

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT
COMMITTEE

DATE: 2021 February 16

FROM: DIRECTOR FINANCE
DIRECTOR PLANNING AND BUILDING

FILE: 16000 20

SUBJECT: FRAMEWORK TO SUPPORT LONG TERM SUSTAINABILITY OF
THE BURNABY RENT BANK

PURPOSE: To propose a framework to support the long term financial sustainability of the
Burnaby Rent Bank.

RECOMMENDATIONS:

1. **THAT** Council approve the contribution of \$105,000 over a three-year period (\$35,000 per year) to the Lower Mainland Purpose Society from the Operating Housing Reserve to assist with the administrative costs associated with operating a Rent Bank program.
2. **THAT** Council approve a one time contribution of \$40,000 from the Operating Housing Reserve to the Lower Mainland Purpose Society for the initial opening and operational needs associated with establishing a permanent Burnaby Rent Bank.
3. **THAT** an operating agreement between the City and the Lower Mainland Purpose Society be created and maintained to establish a framework to support the long term financial sustainability of the Burnaby Rent Bank.
4. **THAT** Council approve the registration and promotion of an online donations page to enable ongoing Burnaby Rent Bank loan funding contributions from the community, managed by the City.
5. **THAT** a copy of this report be provided to the Financial Management Committee for information.

REPORT**1.0 INTRODUCTION**

On 2019 July 29, Council unanimously adopted the *Mayor's Task Force on Community Housing Final Report*, which recommends 18 actions and 10 "Quick Starts" as the basis for further direction and specific initiatives to increase the supply, diversity, and affordability of housing in Burnaby. This report focuses on Quick Start #4 – Establish a Rent Bank using Housing Fund Monies, to help support renters, particularly vulnerable renters with lower incomes, in maintaining their

To: Planning and Development Committee
From: Director Finance
Director Planning and Building
Re: Framework to Support Long Term Sustainability of the Burnaby Rent Bank
2021 February 16.....Page 2

current housing and preventing homelessness. The information in this report provides an update on the now established Burnaby Rent Bank and proposes a framework to support the long-term financial sustainability of the rent bank program as part of the City's ongoing housing initiatives.

2.0 POLICY CONTEXT

As noted above, the *Mayor's Task Force on Community Housing Final Report* specifically recommends that the City "establish a Rent Bank using Housing Fund monies" (Quick Start #4). In addition, there are several City policies that support the provision of affordable housing and social services for renters and other vulnerable populations, including the *Official Community Plan* (1997), the *Burnaby Economic Development Strategy* (2007), and the *Burnaby Social Sustainability Strategy* (2011).

Assisting vulnerable renters in Burnaby through a Rent Bank further aligns with the following goals and sub-goals of the *Corporate Strategic Plan*:

- ***A Connected Community***
 - Partnership – Work collaboratively with businesses, educational institutions, associations, other communities, and governments
- ***An Inclusive Community***
 - Serve a diverse community – Ensure City services fully meet the needs of our dynamic community
 - Create a sense of community – Provide opportunities that encourage and welcome all community members and create a sense of belonging
- ***A Dynamic Community***
 - Community development - Manage change by balancing economic development with environmental protection and maintaining a sense of belonging

3.0 BACKGROUND

Following the adoption of the *Mayor's Task Force on Community Housing Final Report* in July 2019, staff began engaging BC Rent Bank to explore the creation of a rent bank for Burnaby renters. BC Rent Bank, a project established by Vancity Community Foundation, received \$10 million in funding from the provincial government in 2019 to deliver upon the Provincial Rental Housing Task Force recommendation of providing funding to support existing rent banks and establish new rent banks in new communities. The financial commitment from the provincial government to BC Rent Bank was for a three-year period, ending 2022 March 31. However, on 2020 March 26, BC Rent Bank temporarily suspended all applications for new rent banks due to the COVID-19 pandemic. Instead, only funding for existing rent banks would be available during this period to sustain existing services and to extend services to unserved communities, if possible.

To assist Burnaby renters during the COVID-19 pandemic, the City and BC Rent Bank agreed to provide funding to the Lower Mainland Purpose Society (Purpose Society), operator of the New Westminster Rent Bank, to create a temporary Burnaby Rent Bank for a three-month period (2020 April 6 to 2020 July 6). To support this initiative, Council approved a grant of \$30,000 from Operating Contingency funds to the Purpose Society at its 2020 April 20 meeting, matching the

To: *Planning and Development Committee*
From: *Director Finance*
Director Planning and Building
Re: *Framework to Support Long Term Sustainability of the Burnaby Rent Bank*
2021 February 16.....Page 3

contribution from BC Rent Bank, so they could effectively operate and provide support to Burnaby renters through the temporary program.

On 2020 June 8, BC Rent Bank announced an Expression of Interest (EOI) to establish four new rent banks in British Columbia – two in communities with populations of 50,000 people or less and two in communities with populations of 50,000 people or more. The EOI closed 2020 July 3. As the EOI was eligible to not-for-profit organizations only, the City encouraged local not-for-profit organizations to apply directly to capitalize on this funding opportunity. In the event a not-for-profit organization was selected by BC Rent Bank to create a permanent Burnaby Rent Bank, the City would seek a partnership with the organization to determine an appropriate role for the City, including the potential for City operational funding, subject to Council approval.

The BC Rent Bank EOI had anticipated the announcement of the selected new rent banks on 2020 September 18 for the new rent banks to become operational on 2020 October 1; however, the timeline was delayed due to a provincial election. To ensure Burnaby renters remain supported, the City, BC Rent Bank and the Purpose Society agreed to extend the temporary Burnaby Rent Bank with monies from the initial funding contributions until the new rent banks were selected.

On 2020 December 2, BC Rent Bank announced the Purpose Society was successful in its funding application for a permanent rent bank in Burnaby. Funding from BC Rent Bank was provided for the remainder of the fiscal year ending 2021 March 31. For the next fiscal year from 2021 April 1 to 2022 March 31, the Purpose Society will be submitting a new funding application to BC Rent Bank, which is anticipated to be released on 2021 February 12 and due 2021 March 1. BC Rent Bank has said funding decisions for the applications would be announced the week of 2021 March 15.

Since the creation of the temporary Burnaby Rent Bank in April 2020, the following milestones are noted:

- Approximately 140 inquiries and 63 pre-assessment applications have been received by Burnaby Rent Bank staff, with numerous referrals to other programs and support agencies, when appropriate;
- 11 loans, totalling over \$15,000, have been issued to help stabilize individuals and families in their housing during a time of financial need. Rent bank loans have zero percent interest, a \$1 per month administrative fee, and a maximum repayment term of 24 months;
- 15 rent subsidies have been provided totalling \$4,500. Rent subsidies are made possible by funding secured by Purpose Society and/or BC Rent Bank from other levels of government and are offered to renters who require additional financial support. Rent subsidies do not have to be repaid;
- With the funding granted by BC Rent Bank for a permanent Burnaby Rent Bank, Purpose Society, who was hosting the temporary Burnaby Rent Bank from their existing office in New Westminster, has secured a new office location in the Metrotown area to better serve Burnaby clients. The Burnaby Rent Bank is located at Suite 1 – 4075 Kingsway, and is open Monday to Friday from 9am to 4:30pm (by appointment only during the COVID-19 pandemic); and,

To: *Planning and Development Committee*
From: *Director Finance*
Director Planning and Building
Re: *Framework to Support Long Term Sustainability of the Burnaby Rent Bank*
2021 February 16..... Page 4

- Two Burnaby staff representatives are assigned to the Burnaby Rent Bank Loan Committee and assist in the review of applications for loan and subsidy approvals.

Fast approaching one year since the creation of a temporary Burnaby Rent Bank, the program has quickly become an important resource in the community, providing much needed support to Burnaby renters.

4.0 PROPOSED FRAMEWORK FOR CITY SUPPORT OF THE BURNABY RENT BANK

Prior to the provincial funding of rent banks in 2019, rent banks were often municipal or non-profit driven in response to needs in the community. While rent banks may be initiated by a municipality, a municipality cannot run a rent bank due to legislative constraints of lending money. As a result, the day-to-day operations must be run by third parties, such as non-profit organizations, and can be supported by a municipality. For the Burnaby Rent Bank, the Purpose Society has been the non-profit operator since the creation of the temporary Burnaby Rent Bank, now transitioning to the permanent Burnaby Rent Bank with BC Rent Bank funding successful secured.

Provincial funding contributes to the initial establishment and operations of rent banks, but additional funding and partnerships are required to ensure the long-term financial viability and sustainability of rent bank programs. This financial need is typically provided by municipalities, local financial institutions, and/or philanthropic organizations. As such, staff propose the following framework to support the long-term financial sustainability of the Burnaby Rent Bank, developed based on discussions with other rent banks providers in BC and in consultation with the BC Rent Bank Toolkit.

4.1 Burnaby Rent Bank Roles and Responsibilities

4.1.1 Role of the Non-Profit Organization

Under the proposed framework, the Purpose Society would manage the day-to-day operations of the rent bank program and have the following responsibilities:

- Pursue external funding opportunities to strengthen the financial viability of the Burnaby Rent Bank;
- Raise awareness about the rent bank program in the community;
- Answer inquiries about the rent bank program;
- Determine eligibility of individuals and households who are interested in receiving a rent bank loan;
- Assist eligible individuals and households in completing the loan application;
- Refer ineligible individuals and households to other services that may assist them;
- Grant loans and subsidies based on established program criteria;
- Distribute approved loans and subsidies;
- Ensure repayment of distributed loans; and,
- Provide annual statistics on the rent bank program to the City and the public.

To: *Planning and Development Committee*
From: *Director Finance*
Director Planning and Building
Re: *Framework to Support Long Term Sustainability of the Burnaby Rent Bank*
2021 February 16..... Page 5

4.1.2 Role of the City

City staff will continue to liaise with the Purpose Society to provide strategic guidance and support of the program, where needed. In addition, it is recommended that staff continue to participate in the granting of loans and subsidies as part of a larger Burnaby Rent Bank Loan Committee to ensure the program meets the City's objectives.

4.2 Program Sustainment

4.2.1 Operational Funding

As part of the funding application to BC Rent Bank, rent bank operators can request operational funding to help hire and train dedicated staff, review and process loan applications, manage ongoing loans and repayment, deliver communications and outreach, and develop key policies and procedures. The applications, however, must show an ongoing commitment to operational support to ensure the longevity and success of the program. Based on the experiences of other rent bank programs, funding support from a municipality can contribute to the quick implementation and sustainability of the program. For example, the following municipalities have provided operational funding support to their local rent bank program:

- City of Kamloops - \$15,000 (2016);
- City of Vancouver - \$49,600 (2016); and,
- City of New Westminster - \$35,000 annually (increased from initial amount of \$20,000 in 2016).

To help establish and sustain the permanent Burnaby Rent Bank, staff recommend that a funding contribution of \$35,000 per year, for the initial three-year period, be provided to the Purpose Society to assist with the cost and overhead to host a rent bank program, as well as to help cover the costs required to administer the program. The funding is suggested to come from the City's Operating Housing Reserve. Additional sources of funding to augment the City's contribution, and to reduce the reliance on City funding over time, is expected to be explored by the Purpose Society.

4.2.2 Loan Funding

In addition to operational funding, the establishment of loan funding is an important component to the long-term financial sustainability of a rent bank. Loan funding is the capital from which rent bank loans are taken.

Municipalities cannot provide loan funding to rent bank programs. As such, other rent banks in surrounding municipalities have utilized various funding sources for loan capital, including an endowment (City of Vancouver), annual fundraising (City of Surrey), and donations from financial institutions (City of New Westminster). With provincial funding now available for loan funding, the Purpose Society has secured loan funding for the permanent Burnaby Rent Bank. However, provincial funding, as well as endowment or financial institutional donations, will likely not be sufficient for long-term, permanent funding. In fact, considering the current provincial funding

To: Planning and Development Committee
From: Director Finance
Director Planning and Building
Re: Framework to Support Long Term Sustainability of the Burnaby Rent Bank
2021 February 16.....Page 6

ends in 2021 March 31, ongoing funding from the Province is uncertain, impacting the funding sustainability for the Burnaby Rent Bank moving forward.

As loan funding is the where rent bank loans are provided from, and subsequently repaid to, there are fluctuations as to how much loan capital is available at any given time. According to BC Rent Bank, the rate of non-payment on loans, also known as the default rate, may be between 35 and 50 percent for some rent banks, although most loans are repaid in the 85 to 90 percent range. Taking into account a potentially high default rate, a well-used rent bank program could mean loan funds are lost over time, impacting future funding, funding sources, and customer needs. This, in time, could become a challenge should the Burnaby Rent Bank rely solely on funding from the current provincial government program, whose long-term support is unknown. The importance in understanding the potential challenges will help the City assist the Purpose Society in managing the loan funding needs of the program to keep the program resilient.

As part of the proposed framework, it is recommended that the City of Burnaby and Purpose Society work together to establish a capital loan portfolio, starting with the upcoming 2021/2022 application for BC Rent Bank funding. It is further recommended that the City of Burnaby establish a donations page on the CanadaHelps website for Burnaby Rent Bank donations. Through this website, the City can be a strong and positive voice and utilize our web and community presence to garner donations to support ongoing loan funding. The Burnaby Rent Bank provides a maximum loan of \$1,400 for individuals and \$1,700 for families (2 or more people living in a family relationship). As such, increased loan capital can help assist additional renters in the community who are risk of eviction or essential utility disconnection due to a temporary shortage of funds.

4.2.3 Additional Support Funding During COVID-19 Pandemic

To ensure additional supports are provided to Burnaby renters during the COVID-19 pandemic, staff recommend an additional one-time contribution of \$40,000 from the Operating Housing Reserve to the Purpose Society. With the global pandemic, the need for community supports and resources, such as a rent bank program, is especially critical.

Other local governments have taken similar measures to bolster rent banks during the COVID-19 pandemic, most notably the City of New Westminster, which provided a donation of \$105,000 to the New Westminster Rent Bank operated by the Purpose Society.

5.0 NEXT STEPS

With Council direction, staff will work with the Purpose Society to create an operating agreement to formalize the framework proposed in this report to support the long-term financial sustainability of the Burnaby Rent Bank. Staff will further work with the Purpose Society to establish a capital loan portfolio, and support their 2021/2022 application for BC Rent Bank funding.

In addition, staff will establish a donations page on the CanadaHelps website for Burnaby Rent Bank donations, and work with other City departments to communicate the need for community support to garner donations for ongoing loan funding.

To: Planning and Development Committee
From: Director Finance
Director Planning and Building
Re: Framework to Support Long Term Sustainability of the Burnaby Rent Bank
2021 February 16.....Page 7

6.0 CONCLUSION

This report proposes a long-term framework to support the permanent Burnaby Rent Bank operated by the Purpose Society and to align with Quick Start #4 of the *Mayor's Task Force on Community Housing Final Report*. The Burnaby Rent Bank program support renters, particularly vulnerable renters with lower incomes, in maintaining their current housing, preventing homelessness, and maintaining community connections.

The establishment and success of the permanent Burnaby Rent Bank is best supported as an engaged City partnership with the Purpose Society, a non-profit organization, who is now responsible for administering this new program for the community as supported by the BC Rent Bank program. To support the Burnaby Rent Bank, staff recommend providing operational funding of \$35,000 per year, for a three-year period, from the Operating Housing Reserve to support viability and sustainability of the program at the onset. It is also recommended that a \$40,000 contribution be provided to the Purpose Society to assist with potential increase in loan applications due to the COVID-19 pandemic and its associated impacts on the economy. The framework further proposes to support the Purpose Society in seeking additional funding sources to augment the City's contribution, in addition to securing funding from BC Rent Bank.



E.W. Kozak, Director
PLANNING AND BUILDING



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

DS:WT:sa

Copied to: City Manager
City Clerk