

Vancouver Rent Bank Council March 28, 2012



Housing & Homelessness Strategy 2012-2021

3 yr Action Plan: Partnership to start a Vancouver Rent Bank



STRATEGIC
DIRECTION 1

Increase the supply of
affordable housing



STRATEGIC
DIRECTION 2

Encourage a housing mix
across all neighbourhoods
that enhances quality of
life



STRATEGIC
DIRECTION 3

Provide strong leadership
and support partners to
enhance housing stability



Key Components of a Rent Bank

- Rent banks provide loans for low-income renters
- Rental or utility arrears, damage deposit
- Typical amount is one months rent
- Typical loan repayment period is 12-24 months
- Models require stable funding to be sustainable
- Usual loan repayment term is up to 24 months
- Usual loan amount is \$500-\$2,000
- Referrals to other services, e.g. food, child care, advocacy for landlord or utility arrears
- Financial literacy training

Who a Rent Bank serves

- Low income singles, couples and families
- Facing temporary financial crisis
- Housing is at risk
- Individuals and families without access to high-street credit facilities
- Rent Bank is a type of micro-finance / micro credit alternative
- Alternative to borrowing from family and friends or predatory payday lending sources
- 2005 United Nations declared International Year of Micro-credit

Location of Rent Banks across Canada

- 1998 City of Toronto
- 1999 City of Calgary
- 2004 Province of Ontario (47 Municipal Service Offices i.e. Toronto, Ottawa, Waterloo, etc.)
- 2008 Vancouver (Strathcona families only) iRent
- 2009 City of Prince George
- 2010 City of Surrey (serving Surrey, Delta and Whiterock)
- 2010 Fraser Valley (serving Abbotsford, Mission, Chilliwack, Agassiz-Harrison and Hope)
- 2010 Province of Alberta *Homeless and Eviction Prevention Fund*

Best Practice Research Findings: Evaluation of Existing Rent Banks

Economics professor from University of Northern BC commissioned by the 3 BC Rent Banks to conduct evaluation on Rent Banks (2011):

- For every loan issued to 1 household, up to 3 people helped
- 80% recipients were at same address after 3 months
- Reduces costs of evictions to tenants and landlords, e.g. legal, property turnover
- Reduces unnecessary moves
- Reduces stress on families e.g. reducing eviction threat
- Subsidy programs already exist in BC, rent banks serve a different client group well
- Cost effective way to promote housing stability

Best Practice Research Findings: Evaluation of Existing Rent Banks

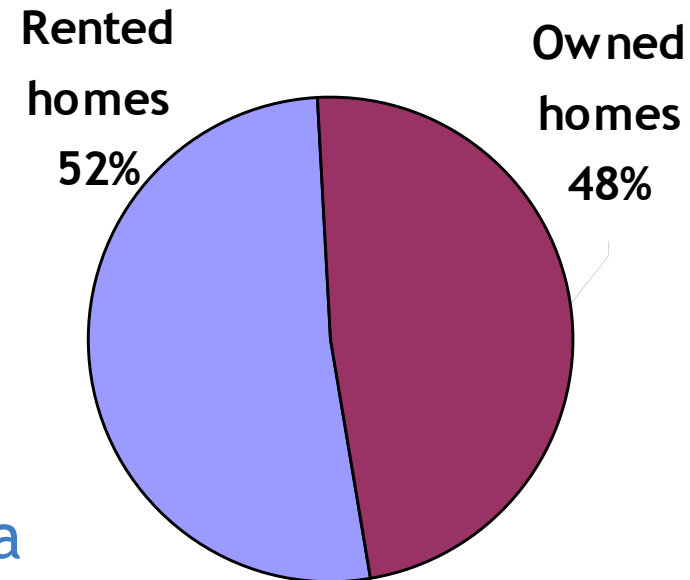
Consultant commissioned by Province of Ontario to evaluate Ontario Rent Bank (2008):

- \$13M through the Provincial Rent Bank
- Estimated \$7M reduction in emergency shelter costs
- Estimated reducing evictions saved \$2,234/tenant and \$2,500-\$6,000/landlord
- Reduced strain on families and children who may have had to otherwise relocate schools and neighbourhoods
- Reduced costs to social assistance, social housing and Landlord Tenant Board

Identified Need for a Vancouver Rent Bank

Canadian households with ratios at or above today's accepted 30% affordability benchmark are at risk of homelessness. (CMHC)

- 2nd highest cost of renting in Canada
- 15% of renters spend >50% on rent
- 40% of renters spend >30% on rent



Renter Profile Comparison

	% of renters	% renters spending >30%	Median income of renters	Average rent
Vancouver	52%	49%	\$34,000	\$1,102
Toronto	50%	46%	\$36,860	\$1,147
Surrey	25%	39%	\$36,000	\$814
Prince George	30%	39%	\$29,426	\$658



Housing & Homelessness Strategy: 3 Yr Action Plan 2012-2014



- Serves mid-part of Housing Continuum
- Talk Housing With Us: Renters Roundtable & Unconference
- Importance of rental options to deliver affordable housing
- Renters facing pressures & challenges
- Discussions with partners: Streetohome, NICCSS, Vancity
- Rent Banks identified as a useful tool to prevent homelessness

Proposed Vancouver Rent Bank Model

Structure:

- Social enterprise model administered by NICCSS

Key Program Components:

- Interest free loans
- Advocacy and referrals
- Financial literacy focus
- On-going evaluation



Network of Inner City Community Services Society (NICCSS)

- Non-profit consortium of community groups, resident groups and consumer groups
- Collaborate to provide services to individuals, children and families
 - i.e. counselling services, home support, supervised access services, etc.
- Rent bank experience since 2008
- iRent in Strathcona
- Lead partner

Proposed VRB Criteria: Loan Eligibility

Based on good practice from Province of Ontario:

- Imminent danger of losing housing or utilities due to arrears
- Must not be more than 2 months arrears
- Must have good rental history and landlord willing to maintain tenancy
- Must have ability to repay loan
- Only 1 loan at a time
- Must be Canadian citizens, conventional refugees, landed immigrants or permanent residents
- Housing must be sustainable

Rent Bank Comparison

	Loan \$\$ Available	# issued / year	Max loan	Avg Loan Amount
Vancouver (proposed)	\$150,000	180	\$2,500	\$835
Toronto	\$1.3M	1,000	\$2,500	\$1,780
Surrey	\$40,000	45	\$1,600	\$800
Fraser Valley	\$40,000	41	\$1,600	\$710

Proposed Vancouver Rent Bank Process



Rent Bank Delivery: Administrative

Administrative:

- Facilitation of application process
- Maintenance of rent bank database
- Collects & verifies documentation
- Develops repayment schedule
- Conducts follow ups with loan recipient
- Coordination of Advisory Committee

Rent Bank Delivery: Support Services

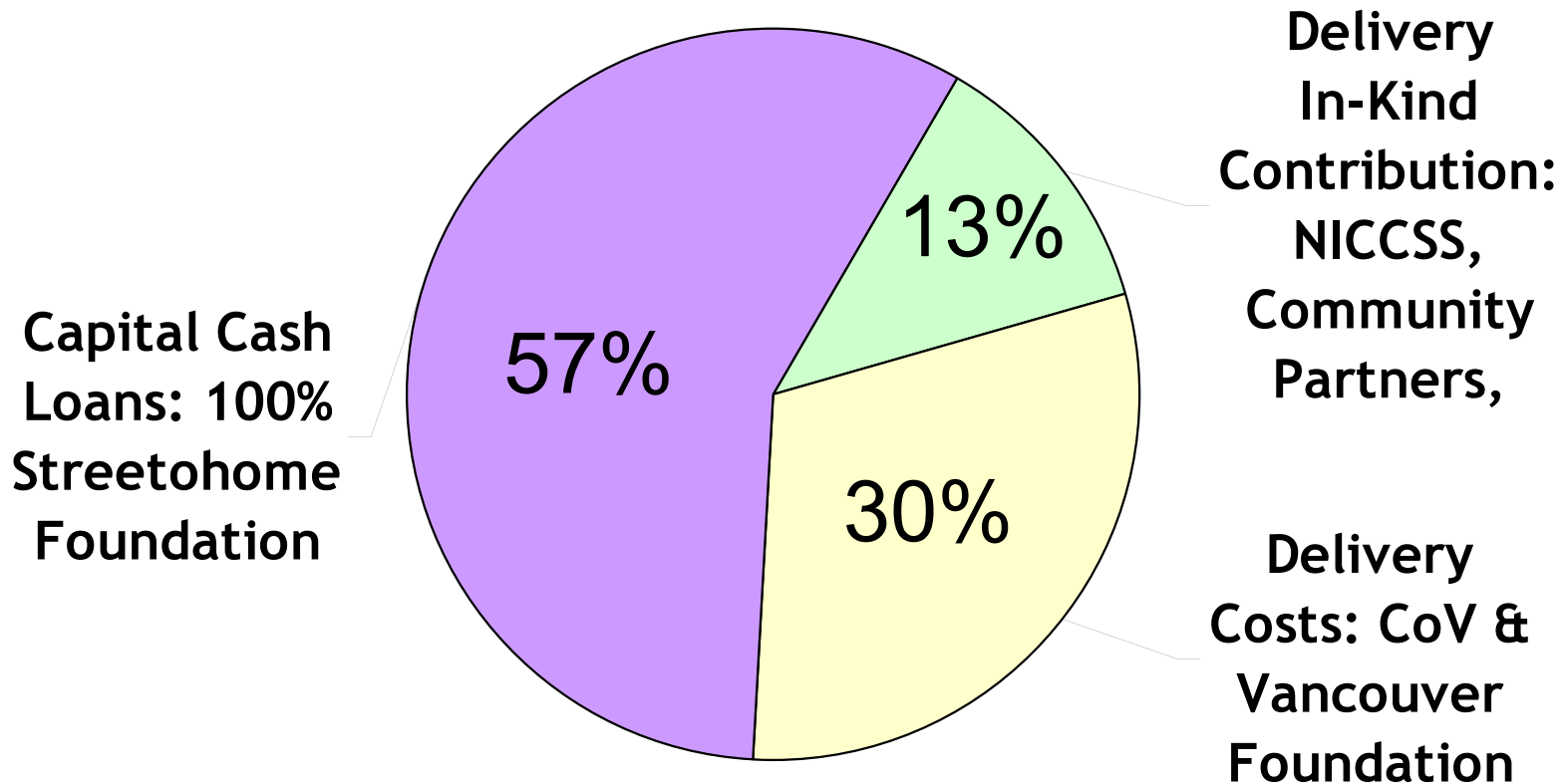
Support services:

- Sign-posts to financial literacy programs
- Refers eligible & not eligible applicants to community agencies i.e. child care, food source, employment services
- Mediates & negotiates with landlord
- Co-ordination of community outreach

Partners

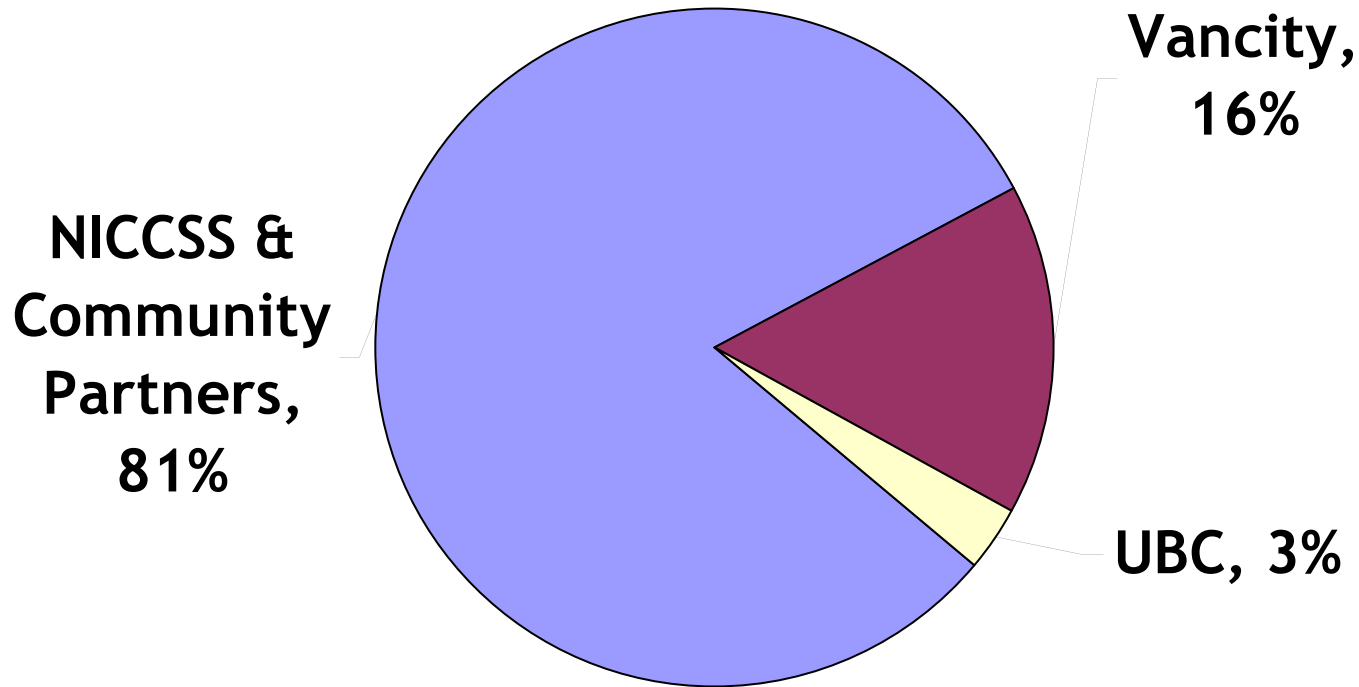


Proposed Vancouver Rent Bank 1st Yr



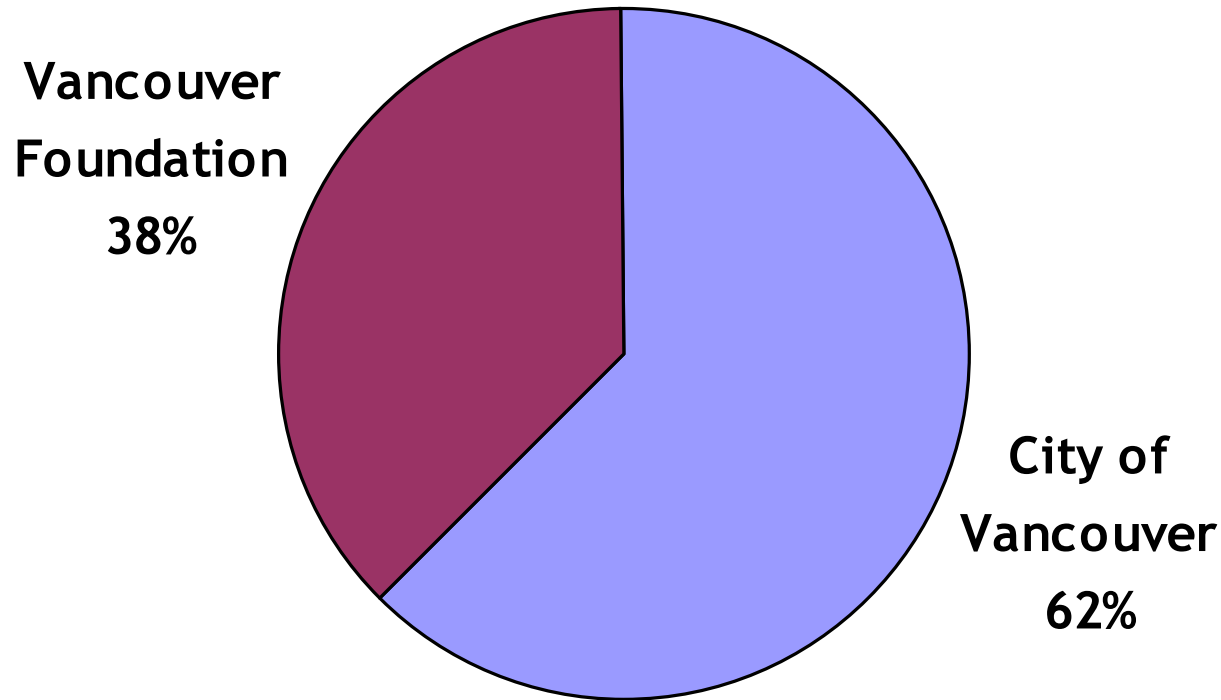
Proposed Vancouver Rent Bank 1st Yr Model

Breakdown of Delivery In-Kind Contributions



Proposed Vancouver Rent Bank 3-Yr Model

Breakdown of Actual Delivery Contributions



Rent Bank Budget Comparison

	Total Budget	Loan Fund	Delivery Costs	% Delivery Costs
Vancouver (proposed)	\$261,500	\$150,000	\$111,500	43%
Toronto	\$3.5M	\$2.4M	\$1.1M	31%
Surrey	\$225,440	\$40,000	\$94,500	42%
Fraser Valley	\$40,000	\$40,000	\$49,600*	55%

*Includes grant program costs

VRB: Forecasted Capacity & Impact

- Estimated 540 loans issued = 540 evictions prevented
- Estimated >1500 people impacted
- Repayment of loans estimated to be 70%
- Estimated average \$835 loan
- Estimated repayment term 12-24 months

VRB: Estimated Benefits

- Keeping 1 person out of a shelter for 1 month saves \$1,665 (Shelter costs \$2,500 per person per month)
- Non-housing service individual costs \$55,000 per person per year
- COV proposed funding is 21% of 3-yr funding partnership
- COV \$149K investment leverages \$552K in partnership funding
- Homelessness can cost families their kids & jobs

Proposed Next Steps

Action	Date
NICCSS to convene Advisory Committee	June, 2012
NICCSS to post, hire and train VRB Administrator	June, 2012
Advisory Committee to confirm Communications Strategy	July, 2012
Staff to roll out Training Modules with community partners	July, 2012
Staff and partners to roll out Communications Strategy	July, 2012
Rent Bank application in-takes	August, 2012