

BC Rent Bank

Questions and Answers

July 2020

What are rent banks?

A rent bank is a short-term or temporary homelessness prevention tool that helps to provide housing stability for low- to moderate-income renters who are unable to pay rent or utilities due to episodes or emergencies that compromise their ability to pay. Rent banks complement these loans with access to other information and supports – including financial advice, mediations between renters and landlords, or access to other supports and services - to help stabilize their housing in the future.

A rent bank provides financial assistance in the form of a repayable loan, to households at risk of eviction for reasons such as non-payment of rent or utilities. Rent banks can also aid individuals by providing a damage deposit to make the move.

In addition to providing loans, many rent banks also assist with:

- Advocating on behalf of individuals to landlord/tenancy boards, utilities corporations, etc.;
- Mediating conversations between individual tenants and their landlords and others;
- Referrals to other agencies for access to food, clothing, transportation support, and more;
- Help tenants access government subsidies, programs and/or benefits that individuals may be eligible for.

What does a rent bank loan pay for?

The most common uses of rent bank loans are:

- Money owed for rent
- Payment of utilities that are overdue
- Security deposit or first month's rent to help people gain access to housing

What is BC Rent Bank (the organization)?

BC Rent Bank is a project of Vancity Community Foundation, and funded by the Province of BC. The mandate of the BC Rent Bank is:

- To support the funding of existing rent banks;

- To provide support and seed funding for the establishment of new rent banks in BC; and,
- To create the infrastructure necessary to support a potential future province-wide rent bank system or service.

BC Rent Bank's goal is that regardless of where you live in the province, you can be supported to help maintain your housing. This goal has not yet been achieved, and establishing a province-wide infrastructure is our strategic focus over the next two years of the project.

BC Rent Bank does not directly provide rent loans to tenants. These loans are currently administered through local rent banks, operated by non-profits in communities around BC.

Are there rent banks in every community in BC?

No. We are currently working on expanding and funding the growth of the rent bank network in BC, and on creating an infrastructure and system that can sustainably support the operation of rent banks and rent bank services province-wide.

You've been given \$10 million to support rent banks in BC. Why aren't there more rent banks in BC today?

There are a number of reasons for this. BC Rent Bank does significant outreach to municipalities and regional districts through BC, to encourage them to consider starting a rent bank in their area. The community engagement and education necessary to encourage local governments and non-profit organizations on rent banks takes time. They need to understand what's involved, how much rent banks cost to operate, how many staff they need, and how much loan capital/investment they need to have for the rent bank to function in their community.

In addition, to ensure the long-term sustainability of rent banks there must be diverse stakeholder investment in the project, and building these relationships – including investor relationships - takes time.

We're very pleased with the progress we've made to date, and are currently undertaking an RFP process to create more rent banks in BC. We'll be announcing the successful proposals in fall of 2020.

How are rent banks funded? Where do they get the funds to loan to tenants?

BC Rent Bank provides financial support to existing rent banks in BC to assist with costs of operating rent banks. However, other investors are needed to support the ongoing costs of operating rent banks and ensuring their long-term financial sustainability. These

investors include landlords and landlord organizations, various levels of government, foundations with an interest in housing stability, business community, financial institutions, and other community organizations and individuals.

Why haven't rent banks given out more loans since BC Rent Bank was formed and received \$10 million in funding?

The mandate of BC Rent Bank is not to increase rent bank loan volumes (although we support this growth). Our mandate is to help establish a sustainable infrastructure and funding model for a province-wide rent bank system that can support tenants and help prevent homelessness in every corner of BC.

Why aren't rent banks a solution to the long-term affordable housing crisis?

Rent banks are an episodic, emergency response to a tenant's inability to pay rent and utilities. However, rent banks aren't able to address the shortage of affordable housing in BC, the high rents, the low vacancy rates, or the fact that tenants may be spending 30-40-50% of their income to stay housed. A one-time loan cannot address the more fundamental issue of housing that's unaffordable for renters.

Rent banks can't help tenants find a solution if there is nowhere to live, or they are forced to pay too much in rent. These structural issues in the housing crisis must also be addressed. In the meantime, rent banks are a bridging solution for some renters.

Do rent banks provide grants to tenants (money that does not have to be paid back, like a loan does)?

While there are some exceptions, most rent banks do not offer grants. However, in BC, there are some grants available from government specifically to help offset the cost of rent. These grants are available to individuals who meet certain criteria:

- The **Rental Assistance Program** is for working people with low- to moderate-income
- Shelter Aid for Elderly Renters (**SAFER**) is designed for people who are over 60 years of age who are living on low-incomes in BC.
- The **Crisis Supplement** is for individuals who are on income assistance, disability assistance or hardship assistance.
- **BC Hydro Customer** Crisis Grant is for customers who have experienced a temporary financial crisis and cannot afford to pay their utility bill and want to avoid disconnection.

During the COVID-19 pandemic, renters can also apply for the **temporary rental supplement (TRS)** through BC Housing, to assist them in paying their landlords rent during this time.

BC Rent Bank, in collaboration with five rent bank partners, is also offering emergency housing grants and support through federal funding provided by Reaching Home. This funding is available until September 30, 2020.

COVID-19 Response

Are rent banks available to financially support tenants on an ongoing basis who are facing unstable housing due to the economic and social impacts of COVID-19?

No. A rent bank loan can help tenants at their point of crisis – and assist them in accessing other supports and resources, but a rent bank loan is not a replacement for long-term affordable housing and tenant protections for renters in the COVID-19 pandemic.

Additionally, a rent bank loan differs from that of a housing grant. In order to qualify for a loan, the applicant must be able to demonstrate the capacity for repayment. During an economic crisis where job loss and unemployment rates have skyrocketed, many British Columbians no longer qualify for a loan.

You have \$10 million in funding. Can't you just distribute that to renters in BC to help keep them housed during the pandemic?

The mandate of BC Rent Bank is to support existing rent banks and support the development and establishment of a Provincial Rent Bank; it was not established to support a housing crisis during a pandemic.

BC Rent Bank does not currently have the infrastructure or loan capital to support the disbursement of emergency loans on a province-wide basis. The current \$10 million in funding – a portion of which has already been spent on supporting current rent banks, providing seed funding and support to establish new rent banks, and building the basic infrastructure for BC rent banks – is not adequate to meet the demands of the British Columbians who may require long-term rent assistance in BC as a result of the economic disruption of the COVID-19 pandemic.

What's more, a province-wide rent bank system has not been set up yet – that is our organization's mandate - and rent bank services are not yet available in all BC communities. In addition to being outside of the mandate of the project, we are not yet in a position to play this role, nor do we have the loan capital necessary to meet the anticipated need.

BC Housing has approved over 82,500 applications for rental assistance since the temporary rental supplement (TRS) was first announced in April 2020 and these applications allow for monthly support up to August 2020. A typical rent bank offers a one-time loan of between \$800 - \$2000 (single/family). To meet the potential demand

for loans, the BC rent bank system would not only require an infrastructure to process applications that does not yet exist, but would require *tens of millions of dollars* per month in additional funding to make these loans possible.

Why aren't rent banks a possible solution to COVID19 challenges around tenants being able to pay rent?

If someone has lost their employment and income due to COVID-19, they cannot be expected to take out a loan, if they have no idea of when they will have enough stable income again to repay the loan. A rent bank can help a tenant for one month to make up a rent shortfall, but six months later, that one-time loan will not be able to protect a tenant's housing. If you're a low-income earner, and you have six months of rent in arrears as a result of loss of income, what is the size of the loan you need, and what are your means of paying it back?

Rent banks are not financial institutions, and cannot carry outstanding debt payment for the next several years. What's more, there is no interest being charged on rent bank loans, unlike other forms of lending institutions. Non-profit rent banks are not able to carry long-term outstanding debt.