

DATE OF MEETING November 15, 2023

AUTHORED BY LISA BRINKMAN, MANAGER, COMMUNITY PLANNING

SUBJECT ONLINE ACCOMODATION PLATFORM FUNDS

OVERVIEW

Purpose of Report

To provide the Finance and Audit Committee with a recommendation for the allocation of Online Accommodation Platform revenue in 2024.

Recommendation

That the Finance and Audit Committee recommend that Council allocate Online Accommodation Platform revenue in 2024 as follows:

- a) \$438,986 to acquisition of land for affordable housing;
- b) \$200,000 for continued support to rent bank and rent supplement programs; and,
- c) \$300,000 for infrastructure and land improvements for BC Housing and City Memorandum of Understanding development projects.

BACKGROUND

The Municipal and Regional District Tax (MRDT) is an up-to three percent tax applied to the sales of short-term accommodation provided in participating areas of British Columbia on behalf of municipalities, regional districts, and eligible entities. The MRDT is jointly administered by the Province through the Ministry of Finance, Ministry of Tourism, Arts and Culture, and Destination BC. The City of Nanaimo distributes all MRDT revenues to the Nanaimo Hospitality Association through a service agreement, except for the portion collected through Online Accommodation Platform (OAP) providers or short-term rental platforms. In 2018, affordable housing was added as a permissible use of OAP revenues, to help address local housing needs.

The Provincial Guidelines for OAP funds state that the City has the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs, with the following criteria for the use of OAP funds:

- Acquiring, constructing, maintaining, or renovating housing or shelter;
- Acquiring or improving land used for, or intended to be used for, housing or shelter;
- Supporting the acquisition, construction, maintenance, renovation, or retention of housing or shelter, or the acquisition or improvement of land intended to be used for housing or shelter;
- Supporting housing, rental, or shelter programs; or
- Paying expenses related to the administration or disposal of housing, shelter, or land acquired with money paid out of MRDT revenues.

At the 2023-SEP-11 regular meeting, Council directed that OAP revenue be allocated to the rent bank program (\$75,000), and to rent supplement programs (\$150,000).

DISCUSSION

A report is due to Destination BC by 2023-NOV-30 outlining how the City will allocate OAP revenues in 2024. The City currently has \$588,986 of unallocated OAP revenue. Based on the rate of accumulated OAP revenue in 2023, it is expected that the City will accumulate \$350,000 of OAP revenue in 2024. Staff recommend the following allocation of existing and expected OAP revenue, \$938,986 (\$588,986 existing + \$350,000 expected).

Table 1: Proposed OAP Fund Allocation 2024

Land acquisition for affordable housing	\$438,986
Continued support of the rent bank and rent supplement programs in 2024	\$200,000
Infrastructure and land improvements for BC Housing and City MOU Projects	\$300,000
TOTAL	\$938,986

Land Acquisition for Affordable Housing - \$438,986

The City is working in partnership with BC Housing to select more properties for affordable and supportive housing developments. This initiative builds on the successes of the 2019 Memorandum of Understanding (MOU) between the City and BC Housing. The City is expected to contribute to the partnership by purchasing a minimum of two properties for affordable and supportive housing in 2024. It is recommended that \$438,986 of OAP revenue be directed to land purchase(s) to support the City's continued partnership with BC Housing. An Integrated Action Plan priority action (#75) directs that the City identify sites for acquisition and potential partnerships for affordable and supportive housing projects.

Rent Bank and Rent Supplement Program - \$200,000

It is recommended to continue to allocate OAP revenue to support the rent bank and rent supplement programs in Nanaimo. Rent banks provide small one-time loans to tenants that are facing financial hardship and may be having difficulty paying their rent, utilities, damage deposit, etc. Rent supplements are support payments to renters that bridge the gap between what an individual or family can afford to pay and what the actual cost of housing is. Rent bank and rent supplement programs are administered by local non-profit agencies. City Plan policy supports the use of OAP revenue for rent bank and rent supplement programs. The Integrated Action Plan includes an action for the City to continue to fund the rent bank and rent supplement programs.

Infrastructure and Land Improvements for BC Housing and City MOU Projects - \$300,000

It is recommended that \$300,000 of OAP revenue be allocated to support infrastructure and/or land improvements associated with any supportive or affordable housing development project that is part of a Memorandum of Understanding (MOU) between the City and BC Housing. The City and BC Housing are working cooperatively on several upcoming developments that may require City financial contributions towards infrastructure improvements (i.e. water/sewer connections, sidewalks). The Integrated Action Plan includes an action to continue to use OAP revenue to support affordable housing initiatives. |

OPTIONS

1. | That the Finance and Audit Committee recommend that Council allocate Online Accommodation Platform revenue in 2024 as follows:
 - a) \$438,986 to acquisition of land for affordable housing;
 - b) \$200,000 for continued support to rent bank and rent supplement programs; and,
 - c) \$300,000 for infrastructure and land improvements for BC Housing and City Memorandum of Understanding development projects.
 - The advantages of this option: The proposed distribution of OAP revenue is supported by City Plan policy, and is supported by direction provided by Council in the Integrated Action Plan.
 - The disadvantages of this option: None.
 - Financial Implications: By 2023-NOV-30 a report is due to Destination BC outlining how the City of Nanaimo will allocate OAP revenues in 2024.
2. That Council provide alternate direction to Staff. |

SUMMARY POINTS

- By 2023-NOV-30 a report is due to Destination BC outlining how the City of Nanaimo will allocate OAP revenues in 2024.
- The City currently has \$588,986.59 of unallocated OAP revenue. In addition, it is expected that the City will receive an additional \$350,000 of OAP revenue in 2024.
- In 2024 it is recommended that OAP revenue be allocated as follows: \$438,986 to land acquisition for affordable housing; \$200,000 continued support to rent bank and rent supplement programs; and \$300,000 for infrastructure and land improvements for BC Housing and City Memorandum of Understanding development projects.

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