

An Evaluation of the Kamloops Rent Bank

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Executive Summary

Purpose of the Study:

The operation of Kamloops Rent Bank began in February 2013 with financial support from the Interior Savings Credit Union Community Investment Fund, the Kelson Group, United Way, and the Stollery Charitable Foundation. The Kamloops Rent Bank is now completing its first year of its operation. The objective of this study is to evaluate the performance of the Rent Bank with respect to following questions:

- To what extent has the Kamloops Rent Bank achieved the goal of housing stability?
- To what extent is the Kamloops Rent Bank a cost-effective tool for reducing homelessness and ensuring housing stability?

Research Method:

To address these questions, this study utilized a mixed method research approach consisting of interviews and a document review.

Main Findings:

Between February 2013 and May 2014, the Kamloops Rent Bank received 41 loan applicants and approved 25 loans totalling \$18,546.18.

To find evidence on the role of the Kamloops Rent Bank in achieving housing stability, the study team interviewed seven clients, all of whom have been able to maintain housing stability. At the time of the interviews, these clients were living in the same rental properties.

All of the seven clients interviewed stated that they had had serious financial troubles and as a result they were unable to make rental payments. All of them noted that they did not have any other sources to which they could turn.

All of the seven clients interviewed attended financial literacy training offered by the Kamloops Rent Bank and they found such training very useful.

To examine the cost effectiveness of the Kamloops Rent Bank program, this study utilizes two measures: the administrative costs per client and number of clients per staff FTE. In terms of clients per staff FTE, the ratio for the Kamloops Rent Bank is comparable with the ratios of FVRAP and SRB. When the costs of evictions and the costs of rehousing are factored in, the cost effectiveness of the Kamloops Rent Bank becomes even clearer. The loan repayment rate of the

KRB clients was also very high and was even better than that of the Prince George Rent Bank (PGRB) and the Surrey Rent Bank (SRB). Finally, the KRB invests substantial amount of time on financial literacy training that expected to have a positive impact on the financial behaviours of the clients.

Recommendations:

Issue of Financing: The Kamloops Rent Bank, along with other regional rent banks in BC, may advocate with the provincial government for a regular funding to cover the costs of its operation.

Expansion of Kamloops Rent Bank operation: Compared to other regional rents banks, the KRB has much fewer clients. A possible solution is using media such as local newspapers, radio and television to publicise the KRB.

Data Base: Create data base on the socio-demographic profiles of the clients.

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1.0. Introduction

More than 10% of people in Kamloops are low-income. Based on after-tax low-income measure (LIM-AT), in 2010, a total number of 12,230 or 13.1% of Kamloops population were classified as low-income earners (National Household Survey, 2011). In 2010, tenant households constituted about 25% of all private households (National Household Survey, 2011). The same survey estimated that in 2010 about 45.5% of the tenant households spent at least 30% of their total income on shelter. This information suggests that many tenant households in Kamloops have difficulty paying for their housing.¹ The annualized growth rate of rent in Kamloops from 2006 to 2010 outpaced the annualized growth rate of household income, exacerbating the affordability problem (Casorso et al. 2013). In 2012, ASK Wellness Society classified 99 people in Kamloops as homeless because they were sleeping rough or in shelters. Another study found that, in 2010, between 808 to 1681 people had experienced hidden homelessness at some point (SPARC, 2011).² Given the evidence of both open and hidden homelessness in addition to the sizeable number of tenant households struggling to afford their housing, it is important for policy makers to take into account the housing problem in Kamloops. The provincial government in BC runs a Rental Assistance Program that provides rental supports to eligible low-income families. Such support is restricted to families with at least one child. However, there is no provincial support to tenants who face eviction due to non-payment of rents or utility bills. Such an emergency fund is important because without it, evicted tenants may become homeless. To fill this gap in provincial support, voluntary organizations with the help of private sector donors came forward to establish a rent bank in Kamloops.

The Kamloops Rent Bank provides small, low-interest loans to people in stable rental housing to assist in emergency financial situations or to pay for utilities in arrears. The major objective of Kamloops Rent Bank is to stem the flow of people into homelessness by keeping people in their stable homes with appropriate utilities.

The operation of Kamloops Rent Bank began in February 2013 with financial support from the Interior Savings Credit Union Community Investment Fund, the Kelson Group, United Way, and the Stollery Charitable Foundation. The Kamloops Rent Bank is now completing its

¹ For a very detailed discussion on affordability issue in Kamloops, please see Casorso et al. (2013).

² This study defined *hidden homeless persons* as people staying temporarily with another household and who do not have a regular address of their own where they have security of tenure.

first year of its operation. The objective of this study is to evaluate the performance of the Rent Bank with respect to following questions:

- To what extent has the Kamloops Rent Bank achieved the goal of housing stability?
- To what extent is the Kamloops Rent Bank a cost-effective tool for reducing homelessness and ensuring housing stability?

1.0. Methodology of the Study

To prepare this report, the author utilized a mixed method research approach consisting of interviews and a document review. The detailed description of this methodology is given below:

- A focus group interview with the members of the Kamloops Rent Bank Advisory Committee
- Semi-structured face-to-face interview with two officials of the Kamloops Rent Bank
- Semi-structured telephone interview with seven rent bank clients.
- Semi-structured telephone interview with one landlord.
- A review of the Kamloops Rent Bank's financial statement.
- A review of other rent bank documents such as promotional materials and background information.
- A review of secondary literature including rent bank evaluation reports from other jurisdictions.

2.0. Kamloops Rent Bank Products

The main product of the Kamloops Rent Bank is emergency loans provided at a low interest rate to individuals who are going to be evicted from their housing or cut off from their utilities. As shown in Table 1, the maximum amount of loan to be provided for rent support is \$1000. An applicant can receive a loan of up to \$500 to pay for utilities. The term for each loan is two years. As soon as the loan has been repaid in full, a borrower can apply for another. The Kamloops Rent Bank charges interest at a rate which is 2% above the Bank of Canada prime lending rate.

Table 1: Kamloops Rent Bank Product

Loan or Grant	Loan
Loan Amount	The maximum loan amount is \$1000. Maximum amount is limited to \$1000 for rent and \$500 for utilities.
Interest Rate	Annual interest rate on loans will be 2% above the current Bank of Canada prime lending rate.
Term of Loan	Term of each loan will be over a maximum period of 2 years. Loans can be repaid at any time in advance of the payment schedule with no penalty

Source: Kamloops Rent Bank Documents

The Kamloops Rent Bank also offers financial literacy training for both loan recipients and loan applicants. Such training can be done on a one-on-one basis or as a group workshop for 6-10 people. The rent bank also offers workshops in money management and budgeting.

The loan eligibility criteria of the Kamloops Rent Bank are based on minimum age, residency, income level and income source.

An applicant for a loan must be at least 19 years of age or older and residing in Kamloops at the rental property for which the loan will be issued. As shown in Table 2, an important criterion for eligibility is a consistent source of income. This criterion is used to ensure that the

applicant has the ability to repay the loan. To ensure that the program is targeted at low-income clients, the Kamloops Rent Bank uses Statistics Canada's Low-income Cut-Offs (after tax) adjusted by community size. The allowable income levels corresponding to different household sizes are shown in Table 2. As for source of income, IA (Income Assistance) recipients or disability payment recipients are not eligible for loans. Income from these sources is relatively low and the recipients are not likely to have the capacity to repay loans. For this reason, Kamloops Rent Bank does not offer loans to recipients of IA or disability payments.

The Kamloops Rent Bank Administrator is primarily responsible for approving loans. However, for complicated cases, the Administrator may need to consult the Executive Director. Loan applicants directly contact the rent bank administrator. The administrator interviews the applicants and assesses whether they need a loan. To determine whether the applicants meet eligibility criteria, the administrator uses documents including verification of employment, three months of bank statements, a copy of the rental agreement, and confirmation of residency. The administrator may also need to speak with the applicant's employer and landlord. The administrator speaks with the employer to obtain information about the applicant's salary and employment stability. Consultation with the landlord involves discussion about the reasons for possible eviction.

A loan is usually approved within a few days. When approved, the loan payments are made directly to the landlord or to the utility company. If a loan application is declined, the administrator then helps the applicant to obtain support from alternative sources.

Table 2: Loan Eligibility Criteria

Age	19 years of age or older												
Housing Type	Rental Property												
Residency	Resides in Kamloops												
Income Level	<p>Have or will have stable income. The individual should have financial ability to repay the loan.</p> <p>Allowable maximum after tax income levels (per month) corresponding to number of household members are given below:</p> <table> <tr> <td>2 -</td><td>\$2,050</td></tr> <tr> <td>3-</td><td>\$2,640</td></tr> <tr> <td>4-</td><td>\$3,230</td></tr> <tr> <td>5-</td><td>\$3,810</td></tr> <tr> <td>6-</td><td>\$4,400</td></tr> <tr> <td>7 or more-</td><td>\$4,990</td></tr> </table>	2 -	\$2,050	3-	\$2,640	4-	\$3,230	5-	\$3,810	6-	\$4,400	7 or more-	\$4,990
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Income Source	<p>Ineligible for loan if in receipt of income assistance or PWD. Allowable income sources include employment, child or spousal support, income of partner, child tax benefit, GST benefits and BC family bonus.</p>												
Other Condition	Should have a bank account												

Source: Kamloops Rent Bank Documents

3.0. Analysis of Achieving Goals and Objectives

Between February 2013 and May 2014, the Kamloops Rent Bank received 41 loan applicants and approved 25 loans totalling \$18,546.18. Sixteen loan applications were declined because the applicants could not meet the eligibility criteria. The Kamloops Rent Bank thus prevented 25 clients from being evicted in the immediate term. Table 3 shows that the average loan amount was \$741.84.

Table 3: Number of Clients and Loan Amount

Time Period	February 2013- May 2014
Number of Applications	41
Number of Loans	25
Total Amount of Loans (\$)	\$18,546.18
Average loan per client	\$741.84

Source: Monthly Kamloops Rent Bank Report

To find evidence on the role of the Kamloops Rent Bank in achieving housing stability, the study team interviewed seven clients, all of whom have been able to maintain housing stability. At the time of the interviews, these clients were living in the same rental properties.

This study team also interviewed one landlord who has two tenants from the rent bank. This landlord found the activities of the Kamloops Rent Bank very helpful for low-income tenants. The Kamloops Rent Bank helped two of his renters to pay rent arrears and these renters were still with him at the time of interview. The landlord stated that these two clients were paying rents in a timely fashion.

Impact on Clients' Lives

All of the seven clients interviewed stated that they had had serious financial troubles and as a result they were unable to make rental payments. They reported that joblessness, lack of hours in existing job and family disputes as the main reasons for financial crisis. All of them noted that they did not have any other sources to which they could turn. One of them mentioned that because of a bad credit rating, he had not tried to obtain a loan from sources like banks. Finally, all of the seven clients viewed Kamloops Rent Bank as their last option.

Some of the comments by the clients on the impact of rent bank on their lives are reported below:

“The Rent Bank gave me hope to live in an apartment.”

“Rent Bank was very helpful. It made huge difference in my life. No stress now.”

“I needed this help desperately.”

“Rent Bank helped a lot. I did not have other option.”

All of the seven clients interviewed attended financial literacy training offered by the Kamloops Rent Bank. They found such training very useful and they claimed that this training helped them in making prudent financial decisions.

4.0. Analysis of Cost Effectiveness

To examine the cost effectiveness of the Kamloops Rent Bank program, this study utilizes two measures: the administrative costs per client and number of clients per staff FTE. Table 4 shows these two measures estimated using data from the KRB Statement of Operations. To conduct the day-to-day operation, the KRB employs one Rent Bank Administrator. This is a part-time position and the administrator generally works 21 hours per week. The administrator has to spend about seven hours per week on the financial literacy program and on other workshops related to budgeting, Employment Insurance, and tax filing. For estimation of the cost effectiveness measures, the administrator's workload purely on rent bank operation is considered equivalent to .35 FTE. The main component of the costs of the program is the salaries of the administrator. Overhead expenditures and office costs, the other major components of program cost, include other facilities expenses, administrative expenses, office supplies, vehicle expenses, and telephone/pager bills.

Table 4: Cost Effectiveness Measures

FTE Staff	.35
Program Salaries (\$ per year)	\$19,333 ³
Overhead and office costs (\$ per year)	\$12,000
Number of Clients	25
Clients per FTE	71.5
Total cost per client	\$1,253

Source: Statement of Operations (Kamloops Rent Bank)

Table 4 shows that, for the Kamloops Rent Bank, the clients per staff FTE is 71.5 while total costs per client is \$1,253. To get a better picture of the cost conditions at the KRB, it is important to compare KRB cost-effective measures with those of other regional rent banks. We have costs information from the Fraser Valley Rent Assistant Project (FVRAP), the Prince George Rent Bank (PGRB) and the Surrey Rent Bank (SRB). The clients per staff FTE for the FVRAP, the PGRB, and the SRB were 71.1, 148.1 and 80.1, respectively. However, there are no

³ The annual program salary is \$29,000. However, the Rent Bank Administrator spends about 66% of her time on rent bank operation. So we adjusted her salary for rent bank operation to \$19,333. With this adjusted figure, the cost per client is \$1,253. However, with unadjusted figure of \$29,000 as program salary, the cost per client ratio will be \$1,640.

comparable costs per client figures from these regional rent banks. In terms of clients per staff FTE, the ratio for the Kamloops Rent Bank is comparable with the ratios of FVRAP and SRB.

Cost effectiveness of the Kamloops Rent Bank as a tool of housing stability becomes clearer when costs of eviction and costs of rehousing issue come into picture. A study conducted by the Canada Mortgage and Housing Corporation in Montreal, Ottawa and Vancouver found that costs of eviction were substantial, averaging nearly \$3,000 for social housing landlords and close to \$6,600 for private sector landlords (CMHC, 2005). In a study using data from Toronto, Shapcott (2007) estimated that average monthly costs of housing people while they were homeless were \$1,932 for a shelter bed, \$4,333 for provincial jail, or \$10,900 for a hospital bed. A 2001 study using data from British Columbia found that it would cost up to \$2,500 to support a homeless person in emergency shelter for a month following eviction (Eberle et al. 2001). All these figures are based on old data and because of inflation, the costs of shelters and costs of rehousing have risen. In any case, per client costs incurred by the Kamloops Rent Bank in preventing eviction clearly appears to be much lower than the combined costs of eviction and public costs of providing emergency shelter to a homeless person.

It is important to note that there are also indirect costs of homelessness, including increased use of health care services, policing and the criminal justice system (Gaetz, 2012). If we add these indirect costs to the direct cost of homelessness associated with the costs of eviction and emergency shelters, then total costs of homelessness will be much higher. Such estimations would show the total benefits that the Kamloops Rent Bank is offering to the society by preventing rental eviction.

Loan repayment rate is one of the measures of the successful operation and is also related to the costs as loan default adds to the costs of operation. From February 2013 to May 2013, the Kamloops Rent Bank disbursed a total loan amounting \$18,546.16. Of this loan, a total \$5,067.84 was due in May, 2014. The repayment rate was 84.5% as the KRB received \$4,282.91 until May, 2014. A comparison with other regional rent bank suggests that the repayment rate of the KRB is better than that of the Prince George Rent Bank (PGRB) and the Surrey Rent Bank (SRB).⁴

Finally, it is already noted that the Rent Bank Administrator spends about 33% of her time on activities such as financial literacy sessions and financial literacy groups. These

⁴ The loan repayment rates for the PGRB and SRB were 60% and 82% respectively (Bowles, 2011).

workshops have long term positive impacts on clients' financial behaviour and the participants in the survey termed such trainings very useful. During January 2013 to May 2014, 18 individuals attended at least 1, one on one financial literacy session. During the same period, 5 individuals attended 2 or more financial literacy sessions. Further, 16 participants attended financial literacy groups. Recently, the popularity of financial literacy training has increased significantly as people realized the benefits of such sessions. Since June 2014, a total of 131 individuals have attended financial literacy sessions/ groups.

5.0. Conclusion and Recommendations

The objective of this study is to evaluate the performance of the Kamloops Rent Bank (KRB) which started its operation in February 2013. For evaluation purposes, this study conducted a series of interviews with clients, landlords, KRB official and the members of the advisory board. Further, the study used data from the KRB and reviewed evaluation reports from other regional rent banks. The study found that the clients were very satisfied with the performance of the KRB and all of the surveyed clients remained in their homes after receiving emergency loans from the KRB. The landlord and the members of the advisory board were also satisfied with the activities of the KRB. The cost effectiveness analysis suggests that the clients per FTE ratio for the Kamloops Rent Bank was comparable with the ratios of Fraser Valley Rent Assistant Project (FVRAP) and Surrey Rent Bank (SRB). When the costs of evictions and the costs of rehousing are factored in, the cost effectiveness of the Kamloops Rent bank becomes even clearer. The loan repayment rate of the KRB clients was also very high and was even better than that of the Prince George Rent Bank (PGRB) and the Surrey Rent Bank (SRB). In sum, the Kamloops Rent Bank is a proven cost-effective remedy to homelessness and housing stability.

There are some issues that need to be addressed in order to further improve the performance of the Kamloops Rent Banks. A summary of recommendations is given below:

1. Issue of Financing: Currently, the Kamloops Rent Bank depends solely on financing from private donors to conduct its operation. However, discussions with the members of the KRB advisory board and rent bank official suggest that there are

uncertainties about future financing. Further, to expand the operation, the KRB needs more funds. The best solution is to obtain stable funding from the provincial government. In Ontario, the rents banks are funded directly by the provincial government. The KRB, along with other regional rent banks in BC, may advocate with the provincial government for a regular funding to cover the costs of its operation. The KRB is a more cost-effective way to fight homeless than are emergency shelters or hospital beds. Funding the KRB may actually save provincial money.

2. Expansion of KRB operation: Compared to other regional rents banks, the KRB has much fewer clients. A possible reason is that the KRB is still in the initial stage of operation and is still not much known particularly to the neediest people. Possible solutions involve using media such as local newspapers, radio and television to publicise the KRB. The organizers of the rent bank should engage in grassroots symposia and workshops related to homelessness to explain the rent bank and its usefulness. Obviously, the KRB is constrained by funding to expand its operation. However, a larger client base may help the KRB in securing funding from the provincial government.
3. Data Base: At this moment, the KRB has no information on the socio-demographic profiles of clients such as age, education, health, and household size. Such data on the socio-demographic profiles of the clients will help the KRB to target the groups that are more vulnerable to evictions and consequently are in greater need of support from the KRB.
4. Recipients of Income Assistance and Disability Payment: The Kamloops Rent Bank does not offer loans to recipients of Income Assistance or disability payments. Under provincial regulations, assistance from the Rent Bank is treated as income and consequently such income will be deducted from the amounts disbursed by income assistance or disability payment. Because of such regulations, support from the Rent Bank will not benefit individuals receiving income assistance or disability payment. The KRB along with other Rent Banks in BC may request that the provincial

government change this regulation so that individuals with income assistance or disability payment can obtain support from the rent bank in an emergency. The Ontario Provincial Government does not classify support from rent bank as income for social assistance deduction purposes.

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APPENDIX

Kamloops Rent Bank Evaluation 2014

Survey for the Clients

1. Please briefly describe the circumstances that led you to approach the rent bank for loan?
2. Did you have any other options at that time? If not, please explain.
3. Are you now in a stable housing situation? If yes, then are you living in the same housing?
4. What difference did the rent bank make in your life?
5. Was the financial literacy training accessed? If yes, was it useful? If not, please explain.
6. Are you are satisfied with the services you received from the rent bank? Why or why not?
7. Would you recommend the rent bank to others?

Survey for the Landlords

1. How would you describe your experience with the rent bank?
2. How many of your tenants have used the rent bank and are they still with you?
3. Have the rent bank clients resumed the timely payment of their rent?
4. How has the rent bank benefitted you as a landlord?
5. What is your overall opinion of the rent bank program?
6. Would you recommend the rent bank to others?

Survey for Rent Bank Administrator, Committee members and staff

1. Who are the target clients? How are they identified?
2. What are the eligibility criteria?
3. Do you provide loans or grants or combination?
4. In general, what are the conditions for loans?
5. How many loans you have made so far?
6. What is the average size and duration of loans?
7. Do you pay money directly to landlords and/or utility companies; others?
8. What was the loan acceptance rate?
9. What was the rejection rate? What are the reasons for rejections?
10. On average, how much time is needed to make a loan decision?
11. What is the repayment rate?
12. Are you satisfied with the repayment rate? If not, then what is your plan to improve the repayment rate?
13. What support services besides financial literacy training are being offered to the clients?
14. What follow up takes place with clients?
15. Please tell us about total staff time and costs involved with the rent bank operation.
16. Please share with us your ideas on improving performances of Kamloops Rent Bank.

