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Toronto newcomers paying up to 12 months' rent up front to secure housing

Landlords can only request first and last months of rent legally, but can accept more money if offered



Maria Jose Burgos || July 16, 2024



Raffaela Cruz moved to Toronto from Quito, Ecuador, last year. She had to pay six months' rent up front to secure a place in the city. (María José Burgos/CBC)

Andrea Carranza and her husband vied for at least a dozen condo units when they first arrived in Toronto last summer.

Every single landlord rejected their application.

"It was really frustrating. They were really crappy places, but they still said no," said Carranza, who worked at IBM in Lima, Peru, for nine years before leaving the politically unstable country.

For two months, Carranza and her husband slept on a couch in a small, one-bathroom apartment in downtown Toronto that they shared with two other couples as they searched for a home.

The real estate agents Carranza was working with said the reason they were rejected was because they were newcomers with no credit scores, no reference letters and — at the time — no jobs. So the agents suggested they offer up to a year of rent up front.

Desperate, Carranza started looking for options on Kijiji. There, she found a one-bedroom-one-den apartment near Kipling Station for \$2,250. The landlords were willing to meet with Carranza and her husband in person.

They ended up handing over \$28,300 — their life savings — to prove their reliability to the landlords and, finally, secure a home. (CBC News has seen emails that confirm the transaction.)

They're part of a growing number of newcomers who are paying thousands of dollars up front to persuade landlords to rent them apartments. CBC News spoke with eight newcomers who said they felt this was the only way they could secure a home.

It's not technically illegal, but lawyers and housing experts say this unregulated grey zone leaves many newcomers, as well as other would-be renters, vulnerable to exploitation.

Unregulated grey zone

Like Carranza, Raffaella Cruz was desperate to find housing in Toronto after a couple of weeks of paying more than \$270 a night for an Airbnb with her husband and their Dalmatian.



Cruz, seen with her pet Dalmatian, Kora, worked with three real estate agents in Toronto while looking for a home. Two agents suggested she pay 12 months rent up front. (María José Burgos/CBC)

They moved to the city from Quito, Ecuador, in 2023 and were told by friends to work with a real estate agent to find an apartment as soon as possible.

Angela Chaves, a transitional services manager at the Halton Multicultural Council who works with newcomers to Ontario, says it's typical for those who can speak English to work with real estate agents, because agents can advocate for them with landlords, which increases the chances of having their applications accepted.

Chaves also says that these days, landlords would rather work with agents than with tenants directly, because they trust agents will find them a reliable tenant.

Cruz said two real estate agents suggested she and her husband pay at least 12 months' rent up front.

"One of them told us, 'You're Latin American. People won't trust you, so they will ask for more [money].'"

Another real estate agent told her they could find them a home with "just six months of upfront pay." Cruz and her husband accepted.

"Even six months was crazy for us, but we were like, 'It's this or we don't have any other place to go.'"

According to Ontario's Residential Tenancies Act, a landlord can only legally ask a tenant for two months' rent up front: for the first month, due on the first day of the first rental period, and one month as a deposit, typically referred to as last month's rent. But nothing stops a tenant from offering to pay more.

More and more, realtors are suggesting it.

Sue Heddle, an Oakville, Ont., real estate agent who represents landlords, says she first saw the practice in 2017. She says it's the norm now — and that it's "impossible" for newcomers with no credit score or job history in Canada to find a home in Ontario unless they offer more money up front.

"It's hard for you to say no to a cheque that's coming across the table for \$60,000, right?"

Elaine Page, a paralegal licensed by the Law Society of Ontario, said real estate agents are incentivized to seal the deal to get their commission, which is usually one month's rent. Realtors don't get a larger commission by prodding tenants to offer more money up front, but doing so puts tenants in a better position in a bidding war and gets realtors closer to securing a commission.



Paralegal Elaine Page represents landlords in Ontario. She says some have received fraudulent documents from tenants. (Evan Mitsui/CBC)

According to Page, some landlords and realtors will have a conversation where landlords will suggest that if a prospective tenant offers multiple months' rent up front, they'll be accepted.

"The landlords might say that and then put in the lease agreement that it was offered [by the tenant], thinking that this protects them," said Page, whose clients are 95 per cent landlords.

Uneven playing field

Page, who has represented multiple landlords in court, said landlords are ultimately trying to protect themselves. She says she has seen more tenants lately submitting fake credit scores or proof of employment documents.

Currently, Page is representing Larry Williams, a Toronto landlord whose tenant submitted fake documents and now owes him \$35,000, or 10 months' rent.

"I strongly suspect that I was conned by a professional. All that was provided to us, it was all fraudulent. And I have learned a lot with this experience," said Williams.

Asquith Allen, director of policy and regulatory affairs at the Federation of Rental-Housing Providers of Ontario, which according to its website manages more than 350,000 homes across the province, said none of the organization's members engage in illegal practices such as charging tenants more than the usual two months' rent.

But Lily Xia, civic engagement co-ordinator at the Federation of Metro Tenants' Association, said their tenant hotline receives about 40 calls a day about illegal tactics from landlords, including asking for multiple months of rent up front.



Lily Xia of the Federation of Metro Tenants' Association said newcomers are 'trapped between a rock and a hard place' when trying to rent in Toronto, because they don't have the documents landlords require. (Alex Lupul/CBC)

"From landlords who only have a couple of properties to landlords who have thousands of properties — it's almost across the board," she said. "That's why the situation is so bad, because there's really nowhere for people to escape all the exploitation."

'Broken' Landlord and Tenant Board

Page said newcomers in Toronto have always had to prove their reliability by offering extra cash if they lack documents like credit scores.

"What's happened in the last couple of years is, it's now extended to everybody else," Page said.

That includes Austen Metcalfe, a Torontonian with a well-paying job — he's actually a lawyer who represents both landlords and tenants — and a "good credit score." He said two years ago, he was nudged by a couple of realtors to pay multiple months of rent up front to secure a unit he really liked.



Austen Metcalfe, a landlord and tenant lawyer in Toronto, says it takes about six months to get a hearing date at the Landlord and Tenant Board. (Alex Lupul/CBC)

He was taken aback at first, convinced it was illegal, but quickly learned how easy it is to circumvent the law if a prospective tenant offers the money.

Metcalfe says tenants who have paid multiple months of rent to secure a unit can take their case to the Landlord and Tenant Board, which resolves disputes between tenants and residential landlords, and request that their funds be refunded. But the board is backlogged, and it can take months just to get an initial hearing.

Before the summer, Metcalfe said the board was backlogged for eight months.

"That's not going to help someone who's a newcomer trying to get a unit and not be homeless," he said.

The Landlord and Tenant Board declined to do an interview with CBC News, saying it would only provide written answers to questions.

When asked about the lengthy wait times, the LTB said a landlord or tenant can submit a written request to shorten the time for a hearing. It also said the LTB is implementing strategies to reduce backlogs and improve service timelines.



Paying multiple months of rent up front is the norm now for newcomers in Ontario, said real estate agent Sue Hedde, who represents landlords. (Patrick Morrell/CBC)

In a statement, Ontario's Ministry of Municipal Affairs and Housing said "the only solution to truly make housing more affordable is to increase available supply" and that it is helping non-profit and private partners build units faster by providing exemptions to development fees.

It also suggested people take their complaints to the Landlord and Tenant Board.

An Ontario-wide problem

Angela Chaves at the Halton Multicultural Council said some newcomers are more vulnerable than others — for example, if they don't speak English or are struggling financially.



Angela Chaves, a transitional services manager at the Halton Multicultural Council, says things are getting worse when it comes to housing, especially for newcomers to Canada. (Alex Lupul/CBC)

Chaves says a low vacancy rate and a backed-up Landlord and Tenant Board have exacerbated the rise of large upfront payments, but it's not only a Toronto problem.

A few years ago, she would encourage newcomers to apply for housing in areas that were more affordable, such as the Niagara Region or Hamilton.

"But now, they're facing the same struggles, because we're in a Canadian housing crisis," she said.

Chaves has one piece of advice for newcomers.

"Bring money, because the chances of being asked for 12 months of rent are very high," she said. "You see how something that is bad is actually the only thing that's working?"

'They trusted us'

With their life savings depleted, Andrea Carranza and her husband rely on his salary as a technician to get by.

"Every paycheque my husband receives goes for food, transportation, Wi-Fi. Everything is used," she said.

Currently a student, Carranza said she must find a job before October — that's when they'll start paying for rent again.

Despite her stress, no job and no emergency fund, Carranza said she still feels gratitude toward her landlords simply for taking her and her husband in when they were homeless.

"They are actually good people. They trusted us."