
TO: Regional District of Nanaimo Board Meeting **MEETING:** September 18, 2018

FROM: Paul Thompson
Manager of Long Range Planning **FILE:**

SUBJECT: Request for Support from Parksville Qualicum Beach Tourism Association regarding the Municipal Regional District Tax

RECOMMENDATIONS

1. That the Board supports Parksville Qualicum Beach Tourism Association's renewal of the 2% Municipal Regional District Tax in Electoral Areas E, F, G & H, City of Parksville, and Town of Qualicum Beach.
2. That the Board supports Municipal Regional District Tax amounts collected by accommodation providers in Electoral Areas E, F, G & H (per Regional District of Nanaimo Bylaws) to be provided directly to Parksville Qualicum Beach Tourism Association by the Province.
3. That the Parksville Qualicum Beach Tourism Association be requested to use the taxes collected from the online accommodation platforms for use on affordable housing initiatives starting in 2020.
4. That the Parksville Qualicum Beach Tourism Association consult with the local governments in the designated accommodation area so that an Affordable Housing Municipal Regional District Tax Plan can be completed for November 2019.

SUMMARY

The Municipal Regional District Tax (MRDT) is a tax collected by accommodation providers and used for tourism promotion activities. For the northern part of the Regional District of Nanaimo (RDN) the revenues from the MRDT are provided directly to the Parksville Qualicum Beach Tourism Association (PQBTA) to use for destination marketing activities. Every five years the PQBTA must get support from the local governments within the designated accommodation area to keep receiving this money. This is the third renewal of the MRDT tax for the PQBTA.

In the past this tax was only collected from accommodation providers that have four rooms or greater. Starting in 2019 the MRDT tax can be collected from accommodation providers with less than four rooms including Online Accommodation Platforms (OAP) such as Airbnb. Another change to the legislation will also allow local governments to use the MRDT collected from the OAPs for affordable housing projects.

To enable the use of these funds for affordable housing projects the PQBTA would have to submit an Affordable Housing MRDT Plan and identify the partnerships with local governments. The RDN can request that the PQBTA meet with the three local governments in the designated accommodation area for discussion on using the MRDT revenues from OAPs for affordable housing projects. An Affordable Housing MRDT Plan could be submitted to the province in November 2019 and be used for an affordable housing project starting in 2020.

BACKGROUND

The purpose of the MRDT program is to assist designated recipients such as the PQBTA to fund tourism marketing, programs and projects. The tax applies to purchases of taxable accommodation within the designated accommodation area. The tax is collected by the Province on behalf of the designated recipient.

For new and renewal applications, the tax will be implemented for a period of five years. To extend the tax for an additional five year period, a designated recipient must re-apply. There is no restriction on the number of times a designated recipient can apply to renew the tax. The current five year term for the PQBTA ends in May 2019 and they must now get support from the local governments within the designated accommodation area to renew the collection of the MRDT for another five years. Parksville and Qualicum Beach have already provided letters of support. This will be third five year renewal of the MRDT going directly to the PQBTA.

The Board adopted the following motion at its April 24, 2018 meeting:

It was moved and seconded that the Regional District of Nanaimo send letters to the Ministers of Finance and Tourism, Arts and Culture that supports the initiatives of the Parksville Qualicum Beach Tourism Association (PQBTA) and that the Regional District of Nanaimo Board will continue to support the PQBTA so it may allocate all the funds generated by the Municipal Regional District Tax (MRDT) as determined by its Board of Directors.

Starting in 2019 local governments can use the funds collected from the OAPs (ie. Airbnb) for affordable housing. Affordable housing was added as a permissible use of funds in the BC Budget 2018.

Designated recipients that wish to use MRDT revenues for affordable housing must provide an Affordable Housing Plan prior to implementation, which is due November 30 of each year to outline spending in the upcoming year. The Affordable Housing MRDT Plan must include a description of how a particular project will respond to affordable housing needs in a community (for example, if the project is oriented towards providing housing to tourism workers).

The plan must identify project name and address, project rationale and details, MRDT contribution, housing provider/project owner, funding partners and contribution (if applicable), estimated completion date, estimated number of housing units, and evidence of consultation from local government(s) if the designated recipient is not a municipality.

Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Designated recipients may use MRDT revenues for the following purposes for spending on affordable housing initiatives:

- 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.

ALTERNATIVES

1. Support the MRDT tax revenues going directly to PQBTA.
2. Support the MRDT tax revenues going directly to PQBTA with the condition that tax revenues from OAPs be used for affordable housing starting in 2020.
3. Do not support the MRDT tax revenues going directly to PQBTA.

FINANCIAL IMPLICATIONS

With the change in provincial legislation a new source of funding has been created for affordable housing projects. As the RDN is currently investigating funding options for affordable housing, this is one source of funding that could be pursued in cooperation with the PQBTA, City of Parksville and Town of Qualicum Beach.

The MRDT revenues from the designated accommodation area for 2017 are as follows: Parksville - \$524,620; Qualicum Beach – \$63,673; Electoral Areas E, F, G and H – \$59,383; Total \$647,676. The projected MRDT revenues for 2019 are slightly less overall at \$631,208.

At this time it is not clear what the revenues from the OAPs will be in the designated accommodation area as data on the numbers of units available in the OAPs is not available. The total number of units available on the Air BnB platform for Parksville and Qualicum Beach is estimated at 168 in September 2018. This is just a small portion of the total units in the designated accommodation area as this does not include units listed on other OAPs or units available in the electoral areas.

The Province has stated that it can provide information on the amount of revenues generated from OAPs although it is likely that it won't be until after the 2019 season is over, and a more accurate number is available. This information will be useful in developing the Affordable Housing MRDT Plan as funding will have to be matched with a project.

As the MRDT did not previously apply to OAPs, this money should constitute new revenues and will not be a reduction in the amount of MRDT revenue that is available to the PQBTA. The PQBTA will continue to get the revenue from the MRDT that is collected from existing accommodation providers and any new accommodation providers that are not an OAP.

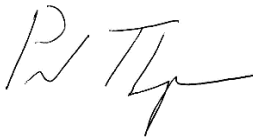
As discussions on this new source of funding have not yet taken place, the preparation of an Affordable Housing MRDT Plan is not possible to meet the November deadline for 2018. The next deadline for use of the MRDT revenues for affordable housing is in November 2019, and it is therefore possible to ascertain the interest of the PQBTA, Parksville and Qualicum Beach on

the new use of MRDT funds, get information on potential revenues from OAPs and identify potential affordable housing projects for 2019.

STRATEGIC PLAN IMPLICATIONS

The Board 2016-2020 Strategic Plan includes a strategic focus on service and organizational excellence with a priority to invest in regional services that are effective and efficient. It also has a focus on relationships where the RDN looks for opportunities to partner with other governments and community groups to advance the region, which could be achieved once an affordable housing service is established.

The recommendations in this report build on previous RDN affordable housing studies, align with the objectives of the RDN's Housing Action Plan and with the RDN's governing principles of 'Represent the Interests of the Region', 'Work Effectively as a Team' and 'Focus on Solutions'.



Paul Thompson
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September 11, 2018

Reviewed by:

- G. Garbutt, General Manager, Strategic and Community Development
- D. Wells, General Manager, Corporate Services

Attachment:

1. Letter from Parksville Qualicum Beach Tourism Association