash their social assistance cheque at a bank because they did not have an existing account. Several people discussed the merits of getting a bank account and setting up direct deposit which clears cheques right away and has no charge.

Some respondents discussed the challenges of obtaining a bank account, such as a lack of knowledge of how banks work, lack of government-issued identification, previous debts and account fees. Many were interested in a service that would help them set up an account and direct deposit for their social assistance cheque:

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*"We should get some kind of I.D immediately when you are accepted from ODSP to facilitate banking your first cheque immediately".*

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When the group was asked about the importance of being financially literate, the majority expressed the opinion that it is an important

skill and demonstrated a desire to gain further independence through having the ability to manage their own affairs:

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***“Money is an important type of intelligence. Society is deeply connected to money in almost everything we do and everyone who wants to be connected in society should be as smart as they can about it.”***

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### **ILA Model**

The group was asked for their thoughts on the different ILA components and for their opinions on whether or not the ILA could improve the quality of their lives. When asked about the case management component and whether or not it could help them to create a personalized plan to achieve any financial goals they might have, they responded positively. They made it clear that this is something that CAMH could be doing and, to a degree, is already doing. They were very grateful for the attention they receive at CAMH.

We asked the group whether getting help to open a bank account would be beneficial. For those who did not already have an account, there was great interest in receiving this support. The group expressed concern about restricting banking to one bank only, and one respondent mentioned that they would need a low fee, low maintenance account. They were interested to learn how one might set up automatic saving with a bank account, because they thought it would be a good way to reach their financial goals.

When asked whether they thought the matched savings component of the ILA would be desirable, the response was overwhelmingly positive. One respondent commented that he “(wished) that was real”, and another that “(it) would be a powerful motive”. Some were con-

cerned about how their ODSP would be affected by participating in a program like this.

When we introduced the “catch”, that these matched funds would be restricted for specific uses that would promote self sufficiency, a large majority were still very interested. A few were interested in using these match funds to improve their housing situation. One respondent commented on the need to have money in-hand when trying to improve their housing situation. Another respondent asked how they would possibly give their currently landlord the required 60 days notice if securing their new apartment was uncertain. These challenges would need to be addressed should an ILA model be adapted to help individuals move in to more appropriate housing.

The group seemed confident that they would be able to save but felt that the program would need to be longer than 6 months in order for participants to have a fair opportunity to succeed.

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***“..with people who are going through quite a few changes, a 6 month period doesn’t really accommodate their ability to roll with the changes and (acquire) a savings habit that can be strong enough to be more durable in a changing life.”***

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When asked about their interest in participating in a financial management workshop, they were very enthusiastic about the concept. They were also interested in learning about the relationship between money and addiction, money and relationships, money and power and the legal aspects of money.

### **Implications for the ILA**

The key informant interview and focus groups that were conducted with staff and clients at

CAMH revealed a demand for tools, incentives and supports similar to those offered in the ILA. Further exploration will be needed in order to mold a program like the ILA to help facilitate individuals who have mental illness or addiction issues, so that they might transition to a more independent lifestyle. A partnership with an organization like CAMH would be essential to the implementation of an ILA-type project because they are the experts at serving this population and could incorporate this project into their existing services infrastructure.

SEDI has recently begun discussions with the CSRU at CAMH to potentially establish a partnership and to explore the feasibility of offering some components of the ILA at CAMH.

### Recommendation

- The Mental Health Commission of Canada together with the applicable Provincial Government Ministry/Department undertake a review and discussions with applicable agencies such as the Centre for Addiction and Mental Health in Toronto, to determine the viability of, and the potential for, the operation of an ILA Program to be added to the range of services currently being provided to clients, with mental health and/or addiction problems. These discussions should be built on the feedback received by this study to identify if the ILA or components of the ILA could be used to improve client's housing situations, employment prospects, educational opportunities and quality of life.

## People Who Have Come Into Conflict with the Law

In 2006, a major study<sup>58</sup> addressed various aspects of the relationship between homelessness and the criminal justice system, shedding light on the problem of men and women trapped in a revolving door of prisons and shelters. The study uses the situation in Toronto as a case study. A number of its findings are salient to this report.

The relationship between homelessness and incarceration is complex and mutually constitutive. The prison-shelter nexus results from the incarceration of homeless individuals and the release of ex-prisoners into homelessness. In other words, homelessness makes people vulnerable to incarceration and vice versa.

The numbers of homeless individuals arrested and cycling between jail and shelter is increasing annually. Although people living in poverty do not commit more crimes than those with higher incomes, they are more frequently arrested and held on remand. Therefore, being homeless further increases the likelihood of being incarcerated.

In the Toronto area, approximately 50,000 ex-prisoners are released each year from provincial correctional facilities. Two very conservative estimates suggest the proportion of ex-prisoners that ends up on the streets is significant. First, in 2004-2005, well over 400 persons left a provincial jail without a place to live. Second, an average of over 800 Toronto shelter admissions per year are individuals dis-

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<sup>58</sup> Novac, Sylvia and Joe Hermer, Emily Paradis and Amber Kellen, (2006), "Justice and Injustice: Homelessness, Crime, Victimization, and the Criminal Justice System", Research Paper 207, Centre for Urban and Community Studies, University of Toronto with the John Howard Society of Toronto, Toronto.

charged from a correctional facility who have no place to live.<sup>59</sup>

SEDI has conducted exploratory research to assess the extent to which the ILA model could address the housing needs of men and women who have come into contact with the law. This research is informed by the relationship between homelessness and incarceration and the evidence of need for better service coordination, discharge planning, specialized sub-group programming and transitional supports, as identified in the aforementioned report. SEDI has recently partnered with the John Howard Society (JHS) of Toronto to provide ILA accounts to a select group of individuals. This research will build on this partnership to explore opportunities to expand these supports.

#### **For this component of the study, data was gathered through**

- a) a focus group with residents of Keele Community Correctional Centre;
- b) a focus group with resident women who have past personal experience with the criminal justice system and who are being trained through the Elizabeth Fry Society Project O.W.N. 60 to co-facilitate crime prevention workshops in the community;

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<sup>59</sup> *Ibid.*

<sup>60</sup> *Project O.W.N. is a prevention outreach program for women at risk of coming into conflict with the law. Counsellors connect with ethno cultural agencies and the Ministry of Community Safety and Correctional Services, focusing on the priority area of Scarborough, to identify the needs of women at risk and provide education and support. Law students help to develop workshops about the Canadian legal system for women about to be released from the Vanier Centre for Women in Milton. Peer support and training of trainers is a critical component of O.W.N. Peer co facilitators are trained to deliver workshops, educated about different facets of the criminal justice system, assisted in overcoming obstacles, and given the opportunity to gain valuable Canadian work experience that can lead to future*

- c) a focus group with men who participated in the ILA through a partnership with the John Howard Society of Toronto;
- d) a key informant interview with Michelle Coombs (Executive Director of the Elizabeth Fry Society of Toronto);
- e) a key informant interview with Amber Kellen (on secondment to the John Howard Society of Ontario's Research and Policy Centre from the John Howard Society of Toronto where she is Supervisor of Advocacy/Community Programs).

#### **Key Informant Interviews – Key Findings**

The Elizabeth Fry Society of Toronto (EFS) serves women who are, have been, or are at risk of coming into conflict with the law. In 2008 their programs served 4,695 women. These women are among the most disenfranchised members of society and face significant barriers to full and active participation in the community. The majority of women served by EFS are in conflict with the law. Many have also experienced childhood trauma, and other violence. Many live in poverty, are homeless or at risk of homelessness, and belong to groups that are traditionally marginalized (e.g. aboriginal peoples, people with mental health issues, people from various ethno-racial backgrounds, etc.).<sup>61</sup>

The JHS of Toronto provides support services to people in conflict with the law and adults at imminent risk of coming into conflict with the law. JHS staff and volunteers are a large presence inside prisons at the federal and provin-

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*employment (Lydia Yang, Project O.W.N. Counselor/Educator, EFS Newsletter, February 2009).*

<sup>61</sup> *Elizabeth Fry Annual Report 2008 (Selections). Also see: ED of National Association's (Kim Pate) Address (Elizabeth Fry Newsletter February 2009).*

cial levels. They also provide support to clients in the community.

## Housing

Some JHSs offer housing. Although the Toronto branch generally does not provide housing, they are currently providing a limited number of beds to 60 clients at Toronto Drug Treatment Court (TDTC). However, this is only a pilot project.

The EFS provides housing-related services in institutions and the community. They run a half-way house for women who have been released from federal/provincial institutions; it is the only one of its kind in Toronto. Coombs observes that, generally speaking, residents of the half-way house tend not to be as vulnerable to homelessness as other client groups. However, as part of EFS's diversion work done in partnership with the courts, they are in the process of adding 2 more beds for women going through the TDTC. It is expected these women would be in greater need of supports around housing and transitioning to independence.

Another group of clients in considerable need of this kind of support are located at Vanier.<sup>62</sup> Often, women at Vanier tend to be homeless<sup>63</sup> drug users without social or family support who are in conflict with the criminal justice system as a result of communication for prostitution, theft, etc. Often, these women will have

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<sup>62</sup> *Vanier Centre for Women (in Milton, Ontario) is a provincial institution. Adults sentenced to incarceration for less than two years serve their sentences in provincial institutions operated by the Ministry of Public Safety and Security (MPSS).*

<sup>63</sup> *"Many women are homeless before they enter the criminal justice system. Of the 350 women imprisoned in the Vanier Centre for Women, 25% are homeless" (Gracie Post. Homelessness and Women in Prison. Elizabeth Fry Toronto Newsletter, February 2009).*

been in and out of custody for a number of minor charges.

In partnership with Streets to Homes, EFS offers a Post Incarceration Housing Support Program that targets this type of client (JHS is involved in a parallel program targeting males). As part of this program, EFS workers visit Vanier to build supportive relationships with incarcerated women and help them complete housing applications as part of their release plans. Upon release, they continue to assist women to find emergency shelter, transitional housing, and eventually more permanent housing. Once permanent housing has been secured, a Streets to Homes aftercare worker provides follow-up support. Coombs highlighted a few challenges associated with this program. It is important to take note of these challenges as they would, presumably, affect any effort to run an ILA with this group. It is reasonable to assume these challenges would pertain to JHS' Post Incarceration Housing clients as well.

First, clients are dealing with significant issues and face substantial barriers and, as a result, they are not always compelled to connect with or trust new workers. More efforts should be made to provide seamless ongoing support.

Second, the provision of effective ongoing support over the long-term is crucial. Once housed, many clients struggle to maintain housing. For example, Streets to Homes encourages clients to have their Ontario Works (OW) shelter allowance paid directly to their landlord. This system alone, however, does not ensure housing stability. For one, clients, who may be struggling with addictions or other compulsions, are able to cancel this arrangement after it has been set up. Additionally, the arrangement must be renewed every 3 months. If it is not renewed or this mode of payment is otherwise disrupted, there can be serious consequences. Clients who aren't financially lite-

rate may not notice their landlord has not received payment until they are facing eviction.

Third, engagement and retention may be a significant challenge with this population. As mentioned above, a significant number of individuals are released from prison into homelessness. It is thus quite difficult to stay connected with clients. While, agencies try to build relationships with clients in custody, it is not always possible to secure a safe or stable place for them upon exit. In part, this is due to insufficient – or non-existent – discharge planning. A high number of individuals in prison are being held on remand (meaning they are not yet sentenced) and, therefore, do not have a set release date. They can be released from court without notice which makes discharge planning and arranging shelter accommodations unfeasible. Individuals who are already in contact with a JHS or EFS worker are encouraged to call or come into their respective agency. However, the reality is, on release, many individuals ‘go where they know.’ Ex-prisoners end up couch surfing, trading sex for shelter, on the streets, and in emergency shelters. Even if it only takes agencies a few days to find transitional or permanent housing for clients, this can be too long. The first 48 hours after an individual is released is recognized as a crucial time when many re-offenses occur. Without money or housing, ex-prisoners might, for example, turn a trick and then use drugs to cope. If they are caught, they may be sent back to prison. Thus, it is difficult to say whether ex-prisoners could be productively engaged in the ILA process before they are housed in a transitional shelter, even if they are clients of the EFS or JHS.

### **Financial Exclusion**

Key informants suggest that clients of JHS and EFS, especially those struggling with homelessness, exhibit many symptoms of financial exclusion. Some rely on fringe financial services.

For example, one key informant knows of clients who are forever in debt to bars where they sign over their monthly OW cheques. There are various reasons why people cycling between incarceration and homelessness would not have/use mainstream bank accounts. For example:

- they have so little money that, given the fees that banks charge and the holds they place on cheques, using a mainstream bank is just not a viable option;
- many don't see themselves as belonging to the banking world (perhaps they have defrauded banks in the past);
- they have insufficient ID (e.g. due to ID loss through arrest, difficulty for prisoners to replace lost identification because they are not always able to pay fees, IDs that are regularly left behind when individuals are released directly from the courts, etc.); and
- many of those, who are chronically homeless and in conflict with the law, have difficulty navigating any system because they have been treated badly or expect to be treated badly by most systems (including financial institutions, government agencies that provide identification, etc.).

Moreover, many clients may not have adequate money management skills. A lot don't tend to save. For homeless individuals with addictions, it can be very difficult to have cash in-hand without spending it on addictions or other compulsive purchases.

### **Barriers to Reintegration**

Key informants identified a number of barriers to successful reintegration faced by men and women who are released from incarceration. Of course, certain dimensions of financial exclusion (discussed above) would constitute one

type of barrier. Other notable barriers affecting the reintegration of ex-prisoners include:

- perceived and actual discrimination based on one's criminal record (for years individuals might be limited to low-wage, casual, or seasonal employment where employers don't ask for background checks );
- lack of skills (e.g. literacy, interpersonal skills, basic life skills, etc.) to access available supports;
- inability to find housing, connect with landlords, apply for income support and social housing while incarcerated (when individuals are released without money into homelessness, they may revert to what they are accustomed to – prostitution, drugs, theft, etc.);
- lack of safe and affordable housing;
- lack of income security;
- incarceration can lead to loss of employment, housing, material possessions, pets, skills, self-esteem, etc.;
- incarceration can lead to relationship breakdown where many prisoners are disconnected from supports that, otherwise, might help them maintain their homes;
- experience lag (e.g. people who have served long sentences will be unfamiliar with technology, fashion, etc.); and
- Institutionalization can lead to the development of habits, or a worldview, that are more conducive to living in prison than the community (e.g. inability to make independent decisions, etc.).

Key informants agreed that a program like the ILA could help clients overcome some of these barriers and, thus, reintegrate into the community more successfully.

## ILA Model

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***“Clients would definitely benefit from the financial counselling and from the matching program. The payment directly to the vendor would prevent any ‘mishaps’ in spending along the way... Any program that supports women to develop capacity in economic self-sufficiency is a definite benefit.”<sup>64</sup>***

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Key informants agree that ILA would incent clients to save. Many men and women in conflict with the law have never had the opportunity to see saving as a fruitful exercise.

Key informants do not view the ILA as a duplicate resource vis-à-vis Community Start-up and Maintenance Benefit (CSUMB).<sup>65</sup> In part, this is because a significant number of clients get CSUMB only to lose housing, after which point they are unable to access this resource again for a significant period of time (CSUMB is only available once every 24 months). EFS and JHS tend to work with clients who really struggle and, given the range of currently available supports, it may be unrealistic to expect that they will be able to maintain housing on their first try. Additionally, even with CSUMB, clients often lack adequate resources to smoothly transition into the community (e.g. clients regularly draw on the furniture bank and donated resources, it is commonplace for workers to help clients apply for social or supportive housing options, etc.).

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<sup>64</sup> *Michelle Coombs, Executive Director, Elizabeth Fry Society of Toronto, April 2009*

<sup>65</sup> *The Community Start Up and Maintenance Benefit (CSUMB) is for people who qualify for social assistance in Ontario. This benefit helps pay the costs of setting up a new home when moving or leaving an institution. It can also help people who are about to lose the home they are living in because they owe rent or utility payments.*

Key informants named existing EFS and JHS program areas where an ILA project could potentially be a good fit. They also identified particular groups of clients that might benefit most from a program like this.

For clients whose primary barriers are economic, the ILA project would certainly help them get on their feet. However, for those with more severe issues (i.e. mental health, developmental delays, active addictions etc.), additional supports are likely needed. This might take the form of a wrap around service model that integrates some or all of the ILA components.

It is important to realize that many JHS/EFS clients have spent years cycling in/out of the criminal justice system. Institutionalization affects their transition into the community to such an extent that, sometimes, 'sending them out is setting them up to fail'. In fact, Kellen would like to see temporary ODSP offered to ex-prisoners who are incapable of successful integration or reintegration immediately upon release. For this group, programs geared towards employment may be less appropriate than programs that focus more generally on improving self-esteem and addressing institutionalization (increasing employability). For example, the ILA model, with its financial inclusion, group learning and personalized case management components, could help individuals develop the self-esteem, confidence, and inter-personal skills necessary to navigate public benefit systems, look for work, and/or actively engage in the community. In this sense, it could prepare some individuals for employment. Crucially, it could also improve the quality of life of those who are unable to work full-time. Kellen insists that some ex-prisoners will never be able to work full-time and, therefore, it is not advisable to define the success of programs that serve this group around employment outcomes. It is not useful to assume an individual can only be a contributing mem-

ber of society through employment. The ILA could help some participants to build necessary skills while saving for an asset that would help them volunteer or work part-time.

Key informants also suggest that the ILA could work well for clients involved in the Toronto Drug Treatment Court (TDTC). This program is intended to provide a range of intensive supports to individuals who may require them in order to be successful in making positive changes in their life. JHS of Toronto is currently piloting a transitional housing project with several TDTC participants. Since the housing arrangements in the pilot are transitional, the ILA might be effective in providing the next step into independent housing.

It would be difficult to deliver the ILA to individuals while they are incarcerated. Although the situation differs between provincial and federal institutions and between male and female inmates, prisoners are generally unable to access mainstream banks and have very limited opportunity to earn and/or save any income. Nevertheless, key informants agreed that discharge planning would be enriched through the addition of a financial literacy component. Modules could touch on issues such as money and addiction, learning to make independent choices after institutionalization, prison subculture, values and views of money, spending and saving, etc. Of utmost importance is that content should reflect the unique experiences, needs, and limitations of this group.

Perhaps there would be a way of molding the ILA so that one part – the financial literacy workshops – be delivered during the incarceration. Federally incarcerated prisoners have years to spend on self-improvement. A program like this could help them develop skills to apply when they are finally released. Some pre-employment programs are already offered in federal institutions and it is conceivable that

financial literacy could be integrated into existing programming. That said, key informants suggest government agents should not be the ones to administer a program like this. Outside agencies are more able to provide meaningful services, and clients are more comfortable disclosing information to outside parties. Hence, programming should be contracted out to community organizations.

For those in provincial custody, including the thousands who are on remand, there are limited programs available with the exception of those offered by 'volunteers' (e.g. the Salvation Army and the JHS run evening programs). Program delivery is difficult because individuals may only be held in custody for a matter of days. Perhaps, for those on remand, self-contained modules could be offered along with information on how to access ILA programming in the community.

### **Focus Groups – Key Findings**

SEDI undertook two focus groups with individuals who have previously, or are currently, under some form of incarceration. These included a group of men living at the Keele Community Correctional Centre and a group of women who access services from Elizabeth Fry Society of Toronto.

#### ***Keele Community Correctional Centre (Keele CCC)***

The Keele CCC is a 40 bed Community Correctional Centre operated by the Correctional Services of Canada. The goal of the Centre is the reintegration of federal incarcerated offenders who have been given some form of conditional release. Residents, who are successful at Keele CCC, will be able to complete the remainder of their sentence in the community in a less restrictive environment.

A focus group was conducted with 8 men staying at the Keele CCC to better understand

their thoughts on money, savings, and the challenges they will face when trying to reintegrate back into the community.

#### ***Elizabeth Fry Society of Toronto***

Elizabeth Fry is the only social service agency in Toronto with a specific mandate to provide programs and services for, and about, women in conflict with the law. They offer individual and group counselling, crisis intervention, release planning, referrals, transitional housing, and community education.

A focus group was conducted with 11 women who are currently accessing support services from the Elizabeth Fry Society of Toronto.

### **Perception of Money**

At the Keele CCC there was a variety of perspectives on money and the value of saving. Many commented on the fact that the source of income (legal or illegal), and the ease with which one can get money, affects how you value and use money. Comments included: *"I am reckless with money", "I used to sell drugs so money was never a problem" and "I never legally made any money. When you don't work hard for your money, you don't place a value on it"*. Many of the individuals commented that they are currently reassessing how they think about money. It was apparent that several individuals are stressed about the challenges that come with earning money legally:

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***"I used to sell drugs so money was never a problem. Now I don't commit crimes, so everything is a problem. I need a job. I am worried about everything."***

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The women at EFS are all currently living in the community and have been experiencing the trials and tribulations of reintegrating back in to the community. Many of the women have

families and are constantly struggling to make ends meet.

### **Banking**

Only 3 out of the 8 men in the focus group had a bank account. Most agreed that banks are the best option if you have enough money. The stipend for individuals at the Keele CCC is \$85/week which is given in cash. Most agreed that this is not a sufficient amount to require a bank account and many just carry the money in cash.

Most women felt that bank accounts were essential to their reintegration into society. Several women mentioned that they currently use, or have previously used, fringe financial institutions but try to avoid them because of the high fees. Banking remains a challenge for some of the respondents but there were several people that felt strongly about the importance of building credit. One respondent commented that *"if you are trying to be legit, you've got to build your credit"*. Others discussed how a bank account provided security and a sense of belonging:

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*"A bank account is belonging, being part of society. Those are the things that normal people do. They have a bank account and proper ID. I was never normal. Now I have a bank account and I'm closer to normal than I ever was. It's usually sitting at a \$2 balance or something but it's mine and I have the card to prove it."*

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### **Saving**

Although most of the men at the Keele CCC acknowledged the importance of saving, it was not seen as feasible on the limited income they receive. There was a desire by some to spend more wisely and make better financial deci-

sions. Their inability to save combined with the knowledge that they will need savings in order to move back in to the community left many with a sense of hopelessness.

All of the women believed that saving was a good thing to do. Challenges to saving included not having enough money, having bad spending habits, and unexpected costs that arise. Many individuals were interested in saving for a home or for their children's education.

### **Barriers to Re-integration**

The ability to be employed in the community was a large frustration for the men. They felt that the conditions of their parole precluded them from the flexibility needed to hold down a steady job. Several individuals commented that they lost their job or did not have a job because their parole conditions required strict curfews and restricted time allowed in the community. Lack of employment income or skills training was perceived to be an enormous barrier to transitioning into independence in the community.

The major barriers to re-integration mentioned by the women included trying to get work or volunteer experience with a criminal record, and being released into the shelter system because of a lack of any other housing options.

### **Housing**

Respondents at the Keele CCC were overwhelmingly stressed about the prospect of moving out on their own. Issues presented by respondents included housing affordability, inexperience living on one's own, and discrimination by landlords.

The female respondents were all housed at the time of the focus group, but several respondents had initially been released into the shel-

ter system. One individual lost her housing while in remand, stating “I was in for 2 years. They changed the locks before 30 days were up. I wasn’t even convicted. I was charged and found not guilty”. The women mentioned that they struggled with finding first and last month’s rent but eventually found a way to move into independence. Several methods used to get first and last included borrowing the money, using money from income tax returns, and accessing ODSP.

4 women are currently in rent geared-to-income accommodations which they are happy with. Others indicated that they are on a long waiting list. There was some discussion about the importance of creating mixed neighbourhoods when housing individuals because *“people want to better themselves if they’re surrounded by people doing better.”*

### **ILA Model**

The men at the Keele CCC were very interested in the ILA model as a way to provide a smooth transition into independence. Without the ILA, they all plan to sign up for social assistance as soon as they are released in order to get the Community Start-up and Maintenance Benefit (CSMB). Although this benefit is meant to be used for costs associated with starting a new home, many use it for first and last month’s rent. The ILA would help complement this benefit by providing first and last month’s rent, leaving the CSMB to be used for buying furniture, setting up utilities, moving costs and getting household items required for a functioning home.

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***“Some people don’t have a place to go. Parole won’t release you if you don’t have a place to go. Release is based on what environment you are leaving to. Having a place would be helpful for release.”***

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The big challenge identified by both groups was how to find employment and sustain housing after they leave the institution. Some respondents noted that they had never lived on their own and, therefore, do not know everything that being independent entails.

The women from Elizabeth Fry were very keen on the financial literacy component of the ILA and one respondent mentioned that, *“by knowing about money you might be able to have some”*. One individual discussed the preventative outcome that might occur with education on personal finances, commenting that *“you don’t have to fall down the hole to know it’s gonna hurt when you hit the bottom”*.

The female respondents were also interested in the matched savings for other goals like home ownership, education and for the unexpected costs of living. Several people mentioned that they saw a value in the program beyond actually saving for an asset. One respondent claimed that,

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***“It’s about the journey, not the destination.”***

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Another commented that, *“the endpoint is learning to save, not the item itself”*. Generally, the group agreed that with the incentives offered in the ILA they would be capable and encouraged to save money.

## Spotlight on the John Howard Society Partnership

*"I want to be somebody. I want to be someone who pays my own way."*

The ILA has recently partnered with the John Howard Society of Toronto to enroll several participants to help them successfully re-integrate into the community and transition into their own place. SEDI spoke with three ILA participants from the JHS to get their feedback on the program and an indication of the barriers they experience when leaving incarceration.

### **Challenges to reintegration**

The participants all agreed that there were not many opportunities or resources available to help them prepare for their release. While serving time, they commented on losing possessions, housing, ties to the community, and bonds with family. One participant commented that these all need to be rebuilt upon release which is very challenging. There was agreement among the group that it would be beneficial if there were supports to help them rebuild these resources and connections while in jail, where one participant commented that, *"before I leave jail, I need a foundation. I need to be connected to the community."* Another participant commented on the importance of setting up housing before being released, *"while inside, if you work on a housing program with us, we will see a clear path."*

### **Thoughts on Money and Savings**

The group felt strongly about the need to be wise with money. One individual commented on the fact that topics about money should be taught at a young age, *"I would want to learn when I am younger. If I go by life experience, I will lose a lot before I become a young adult! It should be mandatory in school. You need to learn the fundamentals of money."* All participants agreed that saving is a good idea but felt they were limited in their ability to save.

### **ILA Program**

While all three individuals were enrolled in the ILA program, only one was able to save enough to move into his own apartment (See Leroy's story, next page). One participant moved into a highly subsidized unit and the third had to leave his apartment to go to a recover house. Even those that did not get to use their matched funds to move out felt that the process of going through the program was very beneficial. Comments on the benefits of the program included, *"it helped me learn how to manage my money"*, *"it helped me with a bank account"* and *"if I did it again I would succeed."*

Participants commented on the initial embarrassment they felt when sharing their banking information with their case manager. As the program progressed, they felt an overwhelming sense of belonging and that the ILA helped them reconnect with the community. One participant commented that, *"I'm not running or hiding. The feeling is unbelievable. I belong."* ■

## The Courage To Break The Homelessness Cycle



Homelessness has been part of Leroy Sinclair's life since he was 13 and fled an abusive situation at home. At 45, he found his way out of the homelessness cycle with the help of the Independent Living Account (ILA) program.

"I was on the streets basically all my life. The drugs played a part but what kept me out there was fear, fear of not measuring up."

Leroy received his first conviction at 16. After that, he spent almost three decades cycling in and out of jail, on and off the streets. Then in the beginning of 2008, Leroy found the courage to turn his life around. "I realized I didn't want to die on the streets. There was more to my life than just that."

He checked into a detox clinic and soon transferred to a dry house. Three months later he found a transitional house and enrolled in school.

The next step was finding his own place but he had no money and did not want to go on welfare. Hope came in the form of the ILA program at the John Howard Society.

"What really sold it for me was that the program was a group process. I like being part of a group and throwing things back and forth. I really got into the experience and started enjoying listening to the other guys, giving my input and getting feedback. Some guys caught on a lot quicker than I did and when I see stuff like that it only drives me more because I know someday I'm going to be there too."

What also attracted him to the program was the goal of saving for first and last months' rent. When he realized that the program could make it possible for him to rent his own place, he started saving a little bit each month.

Leroy moved in to his new home on February 1, 2009.

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*"When you are a person from the streets, entering the clean world seems crazy. But when I came back in, all the answers were there. Everything I needed was in this community that I hadn't been involved with."*

He says that being part of mainstream society is crucial to his recovery and that is why he used his ILA savings to move into what he considers a healthy neighbourhood. "Here I don't see people doing drug deals. This is the environment I needed."

He acknowledges that the ride to recovery is long and he is attending regular AA meetings and is receiving welfare through the Ontario Disability Support Program. He is also going to school, volunteering and no longer uses fringe financial services as he has a savings account at a bank.

"When you're an addict, a person from the streets, entering the clean world seems crazy. But when I came back in, all the answers were there. Everything I needed was in this community that I hadn't been involved with." ■

## Implications for the ILA

Coombs thinks that “if this project was administered by SEDI or via other non-profits, there would be support for it by the ‘program’ side of corrections.” Including prisoners and ex-offenders in ILA programming would also help to overcome the challenge of ‘service silos.’ It is problematic when prisons, health programs, housing programs and other community services are offered in isolation. An ILA program could potentially bridge the prison and the community, following individuals’ own life trajectories, and contribute to the continuity of care. Kellen identified this process as an essential feature of successful reintegration.

Of course, without a safe place to exit to, efforts to support successful reintegration may be in vain. It is likely that any expansion of the ILA model in the direction of the criminal justice system will be incremental. Perhaps it would be wise to primarily focus on reaching those who exit prison and enter semi-permanent housing. This could include federal prisoners who ‘trickle down’ to half-way houses (see focus group discussion below), clients of JHS and EFS who are in transitional housing, participants in the TDTC who are stably and semi-stably housed, etc.

## Recommendation

- Corrections Canada together with the applicable Provincial Government Ministry/Department (i.e. The Ontario Ministry of Community Safety and Correctional Services) undertake a review and discussions with the applicable agencies such as The John Howard Society and the Elizabeth Fry Society to determine the viability of, and the potential for, the operation of an ILA Program to be added to the range of services currently being provided to clients leaving incarceration.

## The Toronto Drug Treatment Court (TDTC)

The following describes the TDTC and shares key findings from our interview with the Honourable Justice Paul Bentley, Presiding Judge of the TDTC. Mr. Justice Bentley initiated the court – the first of its kind in Canada – in 1998. We asked Judge Bentley about the needs of TDTC participants as well as his view of the ILA and whether it could be effectively integrated into the TDTC’s existing service framework.

## How the Toronto Drug Treatment Court Program Works

Addiction is often related to unemployment, violence, family breakdown, emotional/physical health problems and, of course, homelessness.<sup>66</sup> Conventionally, the criminal justice system has done little (i.e. providing addiction treatment or after-care services) to deal with these associated issues, yet drug-related crime is a major problem in Canadian communities and the rate of reoffending by people with addictions is high. Indeed, the same offenders tend to appear again and again before the courts for drug-related offences. Accordingly, the justice system has been called a ‘revolving door.’ The TDTC aims to interrupt this pattern and reduce the number of crimes committed to support drug habits. It seeks to accomplish these goals by a) reducing drug use through a combination of treatment and court monitoring and b) connecting individuals with services to enhance their long-term stability.

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<sup>66</sup> Background information on the TDTC was obtained through key informant interviews and the following article: The Caledon Institute of Social Policy, (2001), “Closing the ‘Revolving Door’: The Toronto Drug Treatment Court”, Ottawa.

The TDTC represents a partnership between the Ontario Court of Justice, the Centre for Addiction and Mental Health (CAMH), the Department of Justice Canada, the National Strategy on Community Safety and Crime Prevention, Toronto representatives of the criminal justice system, the Toronto Police Service, the City of Toronto Public Health and Healthy City Office and various community-based service agencies (i.e. the John Howard Society).

Offenders who enter the TDTC meet certain eligibility criteria and are non-violent, addicted to cocaine and/or opiates and have any number of the following charges: possession of and/or trafficking in small quantities of crack/cocaine or heroin, property offences to support their drug use, or prostitution-related offences. Entry into the program is purely voluntary and prospective candidates must apply. Those who have little to no criminal record and are charged with simple possession are eligible to enter prior to submitting a plea. If they complete the program, the charge is withdrawn or stayed. Those with more serious records or charged with offences typically punishable by imprisonment for more than three months must plead guilty before entering the program. If they complete the program successfully, they receive non-custodial sentences.

According to Judge Paul Bentley, the difference between participants in the TDTC and others in the justice system is that participants want to change their lives. Their motivation sets them apart from those in the system who are not ready to stop using or change their behaviour. This 'readiness factor' suggests the TDTC may be the right place for SEDI to begin to reach individuals involved in the criminal justice system.

As a part of the program, participants must regularly appear in court. During these sessions the Judge and other officials comment on participants' progress (i.e. abstinence or reduction

in drug use and positive lifestyle changes). Participants report that this reinforcement has a strong effect on their efforts to remain drug-free. The TDTC demands honesty and accountability from participants but, unlike many US drug courts, does not require participants to abstain from all illegal drugs. Rather, it requires them to move towards abstinence. Notably, relapse is anticipated and continued drug use does not necessarily lead to expulsion. That said, participants are aware there will be immediate consequences if they contravene the rules of the court.

CAMH provides participants with treatment and carries out frequent random urinalysis tests. Generally, to remain in the program, participants must admit to drug use, accept responsibility for continued substance abuse, and demonstrate they are committed to working towards abstinence. At CAMH, participants receive support around housing, employment, education, and personal issues through a case manager. They are also connected to programs at CAMH and within the community that help them to address issues (i.e. health care, social stability, employment, housing, education, relationships, etc.). Roughly 40 community agencies are involved with the program; they help participants make long-term behavioural changes necessary to ensuring sustained abstinence from substance abuse. Notably, an early progress report (March 2000) indicated that about 50% of participants required a referral to a community service as part of their treatment. However, about 1/3 of those referred were not accepted due to lack of availability. This illustrates the fact that the success of the TDTC approach is contingent upon the availability of quality community supports.

Participants remain in the program for an average of 12 to 16 months. As Judge Bentley pointed out, some have been addicts for 20 years. During the program they will go on

'runs' and eventually return. Participants are only able to 'graduate' once they have been clean for three months, have completed employment and life-skills training and have a stable home and job. For most, a 6 to 8 month program would simply not suffice.

The program itself is not necessarily residential. However, within 24 hours of acceptance into the program participants make contact with staff at CAMH or other programs. Generally women are escorted directly into safe housing. Judge Bentley would like to see better and more housing options for female participants. He says that housing is a key support needed by all TDTC participants and that treatment won't be effective unless individuals are housed. In fact, participants entering the program are not released from custody until they have a safe place to go. Emergency shelters such as Seaton House are no longer considered 'safe' destinations. At the same time, however, Judge Bentley observes that many participants who come into the court do not have, or are at risk of losing, stable or appropriate housing. Some live with other addicts and/or live in areas rife with drugs.

### **Judge Paul Bentley's Response to the ILA Model**

A preliminary review of the structure and objectives of the TDTC suggests that the ILA would complement the program, help fill certain gaps, and benefit participants.

Generally, Judge Bentley agrees the model could be a positive addition to the TDTC program. He views having an active bank account as part of the process of integrating into society and becoming an active citizen. Although CAMH case managers already encourage participants to learn to manage their money, staff are not yet specialists in this area. Capacity building in this area might be fruitful. That said, Judge Bentley did express some concern

over the risks associated with encouraging participants to save money.

Judge Bentley is concerned about participants' ability to access funds during and after the ILA process. Before an individual has graduated from the TDTC, having access to relatively large sums of money (or even re-saleable assets) could make them vulnerable to acquaintances who may wish to take advantage. Even if the match is never available to participants, and is paid directly to vendors of service, having access to their own savings (of around \$400) could render participants vulnerable. To mitigate against the possibility of ILA setting participants up to relapse by encouraging them to accumulate an accessible lump sum, Judge Bentley suggests restricting access to personal ILA savings until graduation (or even 6 months after graduation). Currently, when participants in the TDTC receive an inheritance from a deceased family member, they have to keep it with a trustee if they wish to remain part of the program.

If the issues surrounding access to funds and re-saleable assets were overcome, Judge Bentley feels the ILA would certainly enhance participants' chances of successfully integrating into society.

In terms of other spaces within the criminal justice system where the ILA could be effective, Judge Bentley suggested there should be an ILA contact person (possibly from the JHS or EFS) available in all courtrooms at all times. Often, when people are released after arriving in the courts from jail, they have no idea where to go. They end up in shelters, which are widely recognized to be the worst place for drugs, gangs, etc. A number walk out of court wearing orange jumpsuits, and commented, "try to get a job, get housing or even get on the TTC if you are wearing an orange jumpsuit". These individuals need support. Even if they can't be immediately housed in an ideal

situation, it would make a big difference if they were offered housing support at that early stage.

### Recommendation

- That the Federal Department of Justice undertake discussions and a review of the viability and benefits of funding an ILA program for all enrolled in the Housing Pilot Program as part of their Drug Treatment Court Program.

## Trusteeship: St. Stephen's Community House

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*"If clients are not undertaking money management and support programs are not facilitating these skills, they are both doomed to failure. This creates a complete revolving door where clients cycle through the system repeatedly. We need to address the core issue here. Clients are not able to function and manage all elements of their life without money management skills."<sup>67</sup>*

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St. Stephen's Community House is a unique, community-based social service agency that has been serving the needs of over 32,000 people a year in downtown West Toronto since 1962. With a staff of more than 150 people and almost 400 volunteers St. Stephen's addresses the most pressing issues in its community: poverty, hunger, homelessness, unemployment, isolation, conflict and violence, and the integration of refugees and immigrants.

St. Stephen's Community House provides vital services for socially isolated individuals and people living on the streets. It also provides

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<sup>67</sup> Bill Sinclair, Assistant Executive Director, St. Stephen's House, Toronto, April 2009.

information and help in finding affordable housing, counseling on addictions, and operates a trusteeship program that provides assistance with banking and managing personal financial assets.

Bill Sinclair is the Assistant Executive Director at St Stephens and was instrumental in the design and implementation of the trusteeship program. Today, this program serves over 500 individuals, some who are in crisis but many who are in need of on-going broader services. According to Bill, approximately half of their clients have mental health issues and the balance struggle with addictions. Most referrals are from the Centre for Addiction and Mental Health (CAMH).

The St. Stephen's Trusteeship operates through one communal bank account and provides clients with assistance with respect to their financial decision making. The amount of assistance required depends on the nature of the client's need and the nature of the property owned by the client. This can be as simple as saving or direct deposit of a social assistance cheque, to administration of weekly or monthly allowances or direct deposit administration to a landlord.

Extensive documentation is used to record client deposits and withdrawals. St. Stephen's endorses cheques for client's specific use such as Meals on Wheels, rent, food, etc; it also provides weekly or monthly allowances. If a client wishes access to their cash, a Community Teller assists with withdrawals of small and controlled amounts for uses the client deems proper. Mainstream banking for cheque cashing is encouraged as is the transition from the trusteeship to financial independence. All of the trustees receive their social assistance from the province as a direct deposit to the trusteeship account. As trustees work with staff, many are encouraged to open their own mainstream

bank account and can become quite independent savers and spenders.

Bill noted that clients are not well treated at the mainstream banks. Modest cheques authorized by St Stephens, for as little as \$10, have been held for five days, even at St. Stephen's own branch. Regular staff turnover at the branch adds to the lack of understanding of the program.

Clients in the Trusteeship require comprehensive, individualized case management and personalized services. Clients with addiction problems are very chaotic savers and spenders and with the trusteeship they do not have access to all of their financial assets without oversight. Clients with mental illness have different challenges as many have cognitive disabilities that may result in them not remembering if and when bills were paid, or whether cash was withdrawn.

Bill has identified that there is a shortage of trained case workers who can assist appropriately with clients' financial needs as well as with required personal support services. Case managers and Housing Help Workers check rents and apartment appropriateness, look at what the client can afford, assist to fill out forms, get social assistance and direct deposit, and help to open a bank account, but Bill notes that they cannot go much further than that.

Bill is concerned that support programs aimed to assist the homeless and those at risk of losing their housing do not have skills in relation to money management and financial literacy: *"If these clients are not undertaking money management and the programs are not facilitating these skills, they are both at risk of failure. This creates a complete revolving door where clients cycle through the system repeatedly. The core issues that need to be addressed are that clients are not able to function*

*and manage all elements of their life without money management skills."*

### **Implications for the ILA and Financial Literacy Supports**

Bill sees a valuable role for the ILA and considers it an important process whereby participants can build capital and financial assets while receiving support in practicing saving and setting goals. However, with social assistance and housing placements from Streets to Homes providing assistance for first and last month's rent, the ILA supports may need to be modified for other uses. Bill sees the next stage as a client-centered savings and asset-building plan that would assist clients in saving for more appropriate housing. This might include getting out of a rooming house or a shared apartment and into one that is perhaps more appropriate for their needs. The ILA could assist individuals to move from the bottom rung to the next one on the housing continuum. The question is how does the individual remain housed appropriately? They also need their income to grow.

Bill identifies a significant demand for financial literacy supports not only for clients but also for case workers and Housing Help workers and suggests that SEDI develop a Train the Trainer package to upgrade professional skills in this area and provide relevant materials and a flexible curriculum that could be capitalized on at particular teachable moments. Generally, clients will not absorb the material and information unless it is relevant to a specific need and their specific circumstance.

In addition, Bill views a financial literacy training course for families who have a member with a mental health disability or an addiction as a great benefit. Many trustees eventually reconnect with family members and this can be extremely positive. Providing family members with this information could not only be very

financially beneficial but could also relieve much stress. Bill states that: *"no government service can support what a reasonable, supportive family can provide."*

Bill also feels strongly about the fact that many newcomers arrive with cash lump sums and are forced to spend down even modest savings if they require social assistance or subsidized housing. They tend to spend down their assets and do so very foolishly in order to get any kind of financial assistance. According to Bill, *"we need to change how this is done – perhaps by raising the asset limits. There is so much money wasted and it's not targeted in any useful way. The ILA and the money management component are two very useful pieces that should be added on to programs serving these populations."*

### **Recommendation**

- The City of Toronto's Shelter, Supports and Housing Administration Division consider funding additional training of frontline staff at St. Stephens Community House so that they can provide comprehensive financial literacy information to the clients of their trusteeship program.

## **Toronto's Streets to Homes and the ILA**

The Streets to Homes (S2H) program is based on the idea that moving people directly into permanent housing is the best way to end homelessness. This approach, often known as 'Housing First,' is being implemented in cities across North America, and is based on the idea that other barriers such as lack of employment skills, addictions, and poor mental and physical health, can best be addressed once a person has stable housing.

Ian De Jong is the Manager of Streets to Homes at the City of Toronto. De Jong expressed that the S2H program focuses predominantly on serving three groups of people:

- Individuals who are street homeless and who are disconnected from services (may access Out of the Cold)
- Individuals that may use shelters at night but are street involved during the day (not engaged, not working and disconnected from the services at shelter)
- Individuals that are housed but street involved (Potentially panhandling)

Alternatively, the ILA model focuses on individuals who are well connected to the services at shelters and transitional houses. It is through this support service infrastructure that the ILA is implemented. Given De Jong's extensive experience working with the homeless in Toronto, he suggests that a program like the ILA would be best housed in facilities who work with individuals over a longer period of time, like the Fort York residences.

The city is currently using an 'evidence-based and evidence-informed' approach in finding the right mix of supports to offer homeless individuals in order to increase their independence. This has allowed the S2H model to continuously evolve in order to incorporate new findings. Although there are several parallels between the S2H program and the ILA, De Jong believes that the ILA components, such as matched savings, financial literacy workshops and support in opening bank accounts, are important tools for independence, and could potentially be incorporated into the S2H model in the future.

### **Recommendation**

- The City of Toronto's Shelter, Supports and Housing Administration Division, should evaluate how the components of the ILA

(matched savings, building capacity of front line staff to provide financial literacy training and case management support etc.), could be incorporated into the

Streets to Homes model in order to improve the outcomes of the program's clients.

## The Right Program At The Right Time



It has been three years since Lynne Fisher, 49, moved out of a Toronto shelter into her own apartment. A marital abuse and homelessness survivor, Lynne credits SEDI's Independent Living Accounts (ILA) program for helping her regain control of her life and finances.

After years of living with an abusive spouse, Lynne separated from him and moved out with her two children. They found themselves in and out of subsidized housing, an unstable situation that led Lynne to alcohol addiction. This was followed by a series of losses, which were unbearable for the single mother: She lost her job and then her children.

Lynne took another brave step when she realized that she needed help. She joined a shelter in Toronto, operated by The Society of St. Vincent de Paul, for women recovering from addictions. There she found the support she needed and regained her faith. Two years later, Lynn became the shelter's assistant house representative. In 2005, she enrolled in the ILA program, which helped her set the goal of having her own place. "The matched savings incentives and the workshops on personal finance gave me the confidence to make my dream a reality. It was the right program at the right time for me," she says.

She not only saved enough to rent her own apartment but also beat her addiction and, two weeks after completing the ILA program, found a job with the Salvation Army. She still works with the organization, administering and distributing food through their food basic program. Lynne has also reunited with her two children.

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*"Today, I use my experience to help others when I can. My struggles with homelessness allow me to better understand the problems of the people. I now serve through various social organizations. I know how it feels when you are trying to pick yourself up and you cannot see an end."*

Although she is miles away from her past, she has not forgotten those who are going through a similar plight. She often visits women at the rehab centre where she once lived. She also crochets for Blankets Canada, a charity that provides blankets to shelters across the country, and sits on the Board of Opportunity for Advancement, which works with women in disadvantaged life situations.

Once one of the more than 30,000 people who rely on Toronto's shelters every year, Lynne has transformed herself into an inspirational role model. In 2007, she received the Independent Living Award, granted by SEDI to a graduate of the ILA program for their remarkable achievements. ■

## VI Policy and Taxation

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*“We should be allowing people to save, instead we pathologize savings among low-income people. The problem with a program that encourages people to save is that there is a contradiction, two conflicting messages - there is so much hype around asset building but people are being asked to build in a context where building assets is disallowed. There is a fundamental conflict between the system as it exists and a program that tries to grow assets. The ILA Program would make so much more possible.”<sup>68</sup>*

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In order to envision the expansion of the ILA project, an examination of the public policy environment is required. This would ensure that benefits provided through this program do not compromise asset-limits or income-tested benefits for program participants under provincial assistance programs. There is also a need to ensure that the ILA benefits are not redundant due to similar benefits being provided by provincial and municipal governments and that savings under the program do not affect taxable income such that benefits from the program would be effectively reduced.<sup>69</sup>

### Asset-Limits

The ILA model is fashioned after the asset-building models structured around a vehicle known most commonly as an Individual Development Account (IDA).<sup>70</sup>

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<sup>68</sup> John Stapleton, key informant interview with SEDI Researchers, April 2009.

<sup>69</sup> Please see Appendix C for additional details on these matters.

<sup>70</sup> Please see Introduction (Section I) for a description of an IDA.

SEDI’s asset-building policy work across Canada has drawn the attention of policy makers prompting 6 provincial governments to review and amend their asset policies in accordance with the provisions and related benefits of IDA accounts. These provinces are British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia.<sup>71</sup>

The amended policies and related regulations generally recognize the benefits of the IDA program as a savings vehicle established and operated by an external agency which is designed to encourage individuals with low incomes to save money for undertakings that will lead to, or enhance, self-sufficiency. Generally, for the period that the applicant or recipient is participating in the asset-building program, the funds in their asset-building account are exempt as an asset and, therefore, do not compromise their provincial social assistance benefits.

### Province of Ontario

The ILA savings account is a regular savings account under the ownership of the ILA participant where savings are expected to be accumulated on a regular basis in accordance with program requirements. A virtual allocation of the match savings credits is generally provided to the participant on a monthly basis as a savings incentive. While a participant’s savings remain under his or her ownership at all times, withdrawing matched savings credits for identi-

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<sup>71</sup> Excerpts can be accessed on line from versions of current social assistance regulations or policy manuals in those jurisdictions across Canada where specific exemptions have been made for asset building initiatives.

fied goal choices can occur after the basic program parameters have been met. This means that the minimum monthly personal savings must be deposited, a minimum number of savings months must be completed in the program, and the financial literacy training must be completed. A cheque is then written by SEDI to the identified vendor for the requested outcome (first and last month's rent, utility deposit, etc.).

The Province of Ontario has recognized that the matched funds provided through the ILA project are granted by SEDI, a national charity, that the funds are never actually received directly by the participants, and that the funds are used to alleviate the need for transitional housing. Consequently, the Ontario Works Branch considers these funds as exempt from income as per Ontario Works Policy Directive 16 which provides that:

*"donations received from a religious, charitable, or benevolent organization shall be exempt as income regardless of the amount and frequency."*

This means that all matched funds are exempt from the calculation of income and will not compromise benefits under participants' entitlements through the Ontario Works social assistance provisions. In addition, this provision also does not cause a compromise to ILA participants' eligibility for other programs under the Ontario Works Act and regulations affecting shelter residents including the Shelter Allowance, Personal Needs Allowances, etc.

Unfortunately, these exemptions are only approved on a project by project basis and the Province of Ontario has not amended its regulations to formally recognize the benefits of this asset-building model like the other 6 Canadian provinces. This position is inconsistent with the new policy announcements, as part of the Ontario Poverty Reduction Strategy, to in-

vest in a \$10 million asset-building demonstration to help low income individuals save and build assets. Details of this investment are still pending, but have been scheduled to be announced in 2009.

## **Redundant Benefits**

### ***Community Start-Up***

Community Start-Up and Maintenance Benefit (CSUMB) policy is incorporated into the *Ontario Works Act, 1997* where it is a payment that can be made in addition to social assistance payments.

CSUMB is granted only once within a 24 month period and only after the OW administrator is satisfied that the recipient qualifies. The amount payable is:

- \$1,500 if the recipient has one or more dependent children; or
- \$799.00 in all other cases.

The CSUMB benefit helps pay the costs of setting up a new home when moving or leaving an institution. Payments can be made for household furnishings, moving van or transportation costs, first and last month's rent, telephone, fuel and hydro deposits, storage costs for up to three months, disability assistance to move (i.e. labour assistance, relocating disability equipment), clothing (e.g. in the event of a fire), and any other related cost approved by the director.

The Province of Ontario has indicated that they do not see the ILA as a redundant benefit to the CSUMB. Due to the restricted time frames of the CSUMB grant period and the additional benefits that are provided by the ILA project, both monetary and developmental, the ILA is seen as complimentary. Key Informants, including John Stapleton and ILA case managers, have indicated that funds accessed by so-

cial assistance recipients under both the ILA and the CSUMB are required for obtaining and setting-up a household. The items obtained through a possible combination of these programs are not what one would consider luxuries but rather are necessities required in any very basic household.<sup>72</sup>

## Taxation

Concerns have been raised in the past that ILA participants who are receiving social assistance benefits would be required to report the matched funds on their income tax return. The Ontario Works Branch of the Ministry of Community and Social Services ("Ontario Works") has requested that:

*"As stated in the Income Tax Act, 1990, once participants use this money to pay for accommodation, the matched contribution will be considered exempt as income and must be included on their Notice of Assessment. Therefore, the money should also be declared to Ontario Works."*<sup>73</sup>

SEDI recently initiated a legal review on these matters which concluded that:

- Including the matched funds in the participant's income tax return could reduce the availability of income-tested benefits (subsidized housing, legal aid) provided by the federal and Ontario governments.
- Participants will not need to declare the matched funds on their income tax returns

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<sup>72</sup> *Recent research undertaken by SEDI in the City of Toronto over the last 6 months, in 19 shelters with over 150 shelter residents, indicated that almost 40% of these residents have accessed the CSUMB, at least once. It is important to note that all of these individuals and families are once again residing within a shelter.*

<sup>73</sup> *Correspondence received by SEDI from the Directors of Ontario Works Branch, Ministry of Community and Social Services, dated May 10<sup>th</sup> 2005, and May 21<sup>st</sup> 2008.*

if the funds are paid as a lump sum and are used to assist the participants to move to independent housing.

- It is possible that there are other government assistance programs that are not based on the calculation of "net income" and "taxable income" for federal and provincial individual income tax purposes. Each program would have to be checked individually.
- SEDI will be initiating discussion with the Ontario Ministry of Community and Social Services in order to clarify these matters in order to provide ILA participants with every possible advantage to save and move to a more independent lifestyle.

## Recommendations

- The Province of Ontario enact the Asset-Building Strategy, referenced in the 2008 Budget and as part of the Ontario Poverty Reduction Strategy<sup>74</sup>, and collaborate in accordance with their commitment to work with partners to develop this initiative. In addition, this program should be inclusively designed to ensure that those who are homeless have the opportunity to participate.
- The Province should immediately recognize match savings for low income Ontarians as a tool that can improve self-sufficiency and follow the action taken by other provinces, such as British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia, by exempting saving in these programs from Provincial income tested benefits.

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<sup>74</sup> *See the 2008 Budget:*  
<http://www.fin.gov.on.ca/english/budget/ontariobudgets/2008/chpt1c.html> and *Ontario's Poverty Reduction Strategy:*  
<http://www.growingstronger.ca/english/report/chafter1.asp>

## VII. Conclusions and Recommendations

In Toronto, we are currently experiencing a paradigm shift in how we frame the issues that affect and the solutions that address homelessness. Traditional approaches to overcoming homelessness have focused on a 'treatment first' or 'continuum of care' approach, which was thought to be a precursor to 'housing readiness'.<sup>75</sup> Recently, a new model called 'housing first' has shown promising results in helping a portion of the homeless population find and afford housing without using the 'housing readiness' criteria. The logic follows that individuals will be better prepared to accept treatment and a continuum of care once they have stable housing. It has also been argued that the 'housing first' model provides cost savings because individuals that participate in the program stay housed longer and spend fewer days in the hospital.<sup>76</sup>

It is important to mention that homeless individuals are not homogenous and the challenges that prevent individuals from being housed are diverse and complex.

This report provides new and interesting questions that should be explored further:

- Is the 'housing first' model an appropriate solution for all homeless people?

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<sup>75</sup> Falvo, N. (2009) "Homelessness, Program Responses, and an Assessment of Toronto's Streets to Homes Program", CPRN and SHSC Housing Research Internship and Scholar Program, Ottawa.

[http://www.onpha.on.ca/Content/Conference/2008/handouts/303\\_Falvo\\_streets\\_to\\_home\\_Eng.pdf](http://www.onpha.on.ca/Content/Conference/2008/handouts/303_Falvo_streets_to_home_Eng.pdf)

<sup>76</sup> Gulcur, Leyla, Ana Stefancic, Marybeth Shinn, Sam Tsemberis and Sean N. Fischer, "Housing, Hospitalization, and Cost Outcomes for Homeless Individuals with Psychiatric Disabilities Participating in Continuum of Care and Housing First Programmes," *Journal of Community & Applied Social Psychology* Vol. 13, No. 2, 2003: 181.

- If not, what are the characteristics and challenges faced by homeless individuals for whom the 'housing first' model is not appropriate?
- What resources and opportunities exist in the community to help these individuals?
- What is the right mix of tools, supports and incentives that will help this sub-group of homeless individuals improve their housing situation and wellbeing?

This report contributes to a body of evidence that demonstrates that there is no "one size fits all" solution to homelessness. It also demonstrates that there is a significant proportion of individuals, and possibly families, residing within the shelter system who could benefit from access to an ILA account and related supports. Such a service package would help participants to save, participate in the economic mainstream and gain the foundational knowledge and confidence to support themselves in independent living.

This report provides evidence that the ILA is a cost effective intervention that contributes quantifiably to a participant's well being, to their communities and to our society in general. The return on investment analysis has concluded that for every dollar invested in the ILA program, \$2.19 is returned to the individual and to society in general, within the first year after graduation from the program. In addition, increased social and economic returns are expected over subsequent years.

With respect to research on populations that are vulnerable to homelessness, it was found that there are a wide variety of barriers that individuals face when trying to obtain appro-

appropriate and affordable housing. Many of these barriers are well documented in other research studies. For many of these individuals, these barriers can be overcome through innovative programming that provides the appropriate mix of tools, supports and incentives. The ILA is a program that has demonstrated a cost effective method to assist individuals to save and reach their desired housing goal. One common theme that ran through most of the focus groups during this study was that individuals, whenever possible, want to 'make their own way'. The mutual responsibility and active participation required from the individual participant in the ILA program appears to be fundamental to the ultimate success for obtaining and sustaining independent living.

Any comprehensive strategy to combat homelessness in Toronto should not only focus on those in the greatest need, but should also incorporate cost effective means to give all homeless individuals a chance to thrive, to participate in their communities and to contribute to society. We should be building a bridge for individuals who have fallen into homelessness while implementing preventative measures to stop people from becoming homeless.

This research has confirmed that homeless individuals have dreams, ambitions and goals for themselves and their families. What they are desperately looking for, and what is desperately needed, is a way out of homelessness - an opportunity to build a positive future and leave homelessness in the past.

## Recommendations for Policy, Program and Support Initiatives

The ILA Program is built on a strong and collaborative relationship between public, private and non-profit partners. Each of the partners have worked together to ensure that the operations and administration of the program is functioning efficiently and effectively in order to best support the individual participants. Building on the success of the model and the evidence provided by this research, bringing the ILA to scale is essential to assist more individuals and families who are homeless or "at risk" of becoming homeless.

The following provides recommendations for policy change, program support and related initiatives that will allow for the increase in the ILA program's scale in order to ensure that its benefits can be applied in a more comprehensive and flexible manner for individuals and families who are homeless or "at risk".

### Federal Policy Recommendations

- The Government of Canada, specifically Human Resources and Skills Development Canada (HRSDC), develop a national strategy on housing and homelessness<sup>77</sup> that will include an ILA model as a component to assist those living within shelters or transitional housing move to a more independent lifestyle.
- HRSDC identify matched savings as a permitted use of funds under the Homelessness Partnering Strategy (HPS) if used within Independent Living Account Programs.

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<sup>77</sup> Australia has recently released a strategy to combat homelessness called *The Road home: A National Approach to Reducing homelessness*: [http://www.homelessnessinfo.net.au/dmdocuments/the\\_road\\_home\\_homelessness\\_white\\_paper.pdf](http://www.homelessnessinfo.net.au/dmdocuments/the_road_home_homelessness_white_paper.pdf)

- Immigration Canada together with the related Provincial Government Ministry/Department (i.e. The Ontario Ministry of Community and Social Services) review the viability of providing savings and financial literacy supports to assist Newcomers in order to overcome the barriers faced when integrating into Canada (accessing education, accreditation, employment and appropriate and affordable housing) .
- The Mental Health Commission of Canada together with the applicable Provincial Government Ministry/Department undertake a review and discussions with applicable agencies such as the Centre for Addiction and Mental Health in Toronto, to determine the viability of, and the potential for, the operation of an ILA Program to be added to the range of services currently being provided to clients, with mental health and/or addiction problems. These discussions should be built on the feedback received by this study to identify if the ILA or components of the ILA could be used to improve client's housing situations, employment prospects, educational opportunities and quality of life.
- Corrections Canada together with the applicable Provincial Government Ministry/Department (i.e. The Ontario Ministry of Community Safety and Correctional Services) undertake a review and discussions with the applicable agencies such as The John Howard Society and the Elizabeth Fry Society to determine the viability of, and the potential for, the operation of an ILA Program to be added to the range of services currently being provided to clients leaving incarceration.
- That the Federal Department of Justice undertake discussions and a review of the viability and benefits of funding an ILA program for all enrolled in the Housing Pi-

lot Program as part of their Drug Treatment Court Program.

### **Provincial Policy Recommendations**

- The Province of Ontario develop a Housing and Homelessness Strategy and include the ILA program as a component and provide funding to support such a program.
- The Province of Ontario enact the Asset-Building Strategy, referenced in the 2008 Budget and as part of the Ontario Poverty Reduction Strategy<sup>78</sup>, and collaborate in accordance with their commitment to work with partners to develop this initiative. In addition, this program should be inclusively designed to ensure that those who are homeless have the opportunity to participate.
- The Province should immediately recognize match savings for low income Ontarians as a tool that can improve self-sufficiency and follow the action taken by other provinces, such as British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia, by exempting saving in these programs from Provincial income tested benefits.
- The Ontario Ministry of Aboriginal Affairs and the City of Toronto assist to provide an ILA Program for all residents at the Native Men's Residence transitional housing facility.
- The Ontario Ministry of Children and Youth Services, in conjunction with the Children's Aid Societies of Ontario, fund a multi-year, multi-site matched savings and

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<sup>78</sup> See the 2008 Budget:  
<http://www.fin.gov.on.ca/english/budget/ontariobudgets/2008/chpt1c.html> and Ontario's Poverty Reduction Strategy:  
<http://www.growingstronger.ca/english/report/cha-pter1.asp>

financial literacy supports program to assist youth leaving care and transition into adulthood. This program should be coupled with the benefits provided for youth ages 15-17 who will be receiving the Ontario Child Benefit Equivalent.

- The Ontario Ministry of Children and Youth Services, in conjunction with the Children's Aid Societies of Ontario, fund staff training at all Children's Aid Societies, for the provision of financial literacy to youth ages 15-17 who will be receiving the Ontario Child Benefit Equivalent.

### **Municipal Policy Recommendations**

- The City of Toronto recognize matched savings within an ILA Program as an appropriate use for contributions from the Federal Homeless Partnering Strategy, and other federal or Provincial funding sources.
- The City of Toronto investigate, determine and implement the necessary mechanisms and partnerships to allow all residents of transitional housing facilities/shelters in the City of Toronto to participate in an ILA program.
- The City of Toronto's Shelter, Supports and Housing Administration Division conduct an inventory of programs and services funded by the Division to review and evaluate whether the ILA, or components of the ILA, can be incorporated into such programs and services to improve the outcomes of the homeless in Toronto.
- The City of Toronto's Shelter, Supports and Housing Administration Division's new Shelter Assessment and Referral Centre at 129 Peter Street, include screening and enrollment of individuals for the purposes of providing the opportunity to participate in an ILA program. Other services that could be integrated at the Centre include

supports to open bank accounts, financial literacy workshops and case management support to help individuals with their personal financial situation.

- The City of Toronto's Shelter, Supports and Housing Administration Division's Community Plan include the ILA Program as a successful component and recognize this program as one that provides longer-term solutions to address homelessness for those residing within the City's shelters and transitional housing facilities.
- The City of Toronto's Shelter, Supports and Housing Administration Division consider funding additional training of frontline staff at St. Stephens Community House so that they can provide comprehensive financial literacy information to the clients of their trusteeship program.
- The City of Toronto's Shelter, Supports and Housing Administration Division, should evaluate how the components of the ILA (matched savings, building capacity of front line staff to provide financial literacy training and case management support etc.), could be incorporated into the Streets to Homes model in order to improve the outcomes of the program's clients.

## Appendix A

The following provides additional detail relating to the protocols enacted for the focus groups and Key Informant interviews undertaken for this study.

### **Focus Group Protocol**

Participants were contacted by local organization staff who advised them of the study, provided information about the study parameters including the stipend to be paid and asked permission to have their name and contact information forwarded to the research team. From among consenting clients, SEDI's research team formed each focus group.

Participants were invited to ask questions and raise any concerns before the focus group discussion began. If at any time a participant wished to withdraw from the study, he or she could do so. Participants were also required to sign a plain language release form authorizing the use of their responses, confirming their understanding of the purpose of the study and the confidentiality provisions.

Generally focus groups are separated by gender for at least 3 reasons:

1. Mixed gendered groups may foster social desirability and gender role effects, creating response biases, regardless of the population being sampled.
2. Shelter and transitional housing services typically are provided separately to each men and women.
3. Among at-risk and homeless populations, rates of victimization and abuse are significantly higher and women, in particular, may feel less safe in a mixed gender environment.

Of the 9 groups held, SEDI was able to hold 6 gender specific groups. However due to time and resource restrictions the groups held at the Centre for Addiction and Mental Health, the Catholic Children's Aid Society of Toronto and the Newcomer group arranged by Woodgreen Community Services combined male and female groups were held. SEDI's research team ensured that respondents voluntarily joined the groups and that no gender based issues arose during the recruitment or participation in the groups.

Following each focus group, results were transcribed from the facilitator's notes and the audio recording. Both members of the research team reviewed the results for accuracy and authenticity.

Focus group participants were invited to read the final report through copies distributed to local host organizations and/or through on-line access to SEDI's website. In all cases, participants were invited to contact the research team with any questions, comments or concerns regarding their participation in the study.

Where possible, focus groups were held in meeting space provided by host organizations in an environment as familiar and relaxed as possible for the respondents. All respondents were first read and provided with a written copy of a short plain language description of the study and confidentiality clause as

part of the informed consent process. Participants who took part in a focus group discussion were paid a stipend of \$35 each.

All sessions were facilitated by a member of SEDI's research team with another member taking detailed notes of responses, paying attention to verbal as well as non-verbal cues to assess opinions, attitudes and effective responses throughout the session. Focus groups were recorded (audio only) to simplify data collection. Facilitators used a template questionnaire to guide asked at the sessions.

### **Key Informant Protocol**

Key informants were invited to participate in the study through an initial letter (delivered by email, fax or regular mail that described the study objectives, brief background and introduced SEDI as an organization. Following that letter, organizational leaders were contacted by phone to confirm their agreement to participate and identify appropriate staff members who were sought to also take part in the interview process. Key informants will then be contacted directly to arrange a time and location for the interview.

The interviews were conducted in person, where possible, and also by telephone. They were semi-structured with a questionnaire template drafted and agreed to by the SEDI Researchers prior to the interview. This template was modified in accordance with the particular expertise of the Key Informant. The interviews ran approximately 60 minutes in length and at any time during the interview the key informants had the choice to have their remarks attributed or not directly to them.

Interviewers were required to keep detailed notes of responses and highlight specific sections which could be attributed to future ILA programming. All information collected during the interview was used solely for the purposes of the current study.

For those key informants who express an interest, a copy of the final report was proposed to be circulated once it was accepted by the Funder, The Toronto Community Foundation.

## Appendix B

**Figure 1: Results of Costs and Benefits**

Description of cost of ILA Pilot	Total \$ year 1 and 2, net present value	\$ year 1 value (unadjusted)	\$ year 2 value (unadjusted)	Total value (unadjusted)
Direct program delivery cost to front-line partners (labour and overhead), as reported	\$ 72,010.12	\$ 49,322.00	\$ 24,661.00	\$ 73,983.00
SEDI direct design and administration costs (labour and overhead), as reported	\$ 60,833.33	\$ 41,666.67	\$ 20,833.33	\$ 62,500.00
Cost of used matched contributions, as reported	\$ 53,356.99	\$ -	\$ 57,996.73	\$ 57,996.73
Cost of return to capital on unused matched contribution (based on interest rate of 3% per yr)	\$ 563.02	\$ 611.98	\$ -	\$ 611.98
Opportunity cost of unused matched contribution (derived dollar value of unused funds, as reported)	\$ 12,511.60	\$ -	\$ 13,599.56	\$ 13,599.56
<b>Sub-total (costs of program)</b>	<b>\$ 199,275.06</b>	<b>=C</b>		
Description of benefit of ILA Pilot				
New participant savings, net present value	\$ 29,344.13	\$ 29,344.13	\$ -	\$ 29,344.13
Estimated cost savings from reduced return to shelter use after 1 year, based on estimated 5% returning once to shelter following exit using follow-up survey data; reduces estimated recidivism from 79% to 5% in first year; net present value	\$ 468,015.96	\$ -	\$ 508,713.00	\$ 508,713.00
Estimated benefit after 13.5 months from incremental increase in employment (50.9% to 72% at 10.5 months) and increased full time employment (64% to 87% at 10.5 months); \$6609.90 baseline mean annual employment income predicted to rise 40% (\$2,643.96) to \$9,253.86, net present value	\$ 98,513.95	\$ 11,897.82	\$ 95,182.56	\$ 107,080.38

Estimated cost savings after 1 year from incremental increase in social assistance exit (only 5% of graduates on SA at 10.5 months), difference of 7.5% participants on full SA for 13.5 months at \$738/month; net present value	\$ 34,372.35	\$ 4,151.25	\$ 33,210.00	\$ 37,361.25
Estimated benefit after 1 year from incremental increase in mainstream banking (based on 43% keeping ILA account after exit), net present value	\$ 4,945.00	\$ -	\$ 5,375.00	\$ 5,375.00
<b>Sub-total (benefits of pilot)</b>	<b>\$ 635,191.39</b>	<b>=B</b>		
<b>Net pilot case: (total benefits less total costs)</b>	<b>\$ 435,916.33</b>		<b>2.187510683</b>	<b>(B-C)/C</b>

### Discussion

The results above suggest a conservative estimate of a \$2.19 return for each \$1 of project costs within the second year following the project. For the reasons discussed earlier in the report, this estimate likely reflects the upper end of the real range of returns and is likely the return for the most successful participants.

However, this return is high enough that it is unlikely to be reduced to less than \$1, even with a repeated analysis using better data on less successful participants or those who exited the project early. It is also worth noting that the analysis of the base case estimates a negative return of nearly -\$0.74 for each \$1 invested in the current system of support for those moving through the housing continuum to exit homelessness. The results for that portion are reported below for information purposes only. The Base case analysis is shown below.

**Figure 2: Base Case**

Description of cost	Total \$ year 1 and 2, net present value	\$ year 1 value (unadjusted)	\$ year 2 value (unadjusted)	Total value (unadjusted)
Social assistance use; 12.5% social assistance recipients (n=14) at baseline with adjusted average duration of caseload of 24 months (based on 20.8 months provincial average and studies of shelter population); \$738 per month in administrative and income benefit costs for half of these; for the other half, costs estimated at \$382/month for 10.5 months in shelter rising to \$738/month for remaining 13.5 months. Net present value.	\$ 211,883.28	\$ 97,818.00	\$ 123,984.00	\$ 221,802.00
Cost of transitional shelter use; average stay of 9-12 months at \$18,270 total using municipal bed-night rates; less non-refundable contribution paid by St. Clare's residents (9) of \$325/month. Net present value.	\$1,997,257.50	\$1,997,257.50	\$ -	\$ 1,997,257.50
Estimated cost of return to shelter within 2 years of transitional housing exit at \$4,583/month total cost of shelter use (Novac et al, includes bed, police, etc..) and 79% risk of 1 shelter stay (Aubry et al.); estimated at 3 months shelter stay based on mode of shelter duration in 2 years pre-program from project MIS. Net present value.	\$1,109,197.83	\$ -	\$ 1,205,649.81	\$ 1,205,649.81
Cost of financial exclusion (unbanked) over 2 yrs (Barr) \$250 per person per year; conservatively estimated at 60% (Grant). Net present value.	\$ 31,968.00	\$ 16,650.00	\$ 16,650.00	\$ 33,300.00
<b>Sub-total (costs without program)</b>	<b>\$3,350,306.61</b>	<b>= C<sup>c</sup></b>		

<b>Description of benefit</b>						
Estimated benefit of move into permanent housing over 13.5 months (balance of time within 24 month study period after exit from shelter); based on 63% move to subsidized or private market housing on discharge from shelter (Fort York 2008 data) at \$519.26/mo market rent (using ILA sample data). Net present value	\$ 450,993.20	\$ 54,467.78	\$ 435,742.22	\$ 490,210.00		
Estimated employment income; 56% employment at exit (Fort York report) and \$6609.9 mean employment income using ILA data (mean of previous and projected current income from employment); and 13.5 months (24 months less 10.5 during shelter stay). Net present value	\$ 425,251.89	\$ 51,358.92	\$ 410,871.38	\$ 462,230.31		
<b>Sub-total (benefits without program)</b>	<b>\$ 876,245.09</b>	<b>=B<sup>b</sup></b>				

<b>Net base case: (total benefits less total costs)</b>	<b>-\$2,474,061.52</b>	<b>-0.73845824</b>	<b>= (B<sup>b</sup>-C<sup>c</sup>)/C<sup>c</sup></b>
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## Appendix C

### Policy and Taxation

In February 2007 The Canada Revenue Agency issued a position on the income tax treatment of amounts paid from individual development accounts (IDAs):

“Generally, amounts paid in respect of housing and health care would be social assistance payments that, because of they are paid in as lump sums, would be excluded from Income by virtue of subsection 233 (2) for the Regulations.

The term “social-assistance” generally means a system whereby financial assistance is extended to those individuals whose income is inadequate or non-existent owing to disability, unemployment, old age, etc., and may be provided under the auspices for private organizations, as well as governments. Income included under paragraph 56(1)(u) for the Income Tax Act is off set-by a matching deduction under paragraph 110(1)(f) of the act such that there are no accompanying income tax implications related to this income inclusion other than a possible effect on income-tested programs.”

Therefore it would seem appropriate to ensure that the matched contribution benefit under the ILA project not be compromised under either the Federal or Provincial Income Tax Systems.

Concerns have been raised in the past that ILA participants who are receiving social assistance benefits would be required to report the Matched Funds on their income tax return. The Ontario Works Branch of the Ministry of Community and Social Services (“Ontario Works”) have in the past indicated that:

*“As stated in the Income Tax Act, 1990, once participants use this money to pay for accommodation, the matched contribution will be considered exempt as income and must be included on their Notice of Assessment. Therefore, the money should also be declared to Ontario Works.”<sup>1</sup>*

SEDI recently initiated a legal review on these matters including:

1. Whether there is a negative impact for any participant reporting the Matched Funds on their income tax returns?
2. Whether participants will be required to report the Matched Funds on their income tax returns?  
and
3. If not, whether it is still possible that participants that are recipients of government social assistance benefits could have their government benefits compromised?

The review found that:

- 1. Including the Matched Funds in the participant’s income tax return could reduce the availability of income-tested benefits provided by the Federal and Ontario governments.**

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<sup>1</sup> Correspondence received by SEDI from the Directors of Ontario Works Branch, Ministry of Community and Social Services to SEDI dated May 10<sup>th</sup> 2005 and May 21<sup>st</sup> 2008.

There are many government assistance programs that are income-tested. For example, the GST tax credit, child tax benefit, and the working income tax benefit are based on the net income of the taxpayer and the taxpayer's spouse or common-law partner. These income-tested benefits are based on the taxpayers' net income and not their taxable income.

Accordingly, if the Matched Funds paid to participants in the ILA project are required to be reported on their income tax return then it could result in a reduction in their income-tested benefits (as it affects their net income calculation) even if they do not in the end pay tax on those amounts (because of a deduction when calculating taxable income).

**2. Participants will not need to declare the Matched Funds on their income tax returns if the funds are paid as a lump sum and are used to assist the participants to move to independent housing**

The Province of Ontario relies on the Federal calculation of net income and taxable income for individuals when calculating the provincial income tax payable. Therefore, matched funds will only need to be reported for Ontario provincial income tax purposes if the amounts are required to be reported for Federal income tax purposes.

Generally, *the Income Tax Act* requires that social assistance payments be included in the calculation of net income of the taxpayer. The taxpayer is ultimately not required to pay tax on these amounts because *the Act* allows a deduction for these amounts in computing taxable income.<sup>2</sup>

If the ILA does not fall within the administrative exemption of the 2007 CRA Document, then the Matched Funds would be included in net income. Although the participants would not be required to pay tax on these amounts, these would potentially reduce both the Federal and Ontario income-tested government benefits.

**3. It is possible that there are other government assistance programs that are not based on the calculation of "net income" and "taxable income" for Federal and provincial individual income tax purposes. Each program would have to be checked individually.**

The Ontario Works program is an example of a government benefit program that does not rely on the calculation of net income for Federal personal income tax purposes.<sup>3</sup>

The provincial Ontario Works Branch has stated that the Matched Funds would be included for the purposes of the Ontario Works definition of income and that an exemption is available. However, there has been a request that it be included for income tax purposes. This does not seem consistent with the 2007 CRA Document as it should also apply for Ontario purposes.

It is possible that there are other federal or provincial assistance programs that are income-tested but based on a concept of income that does not rely on the Income Tax Act definition of "net income". In these cases, it is possible that the Matched Funds could compromise the government benefits available in those assistance programs.

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<sup>2</sup> Please see paragraph 56(10)(u) and paragraph 110(1)(f) of the *Income Tax Act*.

<sup>3</sup> The definition of income for the purposes of the Ontario Works program is provided in Regulation 134/98 to the Ontario Works Act and in an Ontario Works Directive. This program has its own concept of income and does not rely on the *Income Tax Act* definition of net income.



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