

DATE OF MEETING MARCH 18, 2024

AUTHORED BY WENDY FULLA, DIRECTOR, FINANCE

**SUBJECT ONLINE ACCOMMODATION PLATFORM RESERVE FUND**

## **OVERVIEW**

### **Purpose of Report**

To introduce “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374 for first, second and third readings. |

### **Recommendation**

1. That “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” (To establish an Online Accommodation Platform Reserve Fund) pass first reading:
2. That “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” pass second reading; and
3. That “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” pass third reading.

## **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 currently 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. Online Accommodation Platform revenue from the MRDT program is currently placed in the Housing Legacy Reserve Fund until allocated to an approved project. At 2023-DEC-31 the OAP balance in the Housing Legacy Reserve Fund was \$851,489. |

## **DISCUSSION**

The Housing Legacy Reserve Fund is a statutory reserve with a bylaw that governs how the funds may be allocated. Council has the ability to amend the bylaw to align the purpose of the reserve

fund to support their strategy to address affordable housing. For OAP funding, the Province's *Designated Accommodation Area Tax Regulation* sets out the authorized purposes for the funds. 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:

- 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.

As part of the MRDT program requirements each year the City must submit an Affordable Housing MRDT Plan prior to implementation of affordable housing initiatives. The 2024 plan for allocation of OAP funding includes \$438,986 for land acquisition for affordable housing, \$200,000 for rent bank and rent supplement programs, and \$300,000 for infrastructure and land improvements for BC Housing and City Memorandum of Understanding (MOU) projects.

As allocation of OAP funds must comply with the provincial guidelines which may vary from the permitted uses of the Housing Legacy Reserve Fund it is recommended that a separate reserve fund be created. This will ensure there is no conflict between the bylaw governing the Housing Legacy Reserve Fund and the allocation of OAP funds. |

## **OPTIONS**

1. |That Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” (To establish an Online Accommodation Platform Reserve Fund) pass first reading:

That “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” pass second reading; and

That “Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374” pass third reading.

- The advantages of this option: Creation of the reserve improves the transparency of funds allocated to support affordable housing initiatives and the permitted uses, and ensures there is no conflicts between the Housing Legacy Reserve Fund bylaw and permitted uses of the OAP funding as per provincial guidelines.
- Financial Implications: The balance of OAP funding in the Housing Legacy Reserve Fund at 2023-DEC-31 was \$851,489. This balance plus any OAP funding received and interest earned between January 1 – March 31, 2024 will be transferred to the new reserve fund.

2. That Council table the report and request more information from Staff.

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**SUMMARY POINTS**

- OAP funding from the MRDT program can be used for affordable housing initiatives.
- Allocation of OAP funding is based on provincial guidelines.
- The City's Housing Legacy Reserve Fund supports affordable housing initiatives with allocation governed by the applicable bylaw.

**ATTACHMENTS:**

"Online Accommodation Platform Reserve Fund Bylaw 2024 No. 7374". |

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