



REGIONAL
DISTRICT
OF NANAIMO

MUNICIPAL REGIONAL DISTRICT TAX REVENUES FROM ONLINE ACCOMMODATION PLATFORMS FOR AFFORDABLE HOUSING

Please note: The recommendations were varied by the Committee as follows:

- 1. That the Board request consultation occur between the Regional District of Nanaimo, City of Parksville, Town of Qualicum Beach and Parksville Qualicum Beach Tourism Association to facilitate an agreement with the Society of Organized Services to create a new component of the Emergency Assistance Advocacy Program to provide rent subsidies in the Oceanside area through use of the Municipal Regional District Tax revenues from Online Accommodation Platforms to support affordable housing in the region.**
- 2. That the Parksville Qualicum Beach Tourism Association submit by November 30, 2021, the provincially required One Year Tactical Plan to include necessary provisions to use Municipal Regional District Tax revenues from Online Accommodation Platforms for the new rent subsidy component of the Emergency Assistance Advocacy Program operated by the Society of Organized Services to support affordable housing in the Oceanside Area.**

RECOMMENDATIONS

1. That the Board request consultation occur between the Regional District of Nanaimo, City of Parksville, Town of Qualicum Beach and Parksville Qualicum Beach Tourism Association to facilitate an agreement with the Nanaimo Region John Howard Society to extend the Nanaimo Regional Rent Bank to the Oceanside area through use of the Municipal Regional District Tax revenues from Online Accommodation Platforms to support affordable housing in the region.
2. That the Parksville Qualicum Beach Tourism Association submit by November 30, 2021, the provincially required One Year Tactical Plan to include necessary provisions to use Municipal Regional District Tax revenues from Online Accommodation Platforms for the Nanaimo Regional Rent Bank operated by the Nanaimo Region John Howard Society to support affordable housing in the region.

BACKGROUND

The Board of the Regional District of Nanaimo passed resolution No. 18-455 and 18-456 on October 16, 2018:

That the Board's support of the Municipal Regional District Tax renewal be subject to the Parksville Qualicum Beach Tourism Association submitting by 2021 the provincially required One Year Tactical Plan that includes a provision to use Municipal Regional District Tax revenues from Online Accommodation Platforms for affordable housing; and

That in 2020 the Regional District of Nanaimo, the City of Parksville and the Town of Qualicum Beach work with the Parksville Qualicum Beach Tourism Association and accommodation providers to develop an Affordable Housing Municipal Regional District Tax Plan starting in 2020.

As part of the Board's direction to develop an Affordable Housing Municipal Regional District Tax Plan, discussions to identify viable service options took place with multiple organizations in 2020. Of these discussions, the Society of Organized Services and their existing Emergency Assistance and Advocacy Program and the John Howard

Society with their newly established rent bank program with the City of Nanaimo were identified as the two preferred options to achieve the Board's direction. To meet the Parksville Qualicum Beach Tourism Association's provincially required One Year Tactical Plan reporting deadline of November 30, 2021, it is recommended that the Board request consultation occur between the Regional District of Nanaimo, City of Parksville, Town of Qualicum Beach and the Parksville Qualicum Beach Tourism Association to facilitate an agreement with the Nanaimo Region John Howard Society to extend the Nanaimo Regional Rent Bank to the Oceanside area through use of the Municipal Regional District Tax revenues from Online Accommodation Platforms to support affordable housing in the region.

Municipal Regional District Tax Program

The Municipal Regional District Tax (MRDT) is applied to hotels, motels and resorts with the purpose to assist designated recipients to fund tourism marketing programs and projects in accordance with the MRDT Program Requirements (see Attachment 1 – Background on the Municipal Regional District Tax Program). The Parksville Qualicum Beach Tourism Association (PQBTA) is the designated recipient of the MRDT collected from accommodation providers in Electoral Areas E, F, G and H, the City of Parksville and the Town of Qualicum Beach (commonly known as the Oceanside area). Revenues from the MRDT are collected by the Province and provided directly to the PQBTA, who are responsible for administering the funds in accordance with MRDT requirements.

In the past, this tax was only collected from accommodation providers that contained four or more rooms. In 2018, the Province of British Columbia extended the MRDT to be collected from accommodation providers with less than four rooms, including Online Accommodation Platforms (OAPs), such as Airbnb, that facilitate transactions for renting short-term accommodation. The Provincial legislative changes also allow for designated recipients (PQBTA) to have the flexibility to fund affordable housing initiatives in their region through the use of OAP revenues. Discussions with Destination BC, an agency involved in administering the MRDT, indicated that of the 61 accommodation areas currently participating in the program across the province, approximately 11 are currently using OAP revenues for affordable housing initiatives.

A renewal application must be submitted to the Province every five-years by the designated recipient to continue receiving MRDT funds. As part of the five-year renewal required by the Province for designated recipients to continue collecting MRDT, support from applicable local governments (Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach) is required. The Regional District of Nanaimo's (RDN) support to the PQBTA for the MRDT five-year renewal in 2018 included conditions requiring that an Affordable Housing Municipal Regional District Tax Plan be developed and OAP revenues be used for affordable housing.

A letter received from the PQBTA dated April 23, 2020, noted that since the MRDT legislated changes in 2018, the total amount of revenue collected from OAPs alone was \$53,259, with an estimated \$25,400 being available from OAP revenues for affordable housing in 2021 (see Attachment 2 – Letter from Parksville Qualicum Beach Tourism Association). The amount of OAP revenues available for 2022 and future years could fluctuate due to current economic impacts and uncertainties caused by the ongoing COVID-19 pandemic.

Affordable Housing Options

As part of the Board's direction in 2018 to develop a MRDT Affordable Housing Tax Plan, discussions with multiple affordable housing service providers took place to identify viable options. Of these meetings, two options were identified that would achieve the Board's direction and meet the affordable housing requirements outlined in the MRDT Program (see Attachment 3 – Proposed Affordable Housing Options).

Option 1

The first proposed option is to provide OAP revenues to the Nanaimo Region John Howard Society to expand the fully operational Nanaimo Regional Rent Bank (NRRB) to the Oceanside area, thereby creating a region-wide initiative. The City of Nanaimo and Nanaimo Region John Howard Society recently established the NRRB to provide short-term or temporary homelessness prevention in the City of Nanaimo. A number of rent banks have been established throughout the Province and are used as a tool to offer financial assistance through a repayable loan. The NRRB helps provide housing stability for low-to-moderate income renters who are unable to pay rent or utilities due to episodes or emergencies that impact their financial stability. The John Howard Society has expressed interest in expanding the NRRB into the RDN and would manage and administer OAP revenues to clients who qualify in the Oceanside area¹.

Option 2

The second proposed option is administered by the Society of Organized Services (SOS) through their existing Emergency Assistance Advocacy Program (EAAP). The EAAP provides a wide variety of assistance to qualifying applicants (food, gasoline, medications and other basic necessities) in the Oceanside area. To provide affordable housing support and meet the requirements of the MRDT program, SOS would create a new component of the EAAP to provide rent subsidies for those in need who qualify. The EAAP is fully operational, reducing management, staffing and other costs associated with creating a new program. The MRDT revenues from OAPs would be provided to SOS who in turn would administer and distribute non-repayable rent subsidies under the EAAP to clients who qualify in the Oceanside area².

Option 3

The third option for the funds is to defer the use of OAP revenues for affordable housing and recommend PQBTA reinvest the available money into tourism marketing for the region to help with economic recovery associated with the ongoing COVID-19 pandemic. The attached letter from PQBTA (Attachment 2) requested input from the RDN on whether the OAP revenue is significant enough to warrant its use for affordable housing, and if not, whether the RDN would consider reinvesting OAP revenue into tourism marketing to help the region recover from the COVID-19 pandemic. An amendment to Board resolution No. 18-455 would be required if OAP revenues are not used for affordable housing.

Consultation Requirements and Next Steps

If the Board recommends OAP revenues be used for affordable housing, consultation will occur in the spring of 2021 with the PQBTA, City of Parksville and Town of Qualicum Beach on the recommended affordable housing initiative. Once this consultation is complete, approval from the RDN Board, City of Parksville and Town of Qualicum beach of the contract between the preferred service provider and the PQBTA will be required by summer 2021 to permit time for the 2022 PQBTA One Year Tactical Plan to be updated and submitted prior to the Provincial reporting deadline of November 30, 2021. Once the PQBTA submits the One Year Tactical Plan to the Province and approval is received, funds from the OAP revenues will be received by PQBTA and released to the preferred service provider to be used for affordable housing in 2022 (see Attachment 4 - Timeline of Events).

¹ Discussions with the John Howard Society indicated that current administrative costs for the NRRB are approximately 40-60% of the total funding due to staffing, resources and social work necessary to provide the service. Similar administrative and operational costs can be expected if the service is extended into the RDN.

² The administration fees associated with operating the proposed new rent subsidy component of the EAAP would be approximately 10% of the OAP revenues.

If the Board endorses the recommendation in this report, OAP revenues will be directed to the preferred service provider for a one-year term with the option to continue or reconsider in 2023 as part of next year's annual submission of PQBTA's One Year Tactical Plan. The five-year term of the MRDT is set to expire at the end of 2023 and options for the use of OAP revenues can be revisited through the renewal process commencing that same year. The five-year renewal of the MRDT is contingent on PQBTA receiving support from applicable local governments (RDN, City of Parksville and Town of Qualicum Beach).

FINANCIAL IMPLICATIONS

The proposed recommendations do not affect the Board 2020-2024 Financial Plan as revenues from OAPs come exclusively from the MRDT applied to applicable Oceanside area accommodation providers.

PQBTA indicated that since the 2018 MRDT legislated changes, the total amount of revenue collected from OAPs was \$53,259, with an estimated \$25,400 being available from OAP revenues for affordable housing in 2021. Due to the current economic impact and uncertainty on tourism caused by the ongoing COVID-19 pandemic, revenue available from OAPs may fluctuate and total money available for use in 2022 will need to be confirmed.

As the MRDT did not previously apply to OAPs prior to 2018, revenues from OAPs used for affordable housing will not impact the established MRDT revenue that is available to the PQBTA to use for tourism purposes. Since the MRDT inclusion of OAPs in 2018, the PQBTA have collected OAP revenues to be used for tourism purposes on a temporary basis, with the condition being that OAP revenues would be diverted to an affordable housing initiative once an Affordable Housing Municipal Regional District Tax Plan was developed at a later date. The PQBTA will continue to receive the revenue from the MRDT that is collected from existing accommodation providers and any new accommodation providers that are not classified as an OAP.

STRATEGIC PLAN ALIGNMENT

The recommendations advance the 2019-2022 Board Strategic Plan priorities under:

Housing - Promote affordable housing for residents.

Using revenues from OAPs and working with the PQBTA achieves the Board Strategic Plan's action to advocate for additional funding support for housing from senior governments. The recommendations also align with the Board Strategic Plan by seeking opportunities to partner with the Provincial and Federal governments, other government agencies, and community stakeholder groups in order to advance strategic plan goals and initiatives.

REVIEWED BY:

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ATTACHMENTS

1. Background on the Municipal Regional District Tax Program
2. Letter from Parksville Qualicum Beach Tourism Association
3. Proposed Affordable Housing Options
4. Timeline of Events