

CITY OF TORONTO RENT BANK PILOT PROJECT EVALUATION

Introduction

The Rent Bank Pilot Project was introduced as one component of the City of Toronto's eviction prevention strategy. In early 1998, the City of Toronto established a twelve-month Rent Bank Pilot Project "to determine to what extent a small loan and/or grant can keep a family housed, thus diverting them from the shelter system." Loans from the Rent Bank focused on mother-led, single parent, tenant households—renting in the private sector—who were usually able to support themselves but had run into a short-term problem forcing them into arrears.

A common issue that many low-income tenants have to face is the lack of credit when they must deal with short-term emergency crises. Illness, accidents or the sudden loss of a job can quickly lead to rental arrears and eviction. A strategy commonly used in the United States is the access to Rent Banks for low-income tenants. The Rent Banks provide loans or grants to tenants at risk of eviction, due to such short-term crises.

In June 1998, the City of Toronto selected a proposal from the Neighbourhood Information Post, Regent Park Community Health Centre, Central Neighbourhood House and Dixon Hall partnership to administer the Rent Bank Pilot Project.

Evaluation

The evaluation of the pilot project was designed to assist Toronto City staff in assessing the effectiveness of a Rent Bank program as a way of:

- preventing evictions and stabilizing housing for clients; and
- addressing administrative and financial issues regarding an expanded Rent Bank project.

The evaluation reviews the characteristics of Rent Bank users, how the loan impacted their lives and their housing, and how the program was administered and delivered. The report concludes with a set of recommendations that will assist the City as it moves towards an expanded Rent Bank program.

In addition to an analysis of client data from the participating agencies, the evaluators attended Steering Committee meetings. They interviewed Steering Committee members, landlords, Rent Bank clients and representatives of similar programs in other jurisdictions. Rent Bank staff also conducted a mini follow-up survey on the clients' status six months after the program had begun.

Rent Bank Funding**Pilot Project:**

The initial project funding of \$65,000 was supplied by the following:

- \$50,000 from the City of Toronto's Homelessness Initiatives Fund of which \$40,000 was set aside for loans;
- \$5,000 from United Way for administration; and
- \$10,000 from CMHC for evaluation of the project.



The participating agencies provided the staff and resources.

Subsequently, Hockey for Homelessness, a charitable organization, provided \$10,000 for Rent Bank loans, and the City contributed an additional \$5,000 towards administration. Thus, in its first year of operation, the Rent Bank Pilot Project had \$80,000 in funding, not including the staff contribution, estimated at \$65,650 for the first six months.

The City of Toronto's Shelter Fund:

Halfway through the pilot project, in April 1999, the City of Toronto's Social Service Division established a Shelter Fund as a result of the federal government's 1998 Canada Child Tax Benefit. The fund has about \$6 million a year and is designed to help clients without permanent shelter to obtain housing, help those with appropriate shelter to maintain it, and those wishing to relocate to more appropriate housing to do so. Only clients who receive Ontario Works, Family Benefits or Ontario Disability Support Program or who are eligible for Social Assistance can get assistance through the Shelter Fund.

As a result, the Rent Bank's client group changed dramatically since many of the tenants whom the Rent Bank assisted earlier would have been eligible for the Shelter Fund. The Rent Bank Pilot Project negotiated with the Shelter Fund for a repayment of \$16,800 in outstanding loans from retroactively "eligible clients".

Expansion of the Rent Bank:

One of the recommendations of the Report of the Mayor's Homelessness Action Task Force (January 1999) was to create a \$500,000 Rent Bank for tenants at risk of eviction due to arrears. For the year 1999, Toronto City Council has allocated \$200,000 for the Rent Bank program.

Findings

i) The Rent Bank Pilot Project met a number of its stated goals, including preventing the eviction of low-income families headed by women. Loans were targeted to this group, most of whom had stable housing in the past but faced events that precipitated their falling into arrears (illness, loss of employment, family break-up).

- ii) Rent Bank users had an average of 2.2 children and most lived in two-bedroom units in conventional apartment buildings throughout the city.
- iii) Tenants were low-income households with an average household income of \$14,700; 51% had incomes below \$15,000 (see Table 1).

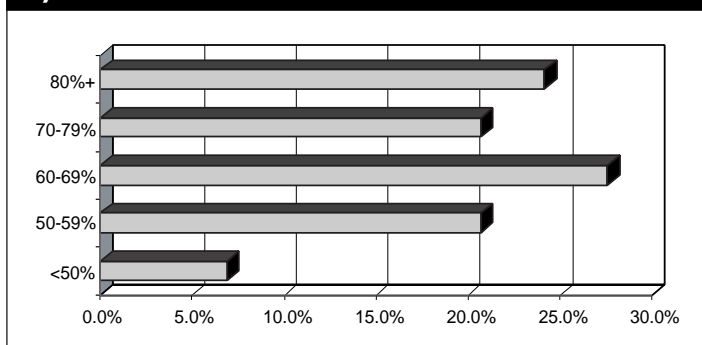
Table 1: Income Distribution of Rent Bank Users

Annual Income	Numbers	%
<\$10,000	2	6.9%
\$10,000-\$12,499	6	20.7%
\$12,500-\$14,999	7	24.1%
\$15,000-\$17,499	6	20.7%
\$17,500-\$19,999	6	20.7%
\$20,000+	2	6.9%
Total	29	100.0%
Average Income	\$14,970	
Median Income	\$14,400	

- iv) The average rent was \$838 (see Table 2)—close to the average rent (\$882) for a two-bedroom apartment in the city of Toronto in October 1998 (CMHC Rental Housing Survey). One area of concern was the high proportion of income that tenants were paying in rent. Forty-five percent of them spent 70% or more of their income on housing (see Figure 1); this exceeded the recommended level in the criteria established by the Rent Bank Steering Committee.
- v) Loans ranged from \$250 to \$2,398; the average loan was \$1,100. Most loans were to pay arrears although, in a few cases, small amounts were also provided for utilities.

Table 2: Rents Paid by Rent Bank Users		
	Numbers	%
<\$600	2	7%
\$600-699	2	7%
\$700-799	9	30%
\$800-899	10	33%
\$900-999	4	13%
\$1000+	3	10%
Total	30	100%
Average Rent	\$828	
Median Rent	\$815	

Figure 1: Proportion of Income Spent on Rent by Rent Bank Users



- vi) Having access to a Rent Bank loan to deal with arrears helped the majority of clients (approximately 2/3) to remain in their housing. Another 6% of clients were able to move to better housing. In total, 71% of clients' housing situations were improved six months after the loans had been provided. As far as is known, only one client moved into an emergency shelter.
- vii) The Rent Bank Pilot Project was highly successful in helping tenants stabilize their housing and not have to enter the City's shelter system. Longer-term monitoring will be needed to assess clients' housing stability over an extended period.

- viii) One area of the Rent Bank which has, however, not been successful is the loan repayment aspect. As of the end of April 1999, only 12 clients, or 31%, had made repayment plans and only two of the 37 clients had been able to fully keep up with their loan repayment schedules. A substantial number of clients would have been eligible for the City's recently established Shelter Fund and it is hoped that in the future, the Rent Bank can achieve a higher degree of repayment through more careful screening of clients in terms of their ability to repay their loans.
- ix) Rent Bank Pilot Project administrative costs have been high—partly due to start-up costs and the fact that high need tenants were accepted by the project.

Recommendations

The final report contained 23 recommendations, including:

- The City of Toronto should fund a Rent Bank that is primarily for loans to tenants in one-time emergency situations, recognizing that, in exceptional circumstances, the loan or a portion thereof may need to be forgiven.
- The Rent Bank program should focus on those households facing a short-term financial need caused by sudden loss of income, health problems, accident or other reasons and who can demonstrate the ability to repay the loan.
- Restrictions on Rent Bank clients' household composition should be removed. This would not preclude awarding higher priority to families with children, at risk of eviction, in order to meet other goals regarding housing and children. The Rent Bank program should be made available only to those households not eligible for the Shelter Fund. (In an emergency, Rent Bank funds could be lent out and then be reimbursed by the Shelter Fund.)
- As the Rent Bank funds are limited and assistance will only be available to approximately 200+ households (increasing to up to 500+ if the higher amount of \$500,000 is allocated later on), it is recommended that the Rent Bank focus on tenants renting in the private market or paying market rent in social housing. Only in an extreme emergency,

where all other avenues have been explored should an exception be made to this rule and assistance provided to rent-g geared-to-income tenants.

- The Rent Bank services should be integrated with existing housing service organizations as this would allow “one stop” shopping for clients, while keeping the staff costs associated with the Rent Bank to a minimum. Rent Bank staff should provide the following services:
 - intake and approval of loan;
 - assistance with personal budgeting;
 - negotiations with landlords;
 - liaison with other relevant agencies;
 - information and referrals; and
 - follow-up on loan repayment.

Other housing services should be provided by Housing Help staff, Legal Aid clinics or mediation services such as those provided by St. Stephen’s Community House.

- The Rent Bank should primarily depend upon government funding and some private sector donations. A goal of 20% private sector funding (therefore raising \$100,000 for a \$500,000 loan fund) is reasonable.
- The City of Toronto should remain the monitoring agency that ensures that public funds are spent in accordance with Council’s directions, while the administration and delivery of Rent Bank services should be in the hands of community-based agencies. Monthly and quarterly reports on loans, repayments and characteristics of clients would be provided to the City.
- Where tenants are at risk of losing their accommodation because of arrears, staff of the Rent Bank may determine that it would be better to provide assistance for a rent deposit for housing that is more affordable.

CMHC Project Manager: Anna Lenk

Research Consultant: The City of Toronto, on behalf of CMHC, retained Linda Lapointe and Tim Welch to conduct the evaluation of the Rent Bank Pilot Project.

A full report on this project is available (in English only) from the City of Toronto:

Shelter, Housing and Support Division
City of Toronto
7th floor, Metro Hall
55 John Street
Toronto, Ontario M5V 3C6
(416) 392-1264

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