
TO: Regional District of Nanaimo Board **MEETING:** October 16, 2018
FROM: Paul Thompson
Manager, Long Range Planning **FILE:** 6900-20 MRDT
SUBJECT: Request for Support from Parksville Qualicum Beach Tourism Association to Renew the Municipal Regional District Tax

RECOMMENDATIONS

1. That the Board support 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 support 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 Board's support of the Municipal Regional District Tax renewal be subject to the Parksville Qualicum Beach Tourism Association submitting by 2020 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.
4. That in 2019 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 2019.
5. Following submission of the next Municipal Regional District Tax Renewal in 2023, that the Province be requested to provide the Municipal Regional District Tax revenues from One Year Tactical Plans directly to the Regional District of Nanaimo for use on affordable housing.

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, as part of its annual reporting on the MRDT, would have to include a statement in its One Year Tactical Plan along with an Affordable Housing MRDT Plan. Due to the deadline for the PQBTA to have the renewal submitted by the end of October 2018 and the need for the approval of the accommodation providers, it is not possible to include a statement on affordable housing within this MRDT renewal. The three local governments in the designated accommodation area could work with the PQBTA and the accommodation providers on using the MRDT revenues from OAPs for affordable housing projects. Following this consultation, a One Year Tactical Plan could then be submitted to the Province along with an Affordable Housing MRDT Plan in November of 2020. Working collectively to address affordable housing issues in the communities that make up the MRDT designated area would assist in addressing community need.

BACKGROUND

The PQBTA is requesting support from the RDN to continue receiving the MRDT in the northern part of the RDN. This request was considered at the September 18, 2018 Regular Board meeting with direction to refer the request back to staff.

As part of its renewal request, the PQBTA must include a Five Year Strategic Business Plan which outlines how the MRDT revenues will be used over the next five years. Ideally, the best approach to enable the use of the MRDT revenues from OAPs would be to include a section on Affordable Housing in the Five Year Strategic Business Plan. The Five Year Strategic Business Plan must have the support of at least 51 percent of the accommodation providers representing at least 51 percent of the total number of units of accommodation.

A change to the Five Year Strategic Business Plan would require more consultation with tourism stakeholders and going back to the accommodation providers to get their support. Due to the very brief amount of time to complete the application requirements before the submission deadline and that the PQBTA has essentially completed its consultation with the stakeholders and has already obtained the required support from the accommodation providers, this is not deemed to be practical.

After further consultation with the PQBTA and Destination BC, an alternative approach to use the MRDT revenues from the OAPs for affordable housing is to include a statement in the annual reporting that the PQBTA must submit each November. As well, future consultation with the accommodation providers is required on the use of MRDT revenues from OAPs. A statement can be included in the annual One-Year Tactical Plan along with an Affordable Housing MRDT Plan.

Due to the time needed to consult with the accommodation providers, the fact that the MRDT revenues from the OAPs will not be known until early 2020 and that time is needed to identify an affordable housing project, a realistic timeframe would be to include the statement on affordable housing in the November 2020 One-Year Tactical Plan. This will allow the PQBTA and the local governments an opportunity to determine how OAP revenues could be used to support affordable housing initiatives in the Oceanside Area. This also allows sufficient time to

undertake the necessary consultation with accommodation providers and other stakeholders. The recommendations contained in this report reflect consultation with PQBTA and their input on a collective approach to work to address affordable housing issues in the communities that make up the MRDT designated area.

ALTERNATIVES

1. Provide support to renew the MRDT and have the tax revenues go directly to the PQBTA.
2. Provide support to renew the MRDT and have the tax revenues go directly to the PQBTA with the condition that tax revenues from OAPs be used for affordable housing.
3. Do not provide support to renew the MRDT and have the tax revenues go directly to the PQBTA.

FINANCIAL IMPLICATIONS

It is not clear at this time what the amount of the revenue from OAPs will be in the designated accommodation area, as data is not currently available. A proposal submitted to the RDN by a firm that monitors Short Term Vacation Rentals (STVR) indicates that there may be over 600 unique STVR rental units within the designated accommodation area. This number of units could provide a significant source of funding for affordable housing.

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 later in 2019, 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.

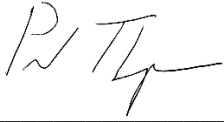
As the MRDT did not previously apply to OAPs, these new revenues will not be a reduction in the amount of MRDT revenue that is available to the PQBTA. The PQBTA will continue to receive the revenue from the MRDT that is collected from existing accommodation providers and any new accommodation providers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

As the PQBTA has indicated that it does not want to be responsible for developing and managing an affordable housing project the suggestion was made to request that the Province provide MRDT revenues from OAPs directly to one of the local governments within the designated accommodation area.

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
pthompson@rdn.bc.ca
October 10, 2018

Reviewed by:

- G. Garbutt, General Manager, Strategic and Community Development
- P. Carlyle, Chief Administrative Officer

Attachments

1. Letter from Parksville Qualicum Beach Tourism Association