

## **New Provincial Rent Bank Agreement for 2009 and Subsequent Years**

<b>Date:</b>	September 24, 2009
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	General Manager, Shelter, Support and Housing Administration Division
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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Since 2004, the provincial government has provided funding for a Rent Bank program in Toronto. After a review, the province made some changes to the program and a new agreement between the Province and the City is required in order to receive continued provincial funding. The agreement requires that the Rent Bank program, and more specifically the Local Rules, be approved by Council.

This report recommends that the General Manager, Shelter, Support and Housing Administration receive delegated authority to enter into a new agreement with the Minister of Municipal Affairs and Housing, and to enter into future amendments as may be required. In addition, the report provides information about provincial requirements for the program, and seeks Council approval of the Local Rules for the Toronto Rent Bank program.

### **RECOMMENDATIONS**

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**The General Manager, Shelter, Support and Housing Administration, recommends that Council:**

1. delegate authority to the General Manager, Shelter, Support and Housing Administration, to execute the 2009 Provincial Rent Bank Agreement, and enter into future amendments or renewal agreements, on behalf of the City of Toronto with the Minister of Municipal Affairs and Housing for continued delivery of the Provincial Rent Bank program;

2. authorize the General Manager, Shelter, Support and Housing Administration, to receive the funding from the Ministry of Municipal Affairs and Housing for the 2009 provincial allocation, and to receive any future funding which may be forthcoming from the Ministry of Municipal Affairs and Housing for the Provincial Rent Bank program;
3. authorize the General Manager, Shelter, Support and Housing Administration, to execute the necessary agreements with Neighbourhood Information Post (the lead community agency coordinating the Rent Bank Program in Toronto) to deliver the Provincial Rent Bank Program, and to allocate provincial Rent Bank funding to Neighbourhood Information Post beginning with an allocation of \$1,499,211 in 2009;
4. approve the Local Rules which guide the operation of the Rent Bank program in Toronto substantially as set out in Appendix B, and authorize the General Manager, Shelter, Support and Housing Administration, to amend the rules as required to be consistent with any future amendments to the Ministry of Municipal Affairs and Housing, and to respond to program implementation needs which may arise from time to time; and
5. request the Minister of Municipal Affairs and Housing to allocate all future Provincial Rent Bank funding among Consolidated Municipal Service Managers and District Social Service Administration Boards based on the relative proportions of tenant households paying more than 30% of their income on rent.

## **Financial Impact**

The Ministry of Municipal Affairs and Housing (MMAH) has allocated \$1,499,211 to the City of Toronto for the Provincial Rent Bank program in 2009. Approval of an agreement with the Minister of Municipal Affairs and Housing is required before funds can be accessed.

Once the agreement is approved, the 2009 Operating Budget will be adjusted to include the Provincial Funding of \$1,499,211 gross and \$0 net. Any in year budget adjustment requirements will be reported separately to Budget Committee. The agreement is intended to automatically renew in future years, subject to available provincial funding, and any funding adjustments will be included in future budget submissions.

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

## **DECISION HISTORY**

The City of Toronto was one of the first Ontario municipalities to initiate a rent bank program, beginning in 1998. In 2004 the province provided \$2,174,833 in funding for the Rent Bank for two years, and has since then continued to fund the program on an annual

basis. At its meeting of September 28, 29, 30 and October 1, 2004, Council authorized the Commissioner of Community and Neighbourhood services to enter into a funding agreement for Provincial Rent Bank funding for the first time, and approved the program design and implementation strategy. This report can be found at Report 6, Clause 11(m): <http://www.toronto.ca/legdocs/2004/agendas/council/cc040928/cms6rpt/cl011.pdf>

At its meeting of July 25, 26 and 27, 2006, Council approved allocation of \$1,068,757 in provincial funding, plus accrued interest, to the Rent Bank program. <http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/cms5rpt/cl008.pdf>

At its meeting of November 19 and 20, 2007, Council approved allocation of \$1,261,910 in provincial funding, plus accrued interest, to the Rent Bank program. <http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-7904.pdf>

At its meeting of December 1, 2 and 3, 2008 Council approved allocation of \$1,823,757 in provincial funding, plus accrued interest, to the Rent Bank program. <http://www.toronto.ca/legdocs/mmis/2008/cd/bgrd/backgroundfile-17260.pdf>

The Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020, approved by Council at its meeting of August 5 and 6, 2009, identifies as a key City action to: “Keep tenants housed through eviction prevention and education by administering the provincially-funded Rent Bank program which helps at-risk households avoid eviction through short-term, interest free loans.” <http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

## **ISSUE BACKGROUND**

The Rent Bank provides interest-free loans to low income tenants in imminent danger of losing their homes due to rent arrears. It is delivered through a network of eight community agencies across Toronto, ensuring efficient program delivery and providing clients with a one-window access to a range of complementary services. The agencies delivering the program are listed in Appendix A.

Council has requested on numerous occasions that the Minister of Municipal Affairs and Housing commit to long-term funding of the Provincial Rent Bank program. The province undertook a program review in 2008, which recommended stable funding. On March 1, 2009, the province announced that it would stabilize funding of the Rent Bank program, meaning that program funding would renew automatically each year, subject to the availability of provincial dollars. In order to receive continued provincial funding, a new agreement between the Province and the City is required. For this reason, this report recommends that Council delegate authority to the General Manager, Shelter, Support and Housing Administration to enter into any agreements necessary to ensure continued provincial funding of the Rent Bank.

## **Program Results**

Almost one-half of households in Toronto rent their homes, and almost one-half of all tenants (208,300 households) are paying more than 30% of their income on rent. The Rent Bank program is a key support in assisting low income tenants, who are in imminent danger of losing their homes due to rent arrears, to avoid evictions.

An evaluation of the Rent Bank programs across Ontario was conducted by the province in 2008. The evaluation found that the Rent Bank helped clients to stabilize their housing. Province wide, 56% of clients, who would likely have otherwise been evicted, were still in their homes after six months, and 33% were still in their homes after two years. In Toronto, follow-up studies have found that 61% were still in their homes after six months, and 33% were still in their homes after two years. It is important to note that for some tenants, helping them to move into a more affordable home is a better solution than remaining in the same unit. For this reason, in Toronto, the Rent Bank program is delivered in conjunction with other housing support services.

Since 2004 when the provincial and City rent bank programs were combined, there has been an average of 1,000 loans issued annually. The average loan is \$1,650 per household, and 77% of clients are actively repaying their loans (meaning that more than 50% of their loan is repaid, there have been at least two payments in the last six months, and the repayment history has less than 33% occurrence of an NSF). By opting to have a loan program rather than a grant program, funds available from repaid loans have made the Rent Bank program more sustainable by enabling more loans to be issued to households in need using repaid funds. Forty-three percent of all funds loaned out have already been repaid.

## **Provincial and Local Rules**

The Province has established new mandatory requirements for the Rent Bank program, which are contained in the agreement. These rules are outlined in Appendix B.

In addition to the rules established by the Province, the City is required to establish Local Rules regarding the use of program funding, the application process, repayment of loans, and use of repaid loan funds. The agreement requires that the Rent Bank program, and more specifically the Local Rules, be approved by Council.

The Local Rules which have been in use for the current program are recommended to continue under the new agreement. Each of these rules is supported by detailed operating policies and guidelines used by Rent Bank staff to deliver the program. A complete list of Local Rules recommended for Council approval is set out in Appendix B.

## **Program Funding Allocations**

In the initial years of the provincial program, the amount of funding allocated to each Service Manager was based on the Service Manager's proportion of provincial

population. In 2004, Council recommended that the allocation take into consideration the greater need in communities where there is a larger tenant population. In 2008, \$1,823,575 was allocated to Toronto from the \$5 million available provincially, based on both proportion of tenant population and prior spending patterns.

Provincially, \$5 million has been allocated by the province for Rent Bank funding in 2009. A new allocation method was used in 2009 to determine the City's allocation of \$1,499,211.

The new method is roughly based on an average of the relative population of each service manager, percentage of households in core housing need and percentage of renters. For Toronto, this method results in just less than a 30% share of the total \$5 million available. If the methodology placed greater emphasis on tenant population, tenant households in core housing need or tenant affordability, Toronto's share would be between \$200,000 to \$300,000 greater each year. For example:

- 34% of all renters in Ontario live in Toronto (34% of \$5M = \$1.7M)
- 36% of all renters in Ontario that are paying more than 30% of their income on rent live in Toronto (36% of \$5M = \$1.8M)

As the rent bank serves low income tenant households, the allocation methodology should not include overall population and overall households in core housing need as those figures include homeowners who are not eligible for Rent Bank funding. For this reason, it is recommended that the Province be requested to amend the allocation methodology beginning in 2010 to be based only on relative proportions of tenant households paying more than 30% of their income on rent.

## **CONTACT**

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## **SIGNATURE**

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Phil Brown  
General Manager  
Shelter, Support and Housing Administration Division

## **ATTACHMENTS**

Appendix A: List of Rent Bank Program Delivery Agencies

Appendix B: Provincial Rules and Recommended Local Rules

**APPENDIX A  
LIST OF RENT BANK PROGRAM DELIVERY AGENCIES**

The Rent Bank program is delivered through a network of community agencies known as Local Service Access Centres, which provide access points to the Program across Toronto. One of these agencies, Neighbourhood Information Post, also serves as the central administration agency for the other access centres.

<b>Organization</b>	<b>Ward</b>	<b>Wards Served</b>
<b>Albion Neighbourhood Services / Etobicoke Housing Help Centre</b> North Site: 1530 Albion Road South Site: LAMP, 185 5 <sup>th</sup> Street	01	1, 2, 3, 4, 5, 6
<b>COSTI/North York Housing Help Centre</b> 1700 Wilson Avenue, Suite 114	17	7, 8, 9, 10, 23, 24, 33, 25, 34
<b>East York East Toronto Family Resources</b> 91 Barrington Avenue	30	26, 29, 31, 32, 33, 34, 36, 37
<b>Neighbourhood Information Post</b> 269 Gerrard Street East	28	4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 37, 40, 42, 43, 44
<b>Flemingdon Neighbourhood Services</b> 10 Gateway Blvd, Ste 104, North York	26	26, 22, 34, 25, 27
<b>Scarborough Housing Help Centre</b> 780 Birchmount Avenue	37	35, 36, 37, 38, 39, 40, 41, 42, 43, 44
<b>Woodgreen Community Centre</b> 835 Queen Street East	30	30, 31, 32
<b>York Community Services</b> 1651 Keele Street	12	11, 12, 15, 17

Note: some wards may access more than one local access centre.

## APPENDIX B PROVINCIAL RULES AND RECOMMENDED LOCAL RULES

The following table lists the mandatory provincial rules and the recommended Local Rules together.

The mandatory provincial rules are set out in the provincial agreement. MMAH requires that the Local Rules be approved by City Council.

The recommended Local Rules are consistent with provincial parameters, and respond to requirements in the Ministry of Municipal Affairs and Housing Agreement to establish:

1. rules in addition to the provincial rules provided such rules are more stringent with respect to the use of program funding
2. rules for the application process
3. rules for repayment of loans and use of loan repayment funds

<b>1) Eligible Tenants</b>	
<b>Provincial Rules</b>	<ul style="list-style-type: none"> <li>• Eligible applicants:               <ul style="list-style-type: none"> <li>• Must be a resident of the City of Toronto and meet requirements for status in Canada (i.e. Canadian citizen, conventional refugee, landed immigrant or permanent resident);</li> <li>• Must be in immediate danger of losing their residence due to unpaid rent;</li> <li>• Must not be receiving Rent-Geared-to-Income assistance;</li> <li>• Must have household income below income limits to be set by the Ministry of Municipal Affairs and Housing, which currently vary based on unit type rather than size of household (for 2009, for a one-bedroom the maximum income would be \$37,000 and two-bedroom \$43,000); and</li> </ul> </li> <li>• One tenant applicant per household may receive financial assistance no more than once every two years, with more flexibility where the tenant has repaid their loan sooner than two years.</li> </ul>
<b>Local Rules</b>	<ul style="list-style-type: none"> <li>• Individuals, couples, senior citizens and families with children are eligible.</li> <li>• Eligible applicants:               <ul style="list-style-type: none"> <li>• must be paying market rent in units regulated by the Residential Tenancies Act;</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>• Must have a steady income;</li> <li>• Must not be receiving social assistance or student aid;</li> <li>• Must be able to afford the rent in the long term, including loan repayments;</li> <li>• Must not own a home; and</li> <li>• Must have a household income which does not exceed the greater of the cap of LICO + 30% or the provincial income cap, except in exceptional circumstances to be considered on a case by case basis, and in no case to exceed the applicable cap by more than \$7,500.</li> </ul>
<p><b>Discussion</b></p>	<p>The Toronto Rent Bank program has been using a maximum income cap based on the type and size of households (LICO + 30%), rather than the type of unit the household is occupying, which is currently proposed by MMAH. While the caps used by the Toronto program and those planned by MMAH are in the same range, there are some key differences, particularly when households are under-housed.</p> <p>For example, under current Toronto Rent Bank rules a couple and their child living in a one bedroom unit could apply for a Rent Bank loan if their household income was lower than \$44,132, but would not be eligible under the provincial rules if their income exceeded \$37,000. If they instead lived in a two-bedroom unit, the cap would be \$43,000 under provincial rules. Households that are over-housed would benefit from a higher income cap. For example, a single person earning \$35,000 would not be generally eligible for a Rent Bank loan under the current Toronto rules, but they would be eligible under the provincial rules if they lived in a one-bedroom apartment.</p> <p>The Toronto Rent Bank program has permitted a modestly higher income cap on a case by case basis in exceptional circumstances, however, there is no such provision in the provincial rules. For example, where the household has substantial ongoing medical costs (e.g. for an uninsured disabled child) or costs to support a relative (e.g. seniors or family overseas), a higher income cap may be permitted. Another exception may be where the household income has only recently increased to a level where it exceeds the income cap, after a period of very low income or unemployment. As the income eligibility rules used by the Toronto program for the past ten years have been effective, it is proposed to continue using the Toronto rules. This is permitted under the agreement, provided that any loan made to a household with an income that exceeds the provincial cap would be funded from repaid loan funds.</p>

<b>2) Maximum Loan Amount and Costs Covered</b>	
<b>Provincial Rules</b>	<ul style="list-style-type: none"> <li>• Program funds for applicants may be in the form of a loan or a grant.</li> <li>• Program funds may cover a maximum of two months rent, capped at two times the average market rent for Toronto as set by MMAH (currently for a one bedroom unit, the cap would be two times \$929 = \$1,858, and for a two-bedroom unit it would be two times \$1,104 = \$2,208).</li> <li>• Program funds may be used for rent arrears only (there is more flexibility with how repaid loan funds may be used, which is explained below).</li> <li>• The funds must be paid to the applicant’s landlord and not to the applicant directly.</li> </ul>
<b>Local Rules</b>	<ul style="list-style-type: none"> <li>• Program funds for applicants are given in the form of an interest-free loan.</li> <li>• The maximum loan is \$2,500, which may exceed the maximum permitted by the provincial rules, and is permitted provided the difference is funded from loan repayment funds.</li> <li>• The loan may include related costs necessary to restore the tenancy, such as sheriff fees and Landlord and Tenant Board costs, provided such costs are funded from loan repayment funds.</li> </ul>
<b>Discussion</b>	<p>The new provincial requirement that loans are capped at two times the average market rent for Toronto, and that loans may be used for rent arrears only, are in contradiction to how the Toronto Rent Bank currently operates. As the maximum loan rules used by the Toronto program for the past ten years have been effective, it is proposed to continue using the Toronto rules.</p> <p>Therefore, the Local Rules state that where the maximum loan of \$2,500 exceeds the provincial cap, and for costs related to restoring the tenancy, the difference would be paid from other repaid loans, which is permitted under the provincial agreement. Sheriff fees generally do not exceed \$340, and Landlord and Tenant Board costs generally do not exceed \$150.</p>
<b>3) Application Process</b>	
<b>Provincial Rules</b>	<ul style="list-style-type: none"> <li>• An application process is required and applications must be evaluated, including taking into consideration the applicant’s needs and the potential for long-term housing (i.e. would the applicant’s housing situation be stabilized if program funding is provided?).</li> </ul>
<b>Local Rules</b>	<ul style="list-style-type: none"> <li>• Tenants must apply for a loan, prove that they meet all program criteria, and give consent for Rent Bank staff to work with their</li> </ul>

	<p>landlord to resolve the eviction.</p> <ul style="list-style-type: none"> <li>• Rent Bank staff shall attempt to mediate a solution with the landlord thus avoiding the need for a loan.</li> <li>• Where it is determined that the housing is not sustainable for the applicant, Rent Bank staff shall provide support to the applicant to achieve sustainable housing, including connecting them to a Housing Help worker.</li> <li>• Where a loan is required, Rent Bank staff shall confirm with the landlord that the loan will end eviction proceedings and restore the tenancy.</li> <li>• A Special Review Committee, comprised of at least five members of the Rent Bank Steering Committee, has been established to consider appeals by applicants and special cases. Applicants may appeal a decision of the central program office to the Special Review Committee. The decision of the Special Review Committee is final, and shall be communicated with reasons to the applicant.</li> </ul>
<p><b>4) Loan Repayments</b></p>	
<p><b>Provincial Rules</b></p>	<ul style="list-style-type: none"> <li>• Service Managers must establish Local Rules for the repayment of such loans.</li> </ul>
<p><b>Local Rules</b></p>	<ul style="list-style-type: none"> <li>• A loan repayment schedule shall be established for each loan.</li> <li>• Loan repayment schedules may be amended where there is a change in the loan recipient’s financial situation that may contribute to housing instability if they continue loan repayments according to their current schedule. Clients may request to renegotiate their monthly repayment amount or apply for payment deferral.</li> <li>• Under exceptional circumstances, loan repayments may be forgiven for loan recipients who face unexpected economic hardship and are otherwise in good standing with the program (which includes a history of regular payments).</li> <li>• Where there is no other option but to write off a loan (for example, the loan recipient cannot be found), the reasons shall be documented and the loan recipient shall be considered “not in good standing” and, therefore, ineligible for future loans until such time as the unpaid loan is addressed.</li> </ul>
<p><b>Discussion</b></p>	<p>To help residents during this time of economic uncertainty, Council approved a set of new and enhanced programs as part of the 2009 Operating Budget. This included increased flexibility in rules for repayment of Rent Bank loans to assist tenants facing economic hardship to get through challenging financial circumstances without losing their housing. Local Rules outlined above which provide greater</p>

	<p>flexibility in loan repayment amounts and options for payment deferral due to economic circumstances were part of this recession strategy initiative.</p> <p>Exceptional circumstances that may qualify for loan repayment forgiveness would include households that were otherwise in good standing and making regular payments, but who have experienced a substantial loss of income due to job loss or a substantial unexpected cost such as medical expenses (e.g. for an uninsured disabled child) or providing support to a relative (e.g. seniors or family overseas).</p>
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**5) Use of Loan Repayment Funds**

<b>Provincial Rules</b>	<ul style="list-style-type: none"> <li>• Service Managers may establish Local Rules for the use of Loan Repayment Funds.</li> </ul>
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<b>Local Rules</b>	<ul style="list-style-type: none"> <li>• Loan Repayment Funds shall be accounted for separately from provincial funding.</li> <li>• Loan Repayment Funds may be used to fund activities established by Local Rules but not permitted to be funded or not sufficiently funded under the provincial requirements, including: <ul style="list-style-type: none"> <li>○ all or part of new loans;</li> <li>○ any part of a loan which exceeds the provincial maximum rent arrears and the loan maximum of \$2,500 ;</li> <li>○ any part of a loan for costs related to restoring the tenancy, provided that the total loan does not exceed \$2,500. Related costs include Sheriff’s fees and costs that the Landlord and Tenant Board has ordered the tenant to pay the landlord (for example, to cover the landlord’s application filing fee);</li> <li>○ any loan where the applicant’s household income exceeds the provincial income cap provided that the household income is not more than \$7,500 plus the greater of LICO + 30% or the provincial income cap; and</li> <li>○ program delivery costs, including costs of related programs (such as budget planning supports and accessing the Last Month’s Rent Deposit Loan program, etc.), provided that such program delivery costs are approved by the General Manager, Shelter, Support and Housing Administration.</li> </ul> </li> <li>• Other funding sources may be used for these purposes instead of or in addition to Loan Repayment Funds, if such funds are available and the use is permitted.</li> </ul>
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<b>Discussion</b>	<p>Re-paid loans will continue to be used primarily to fund further loans. This includes funding of loans for households with an income that</p>
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	<p>satisfies Toronto eligibility rules but exceeds the provincial income cap. In addition, funds are also used for loan amounts exceeding the provincial cap on loans and for loans to cover eviction related costs which are not eligible under provincial rules. If MMAH permits program funds to be used for these purposes, or other funds become available, these funds would be used instead of or in addition to Loan Repayment Funds.</p> <p>As part of the recession strategy initiatives in the 2009 Operating Budget, Council approved creation of an Emergency Rental Deposit loan program to complement the existing Rent Bank loan program for rental arrears. The Emergency Rental Deposit Loan Program provides an interest-free repayable loan for last month's rent deposit to households where changes in economic situation necessitate a move to more affordable housing. The Rental Deposit Loan program is being administered through the existing Rent Bank program infrastructure.</p> <p>As the provincial rules allow for only 10% of funding to be used for administrative costs which is far less than the real cost to administer the Rent Bank program, funds from repaid loans may also cover additional program delivery costs, subject to approval by the General Manager, Shelter, Support and Housing Administration.</p>
<p><b>6) Program Administration</b></p>	
<p><b>Provincial Rules</b></p>	<ul style="list-style-type: none"> <li>• No more than 10 percent of provincial money may be used for program delivery costs.</li> <li>• Interest earned on the provincial funds must also be used for the Rent Bank program.</li> <li>• Annual reports to MMAH about Rent Bank program activities are required.</li> <li>• Annual financial reporting to MMAH is required, and MMAH may also request other reports from time to time.</li> </ul>
<p><b>Local Rules</b></p>	<ul style="list-style-type: none"> <li>• Interest accrued is paid out to be used for Rent Bank loans annually in the fourth quarter of each year (the City established an interest bearing account for the provincial Rent Bank in 2004, and will continue to use this account under the new agreement).</li> <li>• The Rent Bank Steering Committee, which includes representatives from all Local Service Access Centres and City staff, will monitor program implementation, develop operational guidelines and make recommendations for policy changes as needed, subject to approval of the General Manager, Shelter, Support and Housing Administration.</li> </ul>