

DATE OF MEETING NOVEMBER 19, 2025

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SUBJECT ONLINE ACCOMMODATION PLATFORM FUND

OVERVIEW

Purpose of Report:

To provide the Finance and Audit Committee with a recommendation for the allocation of Online Accommodation Platform revenue in 2026.

Recommendation:

That the Finance and Audit Committee recommend that Council allocate the Online Accommodation Platform revenue in 2026 as follows:

1. \$35,000 for continued support to the Nanaimo Region Rent Bank;
2. \$150,000 for continued support to the rent supplement programs; and
3. \$116,415 to acquisition of land and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City of Nanaimo partnerships.

BACKGROUND

The Municipal and Regional District Tax (MRDT) is a tax of up to three percent applied to the sale of short-term accommodation in participating areas of British Columbia. It is collected on behalf of municipalities, regional districts, and eligible entities. The MRDT is jointly administered by the Province of British Columbia through the Ministry of Finance, Ministry of Tourism, Arts and Culture, and Destination BC.

Since 2025-JAN-01, the City of Nanaimo has distributed all MRDT revenues to the Tourism Nanaimo Society through a service agreement. However, this excludes the portion of MRDT collected through Online Accommodation Platform (OAP) providers, such as short-term rental platforms. In 2018, the Province expanded the permissible uses of OAP revenues to include affordable housing initiatives, aiming to address local housing needs.

The Provincial Guidelines outlines the eligible uses of OAP funds and these include:

- 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.

For 2025, Council approved the following allocations of OAP revenue:

- \$830,000 for the acquisition of land and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City of Nanaimo partnerships;
 - \$150,000 for continued support to the rent supplement programs; and
 - \$150,000 for continued support to the Nanaimo Region Rent Bank program, administered by Connective Support Society.
- Total - \$1,130,000** |

DISCUSSION

The MRDT revenues collected through OAP providers are based on estimates that reflect the volume of short-term rental activity and other accommodations booked online within the City of Nanaimo. These revenues can fluctuate depending on market conditions, tourism trends, and platform usage. In 2025, the City is projecting to receive less OAP revenue than anticipated, which may be attributed to lower-than-expected short-term rental bookings or changes in consumer behavior.

Based on the rate of accumulated OAP revenue in 2024, the City projected it would receive approximately \$250,000 in 2025. However, as of 2025-OCT-31, actual OAP revenue collected for short-term rental activity between January and August 2025 is \$167,535. This variance highlights the importance of conservative forecasting, continuous monitoring of short-term rental market trends, and the inclusion of provisions in service agreements with contractors. Specifically, agreements should clearly state that funding for affordable housing initiatives is contingent upon the actual receipt of OAP revenues.

Table 1: OAP Funds 2025

Category	Amount	Notes
Opening Balance (2025-JAN-01)	\$914,067	Carry forward from 2024
Interest Earned	\$25,813	
OAP Contributions Received	\$167,535	Based on short-term rental activity January to August, 2025
OAP Contributions Estimated	\$44,000	Estimated OAP revenue September to December, 2025
Nanaimo Region Rent Bank	-\$150,000	Complete
Rent Supplement Program	-\$150,000	Complete
Affordable Housing Development (Land/Infrastructure Acquisition for BC Housing and City of Nanaimo partnership developments)	-\$750,000	\$750,000 committed for 2025; partial expenditure to date - \$636,446 for HEARTH site improvements/capital support for 1030 Old Victoria Road
Closing Balance	\$101,415	Subject to final interest and contribution figures

A report is due to Destination BC by November 30, 2025, outlining how the City plans to allocate OAP revenues in 2026. As of October 31, 2025, the City is projecting \$101,415 in unallocated OAP revenue for 2025. Based on the accumulation rate observed in 2025, the City anticipates receiving approximately \$200,000 in additional OAP revenue in 2026. Staff therefore recommend allocating the estimated total of \$301,415 to the following affordable housing initiatives:

Table 2: Proposed OAP Funds Allocation 2026

Continued support to the Nanaimo Region Rent Bank program	\$35,000
Continued support to the rent supplement program	\$150,000
Land acquisition and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City partnerships	\$116,415
TOTAL	\$301,415

Nanaimo Region Rent Bank

It is recommended that the City continue allocating OAP revenue to support the Nanaimo Region Rent Bank (NRRB) program, administered by Connective Support Society. Rent banks offer small, one-time loans to tenants facing financial hardship to help cover rent, utilities, and damage deposits. *City Plan* policy supports the use of OAP revenue for the NRRB, and the *Integrated Action Plan* includes an action for the City to continue to fund the NRRB. For 2026, the NRRB will receive a smaller share of the total allocation compared to the rent supplement program, due to accumulated loan capital in recent years from loan repayment and limited OAP revenue projected for 2026.

Rent Supplement Program

It is recommended that the City continue allocating OAP revenue to support the rent supplement program, which is administered by local non-profit agencies. Rent supplements provide financial assistance to help tenants bridge the gap between what they can afford and actual housing costs, including rent, utilities, and damage deposits. *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.

Land Acquisition and Infrastructure/Land Improvements for Affordable and Supportive Housing Projects with BC Housing

It is recommended that the City continue allocating OAP revenue to support future land acquisitions and infrastructure or land improvements associated with supportive or affordable housing developments in partnership with BC Housing. As existing funds have been depleted, rebuilding the fund is necessary to support future initiatives. The *Integrated Action Plan* includes a priority action (Action #75) directing the City to identify potential sites for acquisition and explore partnerships for affordable and supportive housing projects. It also supports the continued use of OAP revenue for affordable housing initiatives. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council allocate the Online Accommodation Platform revenue in 2026 as follows:
 1. \$35,000 for continued support to the Nanaimo Region Rent Bank;
 2. \$150,000 for continued support to the rent supplement programs; and
 3. \$116,415 to acquisition of land and/or infrastructure/land improvements for affordable housing developments related to BC Housing and City of Nanaimo partnerships.
 - 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: OAP revenue is restricted to affordable housing initiatives and will be expended only as funds are received. The 2026 – 2030 Financial Plan will be amended for the provisional budget to include the 2026 allocation of the OAP revenue.
2. That Council provide alternate direction to Staff.

SUMMARY POINTS

- In 2025, the City allocated \$1,130,000 in OAP revenue to support the Nanaimo Region Rent Bank, rent supplement programs, and land/infrastructure acquisition for supportive and affordable housing projects in partnership with BC Housing.
- As of October 31, 2025, the City is projecting \$101,415 in unallocated OAP revenue in 2025. Based on the accumulation rate observed in 2025, the City anticipates receiving approximately \$200,000 in additional OAP revenue in 2026.
- In 2026, it is recommended that OAP revenue be allocated to continue supporting the Nanaimo Region Rent Bank, rent supplement programs, and land acquisition and infrastructure improvements for affordable and supportive housing projects in partnership with BC Housing.

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