

DATE OF MEETING January 21, 2019

AUTHORED BY LAURA MERCER, ACTING DIRECTOR, FINANCIAL SERVICES

SUBJECT MUNICIPAL AND REGIONAL DISTRICT TAX (MRDT) ALLOCATION OF ONLINE ACCOMMODATION PLATFORM (OAP) REVENUES

OVERVIEW

Purpose of Report

To obtain Council approval to direct new revenues from Online Accommodation Platforms (OAP) towards affordable housing initiatives in Nanaimo.

Recommendation

That Council direct Staff to:

1. submit the necessary documentation to Destination BC to allocate Online Accommodation Platform revenue to the Housing Legacy Reserve to fund affordable housing initiatives.

OR

2. allocate Online Accommodation Platforms revenues to fund tourism marketing, programs and projects.

BACKGROUND

In the *Budget 2018*, the Province expanded the collection of Municipal and Regional District Tax (MRDT) to include Online Accommodation Platforms (OAP). As of 2018-OCT-01, online accommodation providers (i.e.: VRBO, AirBnB, etc.) will be required to register and collect MRDT. The Province also announced that local governments could use the OAP revenues to fund affordable housing.

In order for the City of Nanaimo to use the OAP revenue for affordable house, an Affordable Housing Plan must be submitted to Destination BC. The report must outline how the funding will be utilized annually. If the City does not apply to use the OAP revenues for affordable housing initiatives in Nanaimo, the revenue will automatically be directed to be used to fund tourism marketing, programs and projects. This is currently what the MRDT funds are being used for. The deadline for the Affordable Housing Plan was 2018-NOV-30. Staff have been in contact with Destination BC and they are aware the Plan is coming late. All other required reporting has been submitted.

At this point, estimating revenue potential from OAP is challenging. Current rough estimates put the revenue in the range of \$60,000 – \$80,000 per year.

With each annual application, the City can shift its use of these revenues. Given time constraints and challenges in estimating revenues, Staff are recommending the funds be directed to the existing Housing Legacy Reserve (HLR). This reserve was introduced in 2005 by the Social

Planning Advisory Committee, and the funding allocation criteria formally adopted by Council in January 2011. The intent of the HLR is for "use as a resource for municipal support to affordable housing initiatives," primarily for the provision of social housing and secondarily for non-market housing. Categories for funding under the HLR include:

- Land and building acquisition costs;
- Project planning costs, including legal, land surveying, subdivision, site investigation, development approvals, engineering design;;
- Project capital costs, including construction of works and services, building components.

This option provides the greatest flexibility for the use of the funds to support affordable housing in the community. City staff have discussed options for this new funding with Tourism Vancouver Island and they believe that this will be an acceptable application of the OAP funds.

If Council chooses to support staff's recommendation, Staff will assess and review the allocation of these revenues over the coming years and will return to Council if it is determined that the OAP funds could be better allocated to other affordable housing initiatives.

OPTIONS

1. That Council direct Staff to submit the necessary documentation to Destination BC to allocate Online Accommodation Platform revenue to the Housing Legacy Reserve to fund affordable housing initiatives.
 - **Budget Implication:** This will provide a funding source for future affordable housing initiatives.
 - **Legal Implication:** Provincial legislation allows for OAP revenues to fund affordable housing initiatives.
 - **Policy Implication:** Supports the Official Community Plan Bylaw 2008 No. 6500 – Goal (3.2) Affordable Housing. Supports the goals and policies of Nanaimo's Affordable Housing Strategy as adopted by Council on September 17, 2018 – particularly Policy (4) *To continue to support low income and special needs housing.*
 - **Strategic Priorities Implication:** Affordable housing is a key initiative in the 2016-2019 Strategic Plan.

OR

2. That Council direct Staff to allocate Online Accommodation Platforms revenues to fund tourism marketing, programs and projects.
 - **Budget Implication:** This will provide a funding source for future tourism initiatives through the Nanaimo Hospitality Association.
 - **Legal Implication:** Provincial legislation allows for OAP revenues to fund tourism marketing, programs and projects.
 - **Policy Implication:** Supports the Official Community Plan Bylaw 2008 No. 6500 – many Goals outlined in the Plan have tourism listed in their objectives and plans.
 - **Strategic Priorities Implication:** Recreation, Culture, Sports and Tourism are outlined as a Council priority in the 2016 – 2019 Strategic Plan.

SUMMARY POINTS

- The Province has expanded the collection of Municipal and Regional District Tax (MRDT) to include Online Accommodation Platforms (OAP).
- OAP revenues can be used to fund affordable housing initiatives.
- Preliminary estimate of potential OAP revenue is \$60,000 – \$80,000 per year.
- The intent of the Housing Legacy Reserve is for use as a resource for municipal support to affordable housing initiatives, primarily for the provision of social housing and secondarily for non-market housing.

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