

DATE OF MEETING September 11, 2023
AUTHORED BY CHRISTY WOOD, SOCIAL PLANNER
SUBJECT NANAIMO REGION RENT BANK REVIEW

OVERVIEW

Purpose of Report

To provide Council a review of the Nanaimo Region Rent Bank program and to recommend bridge funding to the program until March 2024.]

Recommendation

That Council:

1. allocate \$75,000 from the Online Accommodation Platform fund to the Nanaimo Region Rent Bank program, administered by Connective Society, as bridge funding for rent bank loan capital for City of Nanaimo residents, until 2024-MAR-31; and,
2. direct Staff to work with BC Rent Bank to further review the program and to ensure rent bank loans are being directed to key areas of housing need as identified in the Nanaimo Housing Needs Report 2023.

BACKGROUND

In 2020, City of Nanaimo staff and the Nanaimo Homeless Coalition worked to establish a local Rent Bank. The Nanaimo Homeless Coalition selected the Nanaimo Region John Howard Society, now known as Connective Society, as the lead applicant to operate the local Rent Bank. The John Howard Society and the City submitted a successful application to BC Rent Bank and the Nanaimo Region Rent Bank (NRRB) began providing rent bank loans in January 2021.

The NRRB program is an eviction prevention and housing stability service that provides interest free loans to low-to-moderate income renter households facing eviction or in need of assistance to pay essential utilities because of a short-term financial crisis. In addition to financial services, rent banks provide valuable connections to government benefits, debt consolidation, financial literacy, employment resources, and other community-based services that are focused on supporting a renter beyond their immediate crisis.

Most individuals who receive a rent bank loan do not qualify for traditional loans from banks due to poor credit scores, unstable work, and/or do not have collateral (to guarantee the loan). Typically, the goal for rent bank loans is to ensure households are able to stay in their homes during a time of temporary crisis. Rent banks often have high repayment rates and are successful at preventing homelessness. BC Rent Bank reports that on average, 65% to 70% of loans are repaid to rent banks across BC. Rent banks do not charge interest, nor do they act as collection agencies. Instead, they offer reminders, financial literacy, and budgeting support in order to get repayment. Rent banks will also tailor repayment plans according to their clients' needs and allow them to make partial repayments or defer payments should another financial crisis arise.

BC Rent Bank and the Province of BC report that rent banks have increased housing stability and prevented homelessness for the vast majority of people who use the service. In a small study conducted in 2021, where renters were contacted six months after receiving financial assistance, 94% of renters indicated they had maintained or improved their housing, and 61% said they would have been homeless without the support of a rent bank.

Nanaimo's *Housing Needs Report (2023)* (HNR) shows that rental households grew from 10,955 in 2011 to 14,385 in 2021. According to the HNR, 24.2% of renter households are in core housing need¹ and paying more than 30% of their income on housing costs. Renters with core housing needs are more susceptible to housing loss due to a personal or financial crisis. Recent engagement from the HNR revealed that renters are increasingly challenged to retain or find available and affordable units. In 2022, Nanaimo's vacancy rate was 2.2%, well below a healthy level of 3% to 5%. When there is a shortage in supply, rental costs often increase in price. Nanaimo's median rent increased by 86% from \$725 to \$1,350 between 2011 and 2021. Rent banks can help individuals and families retain existing housing and prevent homelessness. Attachment B summarizes the population groups with the greatest barriers in accessing stable housing, and who struggle to access and retain affordable housing as identified in the HNR.

DISCUSSION

BC Rent Bank is a project of the Vancity Community Foundation with funding provided by the Province of BC. BC Rent Bank provides financial and infrastructure support to 17 community-based rent banks in the province (including staff training, resources, and tools for the community-based agency partners). In January 2021, Council directed that \$90,603 from the Online Accommodation Platform (OAP) funds be allocated to the NRRB. Subsequently, between January 2021 and March 2023, BC Rent Bank provided Connective Society with \$178,617 for operating expenses and \$40,000 for rent bank loan capital. BC Rent Bank encourages locally sourced funding for loan capital wherever possible. For a review of the Nanaimo Region Rent Bank program administered by Connective Society, see Attachment A.

Connective Society renewed its contract with BC Rent Bank to administer the NRRB program until 2024-MAR-31. Connective Society received \$139,900 for operating expenses and up to \$60,000 (if needed) for rent bank loan capital from BC Rent Bank (2023-APR-01 to 2024-MAR-31). Additionally, in June 2023 the Regional District of Nanaimo allocated \$10,000 to the NRRB. Connective Society is requesting \$75,000 from the City as bridge funding until 2024-MAR-31, for rent bank loan capital for City of Nanaimo residents.

City Plan: Nanaimo Reimagined and the *Affordable Housing Strategy* (2018) supports the use of tax revenues from short-term rental accommodation to increase access to low-income and special-needs housing. In addition, the *Health and Housing Action Plan* (2021) identifies the need to target rent supports in Nanaimo through rent bank or rent supplement programs.

In 2018, the Province of BC extended the Municipal and Regional District Tax (MRDT) applied to hotels, motels, and resorts to include OAP properties. The MRDT includes up to 3% tax on the purchase of accommodation within select regions on behalf of municipalities, regional districts, or eligible entities. The City pays all the MRDT funds to the Nanaimo Hospitality Association, except

¹ Core housing need is when a household is living in housing that is either unaffordable (spending more than 30% of its income on housing), unsuitable (there are not enough bedrooms to accommodate the number of household members), or inadequate (poorly maintained and in need of repairs).

for the portion collected through OAP providers or short-term rental platforms. Additionally, the Province expanded the option for municipalities to use OAP funds towards affordable housing initiatives. The Provincial Guidelines for OAP funds state that the City has the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs, with the following criteria for the use of OAP funds:

- Acquiring, constructing, maintaining, or renovating, housing or shelter;
- Acquiring or improving land used for, or intended to be used for, housing or shelter;
- Supporting the acquisition, construction, maintenance, renovation, or retention of housing or shelter, or the acquisition or improvement of land intended to be used for housing or shelter;
- Supporting housing, rental, or shelter programs; or
- Paying expenses related to the administration or disposal of housing, shelter, or land acquired with money paid out of MRDT revenues.

Since 2019, the City has received an average of \$170,000 annually in OAP funds. Currently, the City has \$693,355 of OAP funds for affordable housing initiatives.

BC Rent Bank is expanding, reviewing its programs, and working to improve the efficiency and efficacy of the rent bank services across the Province. Thus, the timing is appropriate for Council to direct Staff to work with BC Rent Bank to find ways to ensure that rent bank loans are being directed to populations identified in the HNR. It is recommended that Staff work with BC Rent Bank and return to Council in early 2024 with options for Council to consider expanding financial support to the program, ensuring that funds are directed to City of Nanaimo residents in need.

Staff are also recommending that the City enter into a service agreement with Connective Society and allocate \$75,000 of OAP funds as bridge funding for loan capital for City of Nanaimo residents until 2024-MAR-31.]

OPTIONS

1. That Council:

1. allocate \$75,000 from the Online Accommodation Platform fund to the Nanaimo Region Rent Bank program, administered by Connective Society, as bridge funding for rent bank loan capital for City of Nanaimo residents, until 2024-MAR-31; and,
2. direct Staff to work with BC Rent Bank to further review the program and to ensure rent bank loans are being directed to key areas of housing need as identified in the Nanaimo *Housing Needs Report 2023*.
 - The advantages of this option: Connective Society will be able to continue to serve City of Nanaimo residents with the rent bank program until March 2024, while BC Rent Bank and City Staff find ways to ensure that rent bank loans are being targeted to populations identified in the HNR.
 - The disadvantages of this option: \$75,000 of the OAP funds used for the Nanaimo Region Rent Bank cannot be used for other affordable housing initiatives.
 - Financial Implications: \$693,355 is currently available in the City's OAP fund for affordable housing initiatives. The 2023-2027 Financial Plan will be amended to add the Nanaimo Region Rent Bank Program.

2. That Council provide alternate direction. |

SUMMARY POINTS

- The rent bank program is an eviction prevention and housing stability service that provides interest free loans to low-to-moderate income renter households facing eviction or in need of assistance to pay essential utilities because of a short-term financial crisis.
- In January 2021, Council directed that \$90,603 from the Online Accommodation Platform fund be allocated to Nanaimo's first rent bank program in partnership with BC Rent Bank and the John Howard Society, now known as Connective Society.
- It is recommended that Council direct Staff to work with BC Rent Bank to find ways to enhance and expand the rent bank program to ensure key areas of housing need are being met as identified in the *Housing Needs Report (2023)*.
- While the BC Rent Bank program is being reviewed, it is recommended to allocate \$75,000 from the Online Accommodation Platform funds to Connective Society for the Nanaimo Region Rent Bank for loan capital to serve City of Nanaimo residents until 2024-MAR-31.

ATTACHMENTS

ATTACHMENT A: Nanaimo Region Rent Bank (NRRB) Review (2021 – 2023)

ATTACHMENT B: Key Areas of Housing Need

Submitted by:

Lisa Brinkman
Manager, Community Planning |

Concurrence by:

Laura Mercer
Director, Finance

Bill Corsan
Director, Corporate & Business Development

Dale Lindsay
General Manager, Development Services /
Deputy CAO |

ATTACHMENT A

Nanaimo Region Rent Bank (NRRB) Review (2021 – 2023)

Connective Society operates the Nanaimo Region Rent Bank (NRRB) which serves residents living in the City of Nanaimo and greater Nanaimo Regional District. Connective has a contract with BC Rent Bank until March 31, 2024.

Nanaimo Region Rent Bank Loan Process

Financial assistance is provided to residents by providing an interest free loan and a flexible plan for payback. Often the payback is planned over a 24 to 36-month period. The maximum amount loaned is \$500 for utilities, \$1700 for rent for single-family households and \$2,000 for family households.

Individuals submit a pre-assessment form online through the BC Rent Bank online portal. These forms are reviewed by Connective staff to ensure individuals meet the basic eligibility. In order to receive a rent bank loan, applicants must meet the following requirements:

- Be at least 19 years of age,
- Be a current resident of BC or be moving to BC,
- Not owing more than two months in rent,
- Provide proof of a regular source of income that is sufficient to cover monthly living expenses,
- Illustrate that the household is low to moderate income (using BC Housing Household Income Limits),
- Evidence that the financial assistance will stabilize your housing beyond the immediate crisis, and
- Must not have undischarged bankruptcy.

Individuals that meet the basic requirements are invited to meet with Connective staff where they discuss the reason the loan is needed, provide additional documents such as bank statements, proof of tenancy, confirmation of income source, employment information and, if applicable, provide an eviction notice or a notice of utility service termination. All completed applications are reviewed and approved by a loan committee made up of five Connective staff members. Once approved by the loan committee, rent bank staff make arrangements to directly pay landlords and utility companies. One full-time case manager and one part-time case manager support the NRRB. In addition to providing rent bank services, rent bank staff also provide navigation services such as referrals to other social service agencies or support with getting access to other government benefits and services. Staff also provide assistance with filling out paperwork and provide advocacy when communicating with landlords or utility corporations.

Rent Bank Loans in Nanaimo

Between January 2021 and March 31, 2023, 992 pre-assessments were received through the BC Rent Bank portal and 165 loans were issued for the Nanaimo Region. Currently, the client management system only exports data that identifies the postal code of the applicant, making it difficult to distinguish whether a renter resides within the City or within the region. It is time consuming for staff to cross-reference these files with the approved files held within the client

management system. BC Rent Bank is working on a better solution and hopes to have this feature released by December 2023. Connective Society estimates that between 2021 and 2023, 136 rent bank loans were issued to City of Nanaimo residents. The summary table below also provides the number of applications received, number of loans issued, and the number of households provided with supplemental supports for each fiscal year in the Nanaimo region. Supplemental supports includes the navigation supports previously mentioned.

Year	Pre-Assessments Received	Loans Issued	# of households provided with Supplemental Supports
2020 - 2021* (Fiscal Year April 1, 2020 to March 31, 2021)	108	10	11
2021 – 2022 (Fiscal Year April 2021 to March 31, 2022)	483	58	178
2022 – 2023 (Fiscal Year April 1, 2022 to March 31, 2023)	323	72	95
2023 - 2024 (Fiscal Year April 1, 2023 to March 31, 2024)	78	25	10
Total	992	165	294

**The Nanaimo Region Rent Bank launched in the last quarter of 2020 – 2021*

Rent Bank Loan Repayments

Between January 2021 and March 2023, the NRRB issued \$171,893 in loan funds and received \$33,376 in loan repayments.

Nanaimo Region Rent Bank Budget

The table below provides a summary of funds contributed to the NRRB January 2021 to March 2023.

Funding Partner	Capital	Operating	Total
City of Nanaimo	\$90,603	NA	\$90,603
Regional District of Nanaimo	\$25,000	NA	\$25,000
United Way	NA	\$2,500	\$2,500
BC Rent Bank	\$40,000	\$178,617	\$218,617
Total	\$155,603	\$181,117	\$336,720

ATTACHMENT B

KEY AREAS OF HOUSING NEED

The 2023 *Housing Needs Report* (HNR) identifies the population groups with the greatest barriers in accessing stable housing, and who struggle to access and retain affordable housing. These population groups include renters with low or moderate incomes, individuals with special needs, seniors, families, youth, Indigenous People, and people experiencing homelessness. Staff are recommending that, through the Request for Proposals or Expression of Interest process, the City ensure that OAP funds for rent supplements be aimed at the following population groups:

- *Renters* – the HNR shows that rental households grew from 10,955 in 2011 to 14,385 in 2021. According to the HNR, 24.2% of renter households are in core housing need, paying more than 30% of their income on housing costs. Renters in core housing need are more susceptible to housing loss due to personal or financial crisis. Recent engagement from the HNR revealed that renters are increasingly challenged to retain or find available and affordable units. In 2022, Nanaimo’s vacancy rate was 2.2% well below a healthy level of 3% to 5%. When there is a shortage of supply, rental costs often increase in price. Nanaimo’s median rent increased by 86% from \$725 to \$1,350 between 2011 and 2021.
- *Individuals with Special Needs* – for people living with a disability, it can be challenging to acquire, afford, and/or retain housing that meets their needs. People living with disabilities often receive provincial disability assistance and these funds are often entirely spent on housing leaving little room for other essential costs of living. For instance, a single person on disability assistance may receive up to a maximum amount of \$1,483.50 monthly. In addition, people with disabilities are often ineligible for additional rent supports because they are already receiving government benefits.
- *Seniors* – seniors on low and fixed incomes are vulnerable to rising rent rates. Seniors comprise the largest proportion of households on BC Housing’s Affordable Housing Registry. 343 seniors in Nanaimo are on the registry waiting for affordable housing placements.
- *Families* – there is a shortage of affordable family-friendly units with three or more bedrooms. Units that are adequate for larger families have some of the highest rental costs. In 2021, median rents for two bedroom units was \$1,600. Families with low or moderate incomes in need of three or more bedrooms often struggle to find anything affordable or adequate.
- *Youth* – housing affordability is a primary concern for low-income youth, youth transitioning out of foster care, and youth living on their own for the first time. With lower incomes and no references, youth struggle to find and retain affordable housing.
- *Indigenous People* – there is a lack of housing for Snuneymuxw People on reserve and very limited affordable housing options off reserve. With lower incomes and systemic discrimination it can be very challenging for Indigenous community members to find culturally appropriate affordable housing.
- *People Experiencing Homelessness* – the number of people experiencing homelessness in the city continues to increase. In 2020, 433 individuals were reported to be unsheltered in the Homeless Point in Time Count. Frontline service providers estimate there to be more than 600 individuals experiencing homelessness in the city. Due to the complexities and trauma involved with many individuals experiencing homelessness, there are many barriers for people to get stable housing. Intensive support services often need to accompany financial assistance to secure and retain housing for many people experiencing homelessness.