

Legal Services and Money Management

An overlooked resource in addressing financial barriers
to housing stability

2019 Federal Permanent Housing Conference

Presenter Introductions

- Welcome the room
- Presenter Introductions



Welcome – Activity

- Show of hands – please raise your hand if you are:
 - SSVF Grantee Staff/admin
 - HUD-VASH Staff/admin
 - Public Housing Authority (PHA)
 - CoC



Learning Objective

- Develop an understanding of the unique and important role Legal Services can play in assisting households with money management.
- Participants will be given a phased structure for integrating legal services and money management into the process of housing securement and stabilization



What is happening when we talk about money?



What is happening when we talk about money?

Let's talk about YOUR coffee habit!

- 1 coffee per day = \$4.50
- 5 Days per week = \$22.50 weeks per year
- 52 weeks per year = \$1,170.00
- Why do we care?



What is happening when we talk about money?



- 1 coffee every weekday of the year = \$1,170.00
- \$1,170 = the Security Deposit for a modest three bedroom in Charlotte, NC
- Your personal coffee habit if donated to your program could house a family...



What is happening when we talk Money?

It is always
worth it for me
to spend on X

I would rarely
spend money
on Y.



What is happening when we talk Money?

- Money conversations are inherently ripe for value judgments that are tied to our own stories.
 - How did your family handle money?
 - How did you begin to handle money when you first moved out on your own?
 - What financial education have you gotten in your past?
 - Who do you admire when it comes to financial matters?



What is happening when we talk Money?

- How effective are we at changing client behavior when we bring our own judgments and bias into our work?



What does all this have to do with legal services?!



Legal Services in Money Management

- Helps to tether our conversations to the laws that impact financial barriers to housing stability
- Helps to de-emphasize (but not remove) our personal value judgments about money





Legal Services & Money Management in Housing Programs:

Structured to align with Housing First principles and backed up by the law.



The Four Phases of Intervention

Phase 1: Pre-Housing Placement-

Identify immediate financial concerns that are barriers to housing.



Phase 2: Housing Application and Admission-

Address credit and debt-based denials of entry



Phase 3: Retention and Stabilization-

Maintain contact and communication to resolve destabilizing financial concerns



Phase 4: Financial Aspirations-

Identify financial hopes and take steps to achieve them



Meet our Client

Your program met John doing street outreach near the local city hospital. John sleeps in his truck which is parked outside of the hospital where his spouse, Mary, is hospitalized for a stroke. John is 62 years old and Mary is 60. During the intake John reports that he is supposed to get 925 in Social Security benefits, but only receives 850 each month. Mary also receives social security and she thinks this is all she is supposed to receive.

When staff first meet with John about housing placements, he shares that he absolutely cannot pay more than \$550 per month. Knowing that this is well below available rents in the area, staff ask more questions and learn that John consistently pays \$150.00 per month on three different credit cards.



Phase 1: Pre-Housing Placement

- Identify immediate financial concerns that are barriers to housing
 - Is there a garnishment that is reducing income?
 - Is the client diligently paying on a debt?
 - Has income been turned off?



Phase 1: Pre-Housing Placement

- Is there a garnishment that is reducing income?
 - child support, student loans, credit card payroll garnishment
- Is the client diligently paying on a debt?
 - child Support, student loans, credit card payroll garnishment
- Has income been turned off?
 - VA/SSA benefits discontinued
- How can legal services assist?
 - Providing guidance about which debts carry immediate legal consequences and therefore should still be paid or not
 - Begin to act to directly address garnishments and discontinued benefits



Checking back in with our client:

After only a few weeks program staff have helped John and Mary apply for a dozen apartments. One apartment, a LIHTC property with a rent of \$675.00, accepts the application but then promptly denies John and Mary when their credit reports show over \$3,000 in debt from credit cards, an old cable bill, and a cell phone bill. There is also over \$5,000 dollars owed to what appears to be some medical debt collector.

When staff review the report with John, John says he doesn't recognize the name of the debt collector listed for two of the credit cards. He also says that the cable bill, cell phone bill and medical debt he thinks might be from when Mary lost her job due to her medical diagnoses.



Phase 2: Housing Application and Admission

Address credit and debt-based denials of entry

- What debts do landlords care about?
 - Things that show an unreliable payment
 - Credit card debt
 - Old housing payments

How can legal services assist?

- Interpret and assist in understanding what each item on a credit report or tenant selection report means
- Represent at credit admission denial meetings with the goal of alleviating landlord concerns that a given debt impacts housing stability



Checking back in with our client:

John and Mary have been stable and happy in their apartment for approximately 2 months when they suddenly get a deluge of mail. Some are standard junk mail credit card offers, but several are pretty intimidating notices from debt collectors for past due debt. One appears to be from the same debt collector that John did not recognize on his credit report. The other claim to be collecting on some of the other debts on the credit reports and these he also doesn't recognize the company asking him to pay money.

After staff schedule a meeting with John to go over these notices, he calls back a day later panicked after getting a pushy call from a debt collector. "You need to pay \$50.00 dollars right away! If you don't pay soon, we can report you to the police and have you arrested. We can report you to your landlord and put you back on the street."



Phase 3: Retention and Stabilization

Maintain contact and communication to resolve destabilizing financial concerns

- With an address, comes old financial demons: debt collection notices, court hearings, garnishment notices
- We all make missteps: Clients anxious with the new financial obligation of housing can take on new exploitative debt products such as pay-day loans

How can legal services assist?

- Represent clients as old debt matters emerge
- Continue to work on financial items identified at Phase 1 that take longer to resolve
- Educate and empower the client to continue to prioritize housing payments



Checking back in with our client:

Fortunately, one year on the notice and mail have died down after legal aids assistance. Now John is hoping to get a van that would allow him to travel with his Mary who is now in a wheelchair after her stroke. He hopes he could afford a modest monthly payment starting next month when a new VA benefit comes through. He has been able to prioritize his basic necessities including rent, medication and food. He goes to a dealer and finds out his credit is still quite poor because of some of the same debts he didn't recognize from before, but he went to court on those and the debt collectors couldn't show it was him who owed the money.

Another month on he gets news that his older brother has passed away. He has left John \$30,000 dollars. John wonders how to handle this money. He and Mary receive a number of state benefits that he doesn't want to be cut off from before he knows he could set up something to cover those expenses.



Phase 4: Financial Aspirations

Identify financial hopes and take steps to achieve them

- Now is the time to think about long term goals such as: school, savings, a car, a home
- Is there a back-pay lump sum of benefits coming?

How can legal services assist?

- Clean up credit report errors to improve credit scores (Higher score = better loan terms)
- Pursue affirmative cases against bad actors who engaged in abusive practices
- Protect bank accounts and savings from new garnishment
- Educate and empower the client to understand how lump sum benefits can be managed to minimize impact on existing benefits



Resources

- [Your Money, Your Goals](#) - Consumer Financial Protection Bureau
- Your Money, Your Goals is a set of financial empowerment materials for organizations that help people meet their financial goals by increasing their knowledge, skills and resources
-
- [Find Legal Aid](#) - Legal Services Corporation
- Search for local LSC funded legal aid organizations in your area.



Questions

