

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

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