

DATE OF MEETING November 20, 2024

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**SUBJECT ONLINE ACCOMMODATION 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 2025.

### **Recommendation**

That the Finance and Audit Committee recommend that Council allocate the Online Accommodation Platform revenue in 2025 as follows:

- a) \$830,000 to acquisition of land and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City of Nanaimo partnerships;
- b) \$150,000 for continued support to the rent supplement programs; and,
- c) \$150,000 for continued support to the Nanaimo Region Rent Bank program, administered by Connective Support Society Nanaimo.

## **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. Effective 2025-JAN-01, the City of Nanaimo will distribute all MRDT revenues to the Tourism Nanaimo Society through a service agreement, except for the portion collected through the 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.

In 2024, Council approved the allocation of OAP funds to the acquisition of land for affordable housing, continued support for the rent supplement and rent bank programs, and for infrastructure and land improvements for BC Housing and City Memorandum of Understanding (MOU) development projects. By December, a total of \$261,500 is anticipated to have been allocated to the rent bank and rent supplement programs for 2024. |

## **DISCUSSION**

A report is due to Destination BC by 2024-NOV-30, outlining how the City will allocate OAP revenues in 2025. The anticipated closing balance at 2024-DEC-31 in the OAP Reserve Fund is \$880,000. Based on the rate of accumulated OAP revenue in 2024, it is expected that the City will accumulate \$250,000 of OAP revenue in 2025. Table 1 shows the 2025 staff recommended allocation of existing and expected OAP revenue of \$1,130,000 (\$880,000 projected closing balance of reserve + \$250,000 2025 anticipated revenue).

<b>Table 1: Proposed 2025 OAP Funds Allocation</b>	
Continued support to the rent supplement program	\$150,000
Continued support to the Nanaimo Region Rent Bank program	\$150,000
Land acquisition and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City partnerships	\$830,000
<b>TOTAL</b>	<b>\$1,130,000</b>

### **Rent Supplement Program**

It is recommended to continue to allocate OAP revenue to support the rent supplement program. 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. The rent supplement program is administered by local non-profit agencies. *City Plan* policy supports the use of OAP revenue for the rent supplement program, and the *Integrated Action Plan* includes an action for the City to continue to fund the rent supplement program.

### **Rent Bank Program**

It is recommended to continue to allocate OAP revenue to support the Nanaimo Region Rent Bank program (NRRB). 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. The NRRB is administered by Connective Support Society Nanaimo. *City Plan* policy supports the use of OAP revenue for the rent bank program, and the *Integrated Action Plan* includes an action for the City to continue to fund the rent bank program.

## Land Acquisition for Affordable Housing

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 MOU between the City and BC Housing. It is recommended that OAP revenue also 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.

## Infrastructure and Land Improvements for BC Housing and City partnerships

It is recommended that OAP funds be used to support infrastructure and/or land improvements associated with any supportive or affordable housing development in partnership with BC Housing. In 2022, Council supported a contribution of up to a maximum of \$750,000 to support the Navigation Centre. Until now, those funds have not been needed, however, it is expected that in 2025 BC Housing will call on the City to provide a financial contribution to the development of temporary and permanent supportive housing at 1030 Old Victoria Road, using the promised \$750,000. The City intended to draw the \$750,000 from the Housing Legacy Reserve, however, Staff are recommending that OAP funds be used. The *Integrated Action Plan* includes an action to continue to use OAP revenue to support affordable housing initiatives.

## Happipad

At the 2024-JUN-03 meeting, Council passed the following motion:

*"That Council direct Staff to follow up with Happipad to investigate potential options for Nanaimo to participate."*

Staff have investigated Happipad and considered if this program could be supported with OAP funds. While the program is eligible to be funded with OAP revenue, Staff are not recommending that the City fund Happipad in Nanaimo at this time, as the program is too new to evaluate a cost-benefit analysis or measurable outcomes.

Happipad is a new non-profit organization that offers an online platform to promote home sharing. It is a platform for a host to post a room for rent, or for a tenant seeking a room. Unlike other platforms, Happipad charges a yearly subscription, and the cost range for the annual subscription plan is \$7,500 - \$35,000. The platform is currently available in Nanaimo as a trial at no cost, and there are approximately 10 listings. The owner of Happipad confirmed that at this time, a paid subscription to the program is only available in Parksville area (4 listings), City of Kelowna (400 listings), City of Drumheller (4 listings), City of Nelson (0 listings), and the province of Nova Scotia has had it in operation for approximately four months. The Happipad owner advised that the program is best run by a community organization such as Community Futures or a local non-profit. There are currently other home sharing platforms available in Nanaimo such as Canada Homestay Network, VIU Off Campus Housing webpage, PlacesStudents, and SpacesShared. Staff will continue to monitor Happipad for consideration to be funded with OAP funds in future years. |

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council allocate the Online Accommodation Platform revenue in 2025 as follows:
  - a) \$830,000 to acquisition of land and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City of Nanaimo partnerships;
  - b) \$150,000 for continued support to the rent supplement programs; and,
  - c) \$150,000 for continued support to the Nanaimo Region Rent Bank program, administered by Connective Support Society Nanaimo.
    - 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 2024-NOV-30, a report is due to Destination BC outlining how the City will allocate OAP revenues in 2025.

The 2025 – 2029 Financial Plan will be amended for the provisional budget to include the 2025 allocation of OAP revenue.

The funding source for the City's share of the Navigation Centre will be amended to fund \$750,000 from the Online Accommodation Platform Reserve Fund (OAP revenue), such that Housing Legacy Reserve Funds are not required.

2. That Council provide alternate direction to Staff.

### **SUMMARY POINTS**

- By 2024-NOV-30, a report is due to Destination BC outlining how the City of Nanaimo will allocate OAP revenues in 2025.
- The anticipated closing balance at 2024-DEC-31 in the OAP Reserve Fund is \$880,000, and it is expected that the City will receive an additional \$250,000 of OAP revenue in 2025.
- In 2025, it is recommended that OAP revenue be allocated to the rent bank and the rent supplement programs, as well as for land acquisition and infrastructure/land improvements for affordable housing related to BC Housing and City of Nanaimo partnerships.

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