



City of Richmond

Report to Committee

To: General Purposes Committee

Date: October 8, 2009

From: Jerry Chong
Director, Finance

File:

Re: Social Financial Hardship Assistance Fund

Staff Recommendation

That \$500,000 be allocated to the City's Social Financial Hardship Assistance Fund for a period not to exceed 3 years with a maximum annual allocation of \$250,000 in 2010, \$150,000 in 2011 and the remaining \$100,000 in 2012.

Jerry Chong
Director, Finance
(604-276-4064)

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Law	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Social Planning	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> <i>mx</i>	NO <input type="checkbox"/>	REVIEWED BY CAO
			YES <input checked="" type="checkbox"/>
			NO <input type="checkbox"/>

Staff Report

Origin

At the October 5, 2009 General Purposes Committee meeting staff presented a report concerning the proposed Social Financial Hardship Assistance Fund. During the discussion, staff was requested to provide further information relating to:

That the City's Social Financial Hardship Assistance Fund report be referred back to staff to revisit areas related to:

- (a) the repayment period;*
- (b) the reporting frequency;*
- (c) the interest rate;*
- (d) the application process and eligibility, with a view to simplifying the process;*
- (e) the reallocation of leftover funds, if any, to the City's surplus;*
- (f) whether an option for a grant instead of a loan is possible in some instances; and*
- (g) notice and advertising requirements for grants and loan under the Community Charter.*

Analysis

The following addresses the above referral.

Conditions with respect to the Social Financial Hardship Assistance (SFHA) Fund will include the following;

- The repayment period for the term of the loan is 6 months.
- Staff will report to Council promptly as applications are received and not less than quarterly.
- Interest will be charged on the amount outstanding at the annual rate of 2.00% compounded on a monthly basis, as recommended by Council.
- Re-payment will consist of principal and accumulated interest at the end of the loan term.
- Groups and organizations that are eligible for funding (qualified applicant) under the City's grant program in the same calendar year, qualify for the SFHA Fund. Groups and organizations that did not apply for a City grant must complete a copy of the City's grant application in order to be considered for the SFHA Fund.
- All applicants will be required to provide the following information:
 - a) A commitment letter showing that funding has been approved by an independent external donor/agency,
 - b) Bank statements for the last 6 months including the most recent month,
 - c) Most recent financial statements,
 - d) A copy of the applicants borrowing resolution,
- The maximum loan for any qualified applicant will not exceed \$25,000 for the duration of the 3 year period.
- Any amounts not lent will be carried forward to the subsequent year. Any funds remaining at the end of the program (December 31, 2011) will be returned to the City's surplus.
- All information will be reviewed for financial accountability by staff and they may contact applicants to either clarify requests or seek additional information

The original intention of this fund was that it be established in order to provide temporary assistance and interim funding for social service agencies who are experiencing delays in receiving their grants from other donors/agencies during the economic downturn. The fund was to be utilized by these agencies in order to finance their daily operations until their grants were received. The City currently has a separate grant program, which provides numerous social service agencies in the City of Richmond with annual funding. The grant is an annual contribution, which has been transferred to the agency with no terms of repayment. The grant program is currently included in the City's operating budget and for 2009 was \$511,500. The SFHA Fund is one time funding and is not a budgeted item, therefore any conversion of a loan to a grant will have a cost and tax impact to taxpayers. Therefore Staff recommend that the 2 programs be kept separate.

Under section 24 of the Community Charter publication is required when assistance is provided.

24. (1) *A council must give notice in accordance with section 94 [public notice] of its intention to provide any of the following forms of assistance to a person or organization:*
- (a) disposing of land or improvements, or any interest or right in or with respect to them, for less than market value;*
 - (b) lending money;*
 - (c) guaranteeing repayment of borrowing or providing security for borrowing;*
 - (d) assistance under a partnering agreement.*
- (2) *The notice must be published before the assistance is provided and must*
- (a) identify the intended recipient of the assistance, and*
 - (b) describe the nature, term and extent of the proposed assistance.*

The requirements for public notice, as identified under section 94 of the Community Charter, are as follows:

- 94 (1) *If this section applies, the applicable notice must be*
- (a) posted in the public notice posting places, and*
 - (b) published in accordance with this section.*
- (2) *Subject to subsection (4), publication under subsection (1) (b)*
- (a) must be in a newspaper that is distributed at least weekly*
 - (i) in the area affected by the subject matter of the notice, and*
 - (ii) if the area affected is not in the municipality, also in the municipality, and*
 - (b) unless otherwise provided, must be once each week for 2 consecutive weeks.*

The intent and purpose of the foregoing Charter provisions are to inform taxpayers that City funds are being provided to specific groups/individuals and allow taxpayers the opportunity to respond since in essence this money belongs to the taxpayers and Council are acting in a Trustee capacity. While there are no advertising requirements with respect to grants, there would be a requirement to incorporate the amounts into the City's expenditure bylaw as part of the annual operating budget, which would require similar advertising and timelines.

Financial Impact

Staff recommend that the Social Financial Hardship Assistance Fund be funded in the amount of \$500,000 from unallocated 2008 surplus for a period not to exceed 3 years.

Conclusion

The City provide temporary loans to various Richmond based non-profit organizations based on eligibility as determined based on the above with repayment including interest within 6 months.



Jerry Chong
Director, Finance
(604-276-4064)

JC:jc