

DATE OF MEETING July 22, 2020  
AUTHORED BY DAVID STEWART, SOCIAL PLANNER  
**SUBJECT NANAIMO RENT BANK**

## **OVERVIEW**

### **Purpose of Report**

To provide the Health and Housing Task Force with an update regarding the work to establish a rent bank in Nanaimo and request direction to provide funding from the Housing Legacy Reserve to support the proposed rent bank pilot project to be operated by the Nanaimo Region John Howard Society.

### **Recommendation**

That the Health and Housing Task Force recommend that Council provide \$90,603 from the Housing Legacy Reserve funds received through the Online Accommodation Tax (OAP) to the Nanaimo Region John Howard Society in order to operate a local rent bank as a temporary pilot project.

## **BACKGROUND**

Supporting the development of a rent bank is included as a critical objective within the City's Affordable Housing Strategy (adopted 2018). Rent banks serve specific populations with a known need for short-term financial assistance to keep them housed. Most individuals who receive a rent bank loan do not qualify for traditional loans from banks, due to a poor credit score, unstable work, and/or not having collateral (meaning something to guarantee the loan). Typically, the goal of rent bank loans is to ensure households are able to stay in their homes during a time of temporary crisis; they often have high repayment rates and are successful at preventing homelessness.

City staff have been working with BC Rent Bank and the Nanaimo Homeless Coalition (NHC) to establish a local rent bank in the Nanaimo area. BC Rent Bank was established by the Vancity Foundation in partnership with the Province of BC to support existing rent banks and new rent banks throughout the province. On 2020-JUL-02, NHC selected the Nanaimo Region John Howard Society as the lead applicant for the Nanaimo Regional Rent Bank (NRRB). The John Howard Society and the City then submitted a joint application expression of interest (EOI) in joining the BC Rent Bank network. BC Rent Bank will contact the successful applicants on 2020-JUL-14, with the second full proposal launching 2020-JUL-22. Staff will provide a verbal update regarding the status of the EOI application. The final decision will be made on 2020-SEP-18 with rent banks expected to launch on 2020-OCT-01.

## **DISCUSSION**

The NRRB would initially operate as a one-year pilot project. The rent bank will be managed by a lead agency (the John Howard Society has been identified for Nanaimo) with support from a Board of Directors and a Loan Evaluation Committee. If successful, the rent bank will continue on a sustainable long-term basis. Staff may then request Housing Legacy Funds continue to be directed towards the NRRB to support ongoing operation costs and loan capital requirements. In addition, Staff will look for other revenue streams.

If the NRRB is selected as a member of the BC Rent Bank network as the lead agency the John Howard Society will receive some seed and operating funding, mentorship and in-kind support from BC Rent Bank. Available seed funding from BC Rent bank cannot exceed 80% of projected first annual operating costs. Details regarding the extent of the operating funds have not yet been made available; however, BC Rent Bank has noted that “operating funds fill gaps that have been left after lead agencies and partners bring their resources together; other investors are needed to support the ongoing costs of operating a rent bank.” Other sustainable funding will be required to support the NRRB.

### **Online Accommodation Platform Funding**

In 2018, the Province of British Columbia extended the Municipal and Regional District Tax (MRDT) that is applied to hotels, motels and resorts, to include an Online Accommodation Platform (OAP) tax. 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 funds to the Nanaimo Hospitality Association, except for the portion collected through OAP from online accommodation providers (short-term rental platforms). The revenue collected through OAP is directed to the Housing Legacy Reserve Fund.

The Housing Legacy Reserve Fund was established in 2005 for “use as a resource for municipal support to affordable housing initiatives.” Between December 2018 and December 2019, the City received \$90,603 OAP funding toward the Housing Legacy Reserve.

Based on a review of existing rent bank budgets and discussion with BC Rent Bank, the proposed \$90,604 with anticipated additional funding from BC Rent Bank will be sufficient to establish an effective rent bank for the Nanaimo region. While the rent bank may ultimately have a regional focus, Housing Legacy Reserve funds will be used only to support Nanaimo residents.

## **OPTIONS**

1. That the Health and Housing Task Force recommend that Council provide \$90,603 from the Housing Legacy Reserve funds received through the Online Accommodation Tax (OAP) to the Nanaimo Region John Howard Society in order to operate a local rent bank as a temporary pilot project.
  - The advantages of this option: The proposed rent bank and funding request supports the implementation of Section 5.7 of the Affordable Housing Strategy - Support the Development of a Rent Bank Program. The rent bank will help Nanaimo and area residents stay in their homes during a temporary financial crisis.

- The disadvantages of this option: The proposal requires Staff and financial resources which could be otherwise directed to other housing priorities.
  - Financial Implications: The requested \$90,603 from the Housing Legacy Fund is equivalent to the contribution the City received through our share of the OAP funds with the calendar year. The amount represents approximately 3% of the existing Housing Legacy Fund balance of over \$2.6 million.
2. That the Health and Housing Task Force recommend that Council not provide \$90,603 from the Housing Legacy Reserve funds received through the Online Accommodation Tax (OAP) to the Nanaimo Region John Howard Society in order to operate a local rent bank as a temporary pilot project.
- The advantages of this option: The funding would remain available for other future housing priorities.
  - The disadvantages of this option: BC Rent Bank requires local rent bank operators to provide proof of other funding sources. If the City is unable to provide funding, the John Howard Society will not be able to secure funding and support from BC Rent Bank. The City would miss an opportunity to fulfill a key goal of the Affordable Housing Strategy and help Nanaimo citizens avoid homelessness. Nanaimo residents would continue to have to rely on traditional lending providers only when facing a temporary financial crisis. Those unable to find traditional financing may risk homelessness or be forced to rely upon predatory lending practices.
  - Financial Implications: The requested \$90,603 will remain in the Housing Legacy Reserve and be available for other supportive or affordable housing opportunities.
3. That the Health and Housing Task Force provide alternate direction. |

### **SUMMARY POINTS**

- Supporting the development of a rent bank is included as an objective within the City's Affordable Housing Strategy.
- With support from City staff and the Nanaimo Homeless Coalition, the Nanaimo Region John Howard Society submitted an expression of interest application to BC Rent Bank for in-kind and financial support to support a Nanaimo rent bank.
- Staff are recommending that funding directed to the Housing Legacy Reserve through the Online Accommodation Platform (OAP) tax be used to provide the additional funding required to support the rent bank.

### **ATTACHMENTS:**

ATTACHMENT A: BC Rent Bank Expression of Interest: Guide for Expression of Interest  
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