

## Toronto Rent Bank Grant Program Pilot Update

**Date:** May 16, 2022

**To:** Planning and Housing Committee

**From:** Executive Director, Housing Secretariat

**Wards:** All

### **SUMMARY**

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The Toronto Rent Bank (Rent Bank) provides interest-free loans to low-income households in Toronto who are experiencing rental arrears or require help with a rental deposit in order to prevent homelessness.

The City has made significant program enhancements to Rent Bank throughout the pandemic to expand support for households at risk of eviction to prevent people from becoming homeless due to eviction. These changes include enhancements to increase access and uptake as well as additional investments of \$3 million through COVID-19 emergency funds to enable the Rent Bank program to support more households in need.

On April 7, 2021, City Council approved a pilot of the Rent Bank program until March 31, 2022, that provided grants instead of loans for any new households accessing the program and suspended any loan repayment requirements for existing Rent Bank clients during the pilot.

City staff was requested to report back as per item EC 20.3, Recommendation 6.b. to the Planning and Housing Committee on the Rent Bank grant program pilot and further options to protect those most in need from becoming homeless, including through forgiveness of loans or conversion to a grant program, as well as the impact of those options on future years' revenue.

There have been positive outcomes of the pilot program for clients who are at risk of eviction. The grant has allowed households to remain in their homes and avoid homelessness. As of March 31, 2022, 1,744 households were able to avoid eviction by receiving a grant since the pilot began on May 1, 2021. This was an increase of 52% or an additional 594 households who were able to avoid eviction as compared to 2020 when only 1,150 households received a loan. In an engagement survey administered to Rent Bank clients who received a grant, clients expressed how essential the grants were to maintain their housing when faced with economic uncertainty during the pandemic.

Based on the recommendations in this report, the Rent Bank will be converted to a grants program on a permanent basis and loans repayments that were issued prior to the pilot will resume. Operational adjustments, approved by the Executive Director, Housing Secretariat, will allow loan forgiveness should repayment result in undue financial hardship as well as the ability to monitor and adjust loan repayment policies in future years.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat recommends that:

1. City Council authorize the Executive Director, Housing Secretariat to convert the Toronto Rent Bank program into a permanent grant-based program and make operational adjustments as required, including forgiving some or all of the loans previously issued; and
2. City Council authorize the Executive Director, Housing Secretariat to operate the Toronto Rent Bank as a grant program.

## **FINANCIAL IMPACT**

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Previously, Shelter, Support and Housing Administration (SSHA) funded and delivered eviction prevention programs such as the Rent Bank program and the Eviction and Prevention in the Community (EPIC) program. Effective March 23, 2022, SSHA's Housing Stability Services section, which administers the Rent Bank, has transitioned to the Housing Secretariat division.

This report is seeking Council approval to convert the Rent Bank program into a permanent grant-based program. This is required in order to ensure that low-income individuals and families are more able to stay in their homes and avoid homelessness.

The recommendations contained in this report have no additional financial impact on 2022 Budget as the current funding of \$4.9 million will be accommodated within the 2022 Approved Operating Budget for the Housing Secretariat (see Table 1).

Table 1. Toronto Rent Bank Base Funding and COVID-19 Funding Enhancements

<b>2021 Allocations</b>	<b>Base Annual</b>	<b>\$3M COVID Enhancement</b>	<b>Total Funding</b>
Rent Bank Fund	\$1,438,936	\$2,897,910	\$4,336,846
Coordination & Admin	\$488,156	\$102,090	\$590,246
<b>TOTAL RENT BANK</b>	<b>\$1,927,092</b>	<b>\$3,000,000</b>	<b>\$4,927,092</b>
% of total allocated to Coordination & Admin	25.3%	3.4%	12.0%
<b>2022 Allocations</b>	<b>Base Annual</b>	<b>\$3M COVID Enhancement</b>	<b>Total Funding</b>
Rent Bank Fund	\$1,438,936	\$2,774,111	\$4,213,047
Coordination & Admin	\$488,156	\$225,889	\$714,045
<b>TOTAL RENT BANK</b>	<b>\$1,927,092</b>	<b>\$3,000,000</b>	<b>\$4,927,092</b>
% of total allocated to Coordination & Admin	25.3%	7.4%	14.5%
<b>2023 Allocations</b>	<b>Base Annual</b>	<b>\$3M Homelessness Prevention Program</b>	<b>Total Funding</b>
Rent Bank Fund	\$1,438,936	\$2,774,111	\$4,213,047
Coordination & Admin	\$488,156	\$225,889	\$714,045
<b>TOTAL RENT BANK</b>	<b>\$1,927,092</b>	<b>\$3,000,000</b>	<b>\$4,927,092</b>
% of total allocated to Coordination & Admin	25.3%	7.4%	14.5%

Based on the results of the grant pilot and future projections, the Housing Secretariat projects an ongoing annual operating budget of approximately \$4.79 million to \$5.94 million for the Rent Bank program.

Funding for the Rent Bank in 2023 and subsequent years will entail \$1.9 million from the City tax-based funding and \$3 million from the Provincial Homelessness Prevention Program (HPP) which was launched on April 1, 2022.

As of February 28, 2022, the outstanding balance of active unpaid Rent Bank loans is approximately \$12.52 million, which have been loaned since the Rent Bank's inception in 1998. Staff recommends the Executive Director, Housing Secretariat make operational adjustments as required in future years, including approving the forgiveness of some or all of the unpaid loans, using criteria including financial hardship and likelihood of the household losing their housing. Any repayments that are collected will supplement the Rent Bank Fund beyond the approved base funded budget.

There are no additional financial impacts on the City's tax-based funding resulting from the recommendations in this report.

The Chief Financial Officer and Treasurer have reviewed this report and agree with the financial implications as identified in the Financial Impact section.

## **EQUITY IMPACT STATEMENT**

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The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential, and is centered on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable, and liveable communities.

The Rent Bank is accessed by low-income individuals and families who face a variety of complex and intersecting challenges and are at imminent risk of eviction. This includes Indigenous people and people from a range of equity-seeking groups including; people at risk of homelessness; people who are experiencing significant financial stresses that may have an impact on their housing; newcomers; seniors; racialized individuals, particularly those who identify as Black; people who first experienced homelessness as a child or youth; people who have had foster care experience; and people who identify as 2SLGBTQ+.

Eviction prevention programs such as the Rent Bank program increase the opportunity for lower-income and vulnerable individuals and families, as well as those from equity-seeking groups to maintain housing stability and live in dignified housing with appropriate support.

## **DECISION HISTORY**

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At its meeting on April 7, 2021, City Council adopted item EC20.3 and requested for staff to report back on the Rent Bank grant program model pilot and further options to protect those most in need from becoming homeless, including through forgiveness of loans or conversion to a grant program, as well as the impact of those options on future years' revenue.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EC20.3>

At its meeting on December 16, 17, and 18 2020, the City Council adopted item EC18.9 and authorized the General Manager, SSHA, to negotiate and enter into a new non-competitive contract with Neighbourhood Information Post (NIP) for rent bank administration services in the amount of \$1,098,348 gross and net \$0 for the period of January 1, 2021, to March 31, 2023.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EC18.9#>

At its meeting on December 7, 2020, the Economic and Community Development Committee requested the General Manager, SSHA, to report back in the first quarter of 2021, as part of the ongoing evaluation and redesign work on the Toronto Rent Bank

and the EPIC programs.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EC18.8>

At its meeting on October 27 and 28, 2020, City Council adopted item EC16.1 that recognized the importance of preventing people from becoming homeless and requested the General Manager, SSHA, and the Executive Director, Housing Secretariat, to accelerate ongoing work toward the expansion of the Toronto Rent Bank Program and the EPIC and bring recommendations to City Council as soon as possible.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EC16.1>

At its meeting on October 20, 2020, the Planning and Housing Committee directed the General Manager, SSHA, to review and update, as required, current City of Toronto web content related to the Rent Bank program, the EPIC program and the Tenant Defence Fund and Tenant Hotline programs, and include information on how tenants can access each program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.6>

At its meeting on September 30, October 1 and 2, 2020, City Council requested the General Manager, SSHA to report back to the Planning and Housing Committee on the feasibility of expanding the Toronto Rent Bank program and the EPIC program to introduce non-repayable grants to residents who cannot afford a temporary loan; and, expand the eligibility criteria of the Toronto Rent Bank and the EPIC program to capture more low-income residents and families.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.5>

## COMMENTS

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### Toronto Rent Bank Program

The Toronto Rent Bank program (Rent Bank) provides interest-free loans to low-income households in Toronto who are experiencing rental arrears or require help with a rental deposit in order to prevent homelessness. The Rent Bank is delivered by a community not-for-profit partner, Neighbourhood Information Post (NIP), which works collaboratively with nine Housing and Help Centres across the city to coordinate and administer the program. Both the Housing and Help Centres and NIP engage in outreach activities to promote the Rent Bank.

In response to the COVID-19 pandemic, SSHA made an additional \$2.00 million investment to Rent Bank in April 2020, along with program enhancements to support low-income households to remain housed. Program changes since 2020 to current include:

- Increasing the maximum allowable loan from \$3,500 to \$4,000 for up to three months of rental arrear loans;
- Increasing the household income eligibility criteria by \$15,000 in each household composition category;

- Automatically deferring all loan repayments for up to a period of twelve months;
- Eliminating the eligibility requirement that households demonstrate a steady income on a go-forward basis;
- Moving from original copies to electronic document verification;
- Redirecting all households in receipt of social assistance to the Housing Stabilization Fund;
- Centralizing the [Rent Bank Website](#);
- Establishing a centralized, pre-screening call centre administered by NIP (previously run by Toronto Employment and Support Services);
- Translating the Rent Bank information flyer in ten different languages;
- Enlisting two additional Housing and Help Centres in 2022 to administer Rent Bank services in the community in response to an increase in demand; and
- Piloting Rent Bank as a grant program instead of a loan program with an additional \$3 million investment of COVID-19 emergency funds added to the base funding for 2021 and 2022.

The City also launched a public education campaign from March 21, 2022, to April 17, 2022, and utilized a variety of paid stakeholder communication channels and organic media strategies to build awareness of the Rent Bank. The goal was to reach those in most need of the program including, people at risk of homelessness, seniors, people who are experiencing significant financial stresses that may have an impact on their housing, Indigenous people, and people who identify as Black Torontonians.

### *Rent Bank 2022 Budget and Fund Balance*

The 2021 approved budget committed \$4.33 million to the Rent Bank Fund comprised of \$1.4 million in City taxed-based funding and \$3 million in Provincial Community Homelessness Prevention Initiative–Social Service Relief Funding (CHPI-SSRF) funds. The 2022 approved budget includes a planned allocation of \$1.44 million to the Rent Bank Fund. Additionally in 2022, SSHA committed an additional \$3 million in emergency funds to Rent Bank in order to address rising service demand and the operational impact of running the program as a grant.

From 2021 to 2023, a total of \$10.3 million has been committed to the Rent Bank Program – with \$8.9 million allocated for the Rent Bank Fund (which funds the loans and grants) and \$1.4 million for the coordination and administration of the program.

### **Grant Program Pilot Overview**

Historically, Rent Bank has provided qualifying households with an interest-free loan for rental arrears or rent deposits. Loan repayments would then fund Rent Bank programmatic costs for coordination and administration with a portion reinvested in the fund in order to provide more rental arrears and rent deposit loans to clients in any given year.

The COVID-19 pandemic has negatively impacted many Torontonians' income levels which has had a direct impact on their ability to pay rent, in addition to heightening issues of food insecurity, poverty, and the accumulation of household debt, and the

availability of safe and affordable housing. As a result, the grant program pilot was introduced through a motion during City Council on April 7, 2021, where the Rent Bank program was directed to be piloted as a grant program instead of a loan program for a period of one year, until March 31, 2022. This would mean the elimination of all loan repayment requirements for Rent Bank clients for at least the duration of the pilot. The pilot officially began on May 1, 2021.

### *Administration*

The Rent Bank pilot is administered by NIP and nine partner agencies or Housing and Help Centres (also known as Local Access Centers) across the city to coordinate and administer the program. Both the Housing and Help Centres and NIP engage in outreach activities to promote the Rent Bank program.

Eligible residents can call Rent Bank's central intake at 416-397-RENT (7368) where a pre-screening is done by NIP's call centre staff. If residents meet the eligibility requirement, they are transferred to an intake worker at one of the nine Local Access Centres based on their catchment area for intake into the program.

Attachment 1 shows a map of the number of evictions prevented as a result of Rent Bank services by City of Toronto wards in 2021.

### *Grant Amounts*

Rent Bank grants for rental arrears are up to \$4,000 or three months' rent, whichever is the lower amount. For rental deposits, grants are based on the unit size as follows:

- \$1,500, studio unit
- \$1,700, 1-bedroom
- \$1,900, 2-bedroom unit
- \$2,100, 3-bedroom or larger

### *Grant Program Pilot Service Levels*

From May 1, 2021, to March 31, 2022, a total of 1,744 households received a grant which amounted to a total value of \$4.83 million issued.

The additional \$493,896.74 of grants that were issued beyond the 2021 approved budget of \$4.33 million were funded by loan repayments that were collected in 2021 and the remaining funds from the Rent Bank fund.

Table 2 shows the number and value of loans granted steadily increased each year since 2016. In 2021, the total number of loans and grants issued increased by 49% as compared to 2020. This was a 43% increase of the total value of funds distributed as compared to 2020.

Table 2. Number and Amount of Rent Bank Loans and Grants Issued by Year

Year	Number of Loans Issued	Change from Last Year	Amount of Loans Granted	Change from Last Year
2016	874	n/a	\$1,732,215.55	n/a
2017	761	-13%	\$1,582,334.39	-9%
2018	738	-3%	\$1,612,478.99	2%
2019	861	17%	\$2,129,587.71	32%
2020	1150	34%	\$3,528,352.62	66%
Jan-Apr 2021	527 (loans)		\$1,696,989.84	
May-Dec 2021	1190 (grants)		\$3,342,825.92	
		Cumulative: 49%	Total: \$5,039,815.76	Cumulative: 43%
Jan-Mar 2022	554 (grants)		\$1,487,916.82	

If Rent Bank issues the same number of grants in 2022 as it did during the pilot time period (May 1, 2021 to Mar 31, 2022), at the average payable amount of \$2,747, it would cost the program \$4.79 million.

If Rent Bank sustains its Q1 2022 service levels throughout the 2022 year, it is projected to cost the program \$5.94 million. Staff will continue to monitor service levels and assess options for in-year investment if needed.

#### *Client Outcomes*

There have been positive outcomes of the pilot program for clients who are at risk of eviction. In a client engagement survey, a cluster sampling of 174 clients who received grants during the pilot (May 1, 2021 to January 31, 2022) were invited to provide feedback on the grant pilot. 58 clients responded to the survey.

Table 3 shows the overall positive responses from core questions related to the drivers of customer satisfaction of the grant pilot.

Table 3. Customer Satisfaction of the Grant Pilot

	Percentage of Clients who Strongly Agree and Agree (N=57)
I was satisfied by the amount of time it took for me to receive the grant.	93%
The application process was easy to understand.	89%
I was able to find the support/information I needed easily.	93%
The staff were helpful and answered my questions.	96%
Overall, I was satisfied with the service I received.	100%



Many clients were grateful for the program for allowing them to remain in their homes and avoid homelessness. Clients have expressed how essential the grants have been to maintain their housing when faced with economic uncertainty during the pandemic. Clients commended the kindness and professionalism of the Rent Bank staff.

Similarly, in an engagement survey of partner agency staff from seven Housing and Help Centres and CERA (Centre for Equality Rights in Accommodation), more than half of partner agency staff (n=14, 61%) were also in agreement the grants model is an effective program model to support clients as compared to the loans model. Partner agency staff cited that the grants model was more beneficial for low income clients since there were no repayments which helped alleviate one less debt for households with multiple debts to worry about. The grants pilot was also more efficient to administer as clients did not need to submit banking information (which was required in the loans program); thus making the grants program more accessible for clients who may not have been eligible previously as a loans program.

## **Key Program Considerations**

### *Repayments*

As a grants program, grants were provided without the expectation of repayment. Those who received grants through this program will not be expected to pay back the grant. All previous loan repayments (from past loans) were also suspended for the duration of the pilot.

Despite suspending all loan repayments, 2,935 households continued to voluntarily repay their loans. The total amount of repayments collected by NIP in 2021 was \$456,712.

As a loans program, repayments are collected to increase the Rent Bank fund balance. In previous years, NIP typically collected approximately \$93,021 each month in repayments or 65% of the total value of loans issued in a year (based on average repayment amounts from 2016 to 2019; see Table 4). If Rent Bank was still operating as a loans program in 2021, it is estimated that up to \$1.12 million could have been collected as repayments from loans that were issued.

Table 4. Number of Loans and Repayments Collected by Year

Year	Amount of Loans/Grants Issued	Amount of Repayments Collected	Percentage of Repayments Collected	Change from Last Year
2016	\$1,732,216	\$1,136,529	66%	n/a
2017	\$1,582,334	\$1,143,350	72%	1%
2018	\$1,612,479	\$1,130,881	70%	-1%
2019	\$2,129,588	\$1,054,232	50%	-7%
2020	\$3,528,353	\$827,453	23%	-22%
2021	\$5,039,816	\$456,713	9%	-45%
Jan-Mar 2022	\$1,487,916.82	\$48,809.56	3%	-89%
<b>Total</b>	<b>\$17,112,702.82</b>	<b>\$5,797,967.56</b>	<b>34%</b>	

As of February 28, 2022 the outstanding balance of active unpaid Rent Bank loans is approximately \$12.52 million since the Rent Bank Program's inception in 1998.

Clients who access Rent Bank services are typically low-income households who are at the risk of eviction and a grants program without repayment is the most beneficial to client outcomes. A grant provides an assurance of maintaining housing stability, especially for households who may already have other existing debts and their income is not consistent or sufficient to undertake another form of debt if the Rent Bank program remained as a loans program.

However, given the continuation of loan repayments by some households despite the loan repayment suspension and the benefits of collecting repayments to supplement the Rent Bank Fund, it is recommended that repayments from loans that were issued prior to the suspension of loan repayments during the pandemic resume in a modified manner. Repayments that are collected will supplement the Rent Bank Fund beyond the approved base funded budget and allow more grants to be provided. The Executive Director, housing Secretariat will authorize City staff to work with individual households to forgive repayments if repaying the loan will result in undue financial hardship or put the household at risk of losing their housing. Additionally the Executive Director, Housing Secretariat will conduct an on-going program review and will make operational changes as needed.

#### *Staff resources required to meet demand*

Since the inception of the pilot, there has been an increase in demand for Rent Bank's services. From May 1, 2021, to March 31, 2022, there were 7,585 calls to Rent Bank's central call centre – up 144% from 2020 where there were 3,106 calls. The number of applications received from May 1, 2022 to March 31, 2022 also increased to 4,096 applications - up 42% from 2020 when there were 2,891 applications received.

Figure 1. High demand for Rent Bank services based on the number of applications received compared to the number of applications approved from 2019 to 2022.

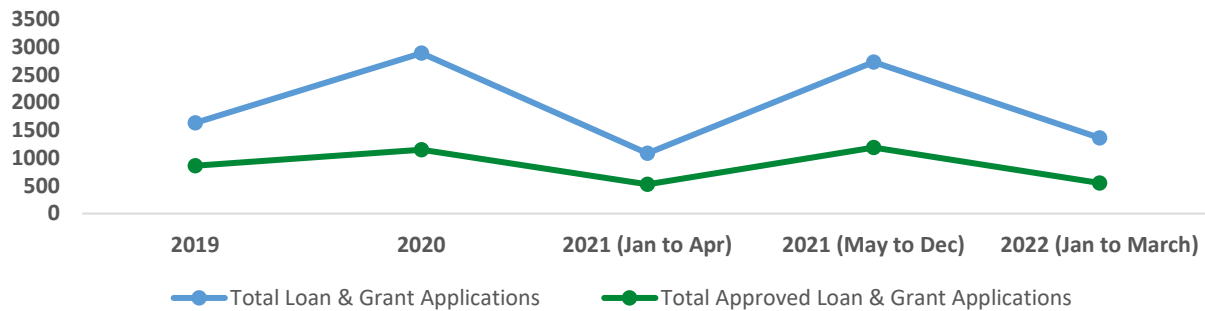
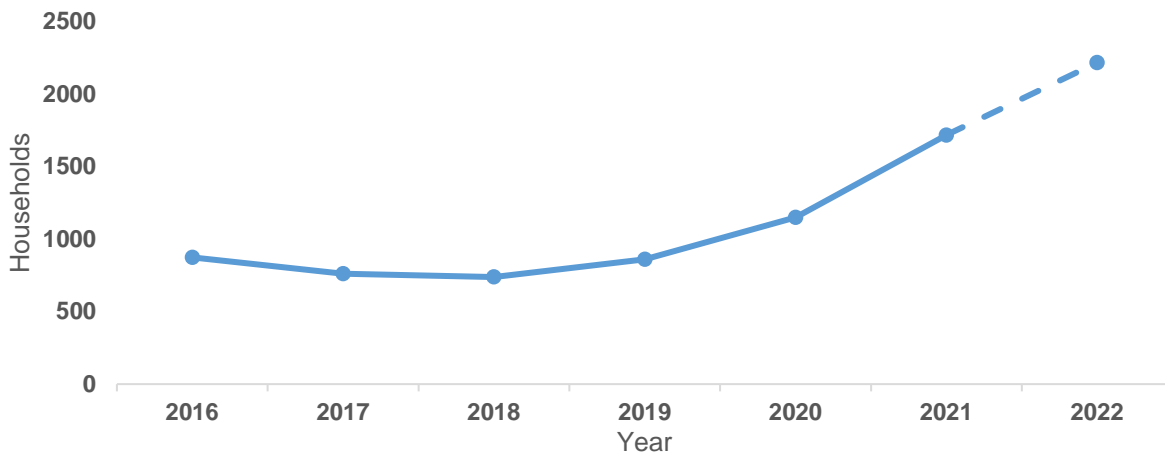


Figure 1 shows that the amount of applications received in any given year is much greater than the number of applications that are approved. This indicates that there is always going to be interest and demand for Rent Bank services yet only a finite number of approved loans or grants are available. Sufficient staffing resources are required to process the increasing volume of applications received.

Figure 2. Total number of households who have received a loan or a grant from 2016 to 2022.



Note: The value for 2022 is a projection based on available data from January 1, 2022 to March 31, 2022.

Figure 2 shows that there has been a steady increase in the number of households who rely on loans and grants to support their housing. Based on available data from January 1, 2022, to March 31, 2022, it is projected that almost 2,216 households may access grants by the end of 2022. This has put increased pressure on existing staff resources in the partner agencies to meet the demand.

The current agreement of the coordination and administration of Rent Bank with NIP Information Post will expire on March 31, 2023. City staff will undertake a competitive

grant process in October 2022 to enlist an organization best equipped to administer the Rent Bank Fund. As part of the competitive grant process, bidding organizations will need to demonstrate that sufficient staffing will be dedicated to delivering Rent Bank services.

## **Recommended Approach**

Based on pilot data and client feedback, it is recommended that Toronto Rent Bank continue as a grant program. A grants program model best aligns with Rent bank as a client-centered, outcome focused service.

According to the [Canada Mortgage and Housing Corporation Rental Market Report 2021](#), nearly 11 per cent of Toronto-area rental households, or approximately 35,000 households were in arrears since the COVID-19 pandemic in 2020. The effects of the pandemic has impacted many households, particularly for lower paid workers in the hospitality and service sectors which resulted in loss of income and accumulation of insurmountable arrears for many households.

As Toronto is on the path to recovering from the COVID-19 pandemic, many of the renter protections for low-income Torontonians have also ended. This includes the Canada Recovery Benefit (CRB) which ended on October 23, 2021 and the rent freeze introduced by the Government of Ontario under the *Residential Tenancies Act* in 2020 which expired on December 31, 2021. Recent findings from [Canada Mortgage and Housing Corporation's Rental Market Report 2022](#) show the average rent in the Greater Toronto Area rose 1.5 per cent in 2021. This impacts many renters, especially for low income earners, with affordability challenges and a higher likelihood of leading to an eviction.

A grant can alleviate that burden and ensure households can stay in their homes. Grants improve client outcomes for equity-seeking groups who cannot afford repayments if the program was a loans program.

It is also more cost effective to maintain housing stability for clients and prevent people from entering homelessness which in turn can reduce pressure on the shelter system. As a grants program, an additional 567 households were able to avoid evictions in 2021 – an increase of 49% as compared to 2020 where only 1,150 households received a loan.

The grants program is more efficient to administer than a loans program. The grants application requires fewer documentation requirements from applicants which makes it more accessible for clients who may have been reluctant or cannot afford repayments in a loans program.

## **CONTACT**

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## **SIGNATURE**

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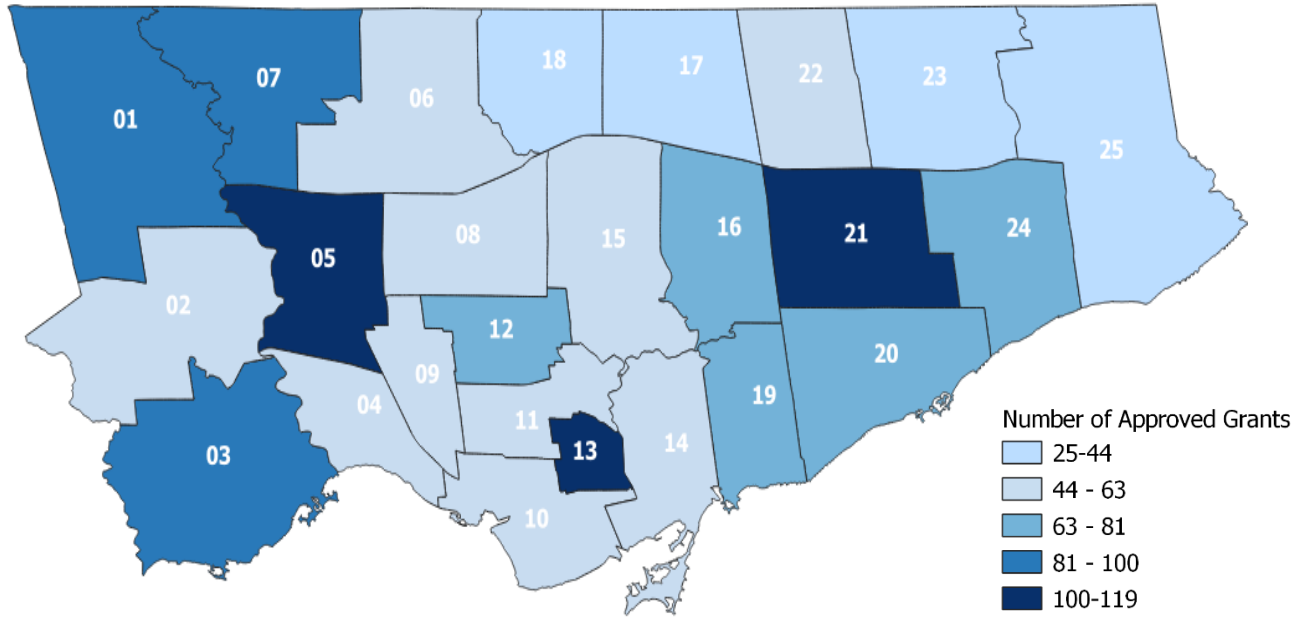
## **ATTACHMENTS**

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Appendix 1: Map of the Number of Evictions Prevented by Wards through the Rent Bank Program in 2021

## Appendix 1:

Map of the Number of Evictions Prevented by Wards through the Rent Bank Program in 2021



This map visualizes the number of approved grants in 2021 across the City of Toronto's 25 wards, with darker shades representing greater grant approval.