



# STAFF REPORT TO COMMITTEE

**DATE OF REPORT** November 29, 2023  
**MEETING TYPE & DATE** Committee of the Whole of December 13, 2023  
**FROM:** Economic Development Division  
Strategic Service Department  
**SUBJECT:** 2024 MRDT Affordable Housing Plan  
**FILE:** 2000-04 MRDT Tourism 2023

## **PURPOSE/INTRODUCTION**

The purpose of this report is to seek Board approval of the 2024 Municipal and Regional District Tax Affordable Housing Plan.

## **RECOMMENDED RESOLUTION**

That it be recommended to the Board on December 13, 2023 that

1. The MRDT Affordable Housing Plan for the period January 1 to December 31, 2024, as outlined in the Economic Development Division staff report to the December 13, 2023 Committee of the Whole, be approved.
2. Schedule "B" of the Financial Contribution Agreement between the CVRD and Cowichan Housing Association be updated to specify that the provision of MRDT funds be subject to the criteria for eligible uses of funds set out in the MRDT Program Requirements.

## **BACKGROUND**

On November 8, 2023, the CVRD Board resolved to reallocate Online Accommodation Platform Municipal and Regional District Tax (OAP MRDT) revenues to affordable housing in 2024, subject to municipal support. Staff are reporting back on efforts to secure municipal support, as well as the recommended use of the funds.

### **Municipal Support**

Requests for letters of support were sent to councils for the City of Duncan, Town of Ladysmith, Town of Lake Cowichan, and Municipality of North Cowichan on November 14, 2023. Their responses are included in Attachment A to this report. At the time of submitting this report, the City of Duncan had not yet responded to the request. Staff will provide an update at the December 13 Committee meeting.

### **MRDT Affordable Housing Plan**

In order to reallocate MRDT funds to affordable housing, Destination BC requires that an Affordable Housing Plan be submitted with the annual MRDT Tactical Plan and Budget. Staff have drafted the plan and included it as Attachment B to this report. In the draft plan, 100% of OAP MRDT revenues are directed to the CVRD's existing Regional Housing Service for

distribution as per the MRDT Program Requirements. Designated recipients may use MRDT revenues for the following purposes for spending on affordable housing initiatives:

- Acquiring, constructing, maintaining, or renovating housing or shelters;
- Acquiring or improving land used for, or intended to be used for, housing or shelters;
- 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 shelters;
- Supporting housing, rental, or shelter programs; and/or
- Paying expenses related to the administration or disposal of housing, shelter, or land acquired with money paid out of MRDT revenues.

Staff have confirmed with Destination BC staff that, as with MRDT funds that are directed to tourism marketing, OAP funds used for affordable housing must be incremental and cannot be used to replace another source of funding (i.e., tax requisition). Adding to the existing pool of funds within the Regional Housing Service will strengthen this source of funding to support local organizations to develop affordable housing projects.

### **Regional Housing Service**

In 2018, the CVRD adopted Bylaw 4201, establishing a Regional Housing Service to provide an annual financial contribution to Cowichan Housing Association (CHA). The Regional Housing Service is funded through property tax requisition from the CVRD's nine electoral areas and four member municipalities. The financial contribution is meant to assist CHA with operating costs associated with providing programs and services related to affordable housing and homelessness prevention in the Cowichan region. The financial contribution is managed through a Financial Contribution Agreement (Attachment C), and has two components:

1. Annual Operating Contribution: to be used for the Operating Programs and CHA Management and Administration
2. Annual Housing Fund Contribution: to be placed in the Housing Fund and used for the Housing Fund Program

Using the CVRD's Annual Housing Fund Contribution, CHA manages two programs that support local organizations to address the significant shortfall of affordable rental housing stock in Cowichan.

1. Project Development Fund: The goal of this grant is to assist housing developers and community groups interested in developing affordable housing to conduct the pre-development work required to obtain funding from senior levels of government.
2. Rental Housing Capital Contribution Fund: This fund is to be used for community equity contributions to leverage additional capital funds related to affordable rental housing construction, demolition, renovation, and repair projects in the Cowichan Region.

It is the expectation of CVRD staff that CHA will use these existing programs to distribute OAP MRDT funds.

### **ANALYSIS**

In order to make the most efficient and effective use of the OAP MRDT funds for affordable housing, staff recommend including MDRT criteria for any funds flowing from that source when

renewing the agreement with CHA – and relying on the CHA's existing processes for qualifying Housing Fund Program recipients, including established CVRD oversight.

Applications to CHA's existing programs are assessed based on a number of criteria, including urgency of the need, number and size of units created or preserved, contributions from other sources, and potential impact of the project to address regional and local housing needs. Initial conversations with CHA staff indicate that future opportunities for the use of these funds may also include implementation of specific recommendations from the Cowichan Workforce Housing Strategy. Applications are reviewed by the CHA Executive Director, an Allocations Committee, the CHA Board, and finally the CVRD Board, before funding can be awarded.

### **FINANCIAL CONSIDERATIONS**

OAP MRDT revenues are budgeted to be approximately \$176,000 in 2024. However, the new BC [Short-Term Rental Accommodations Act](#) may have an impact on the amount of OAP revenue collected in 2024. One of the key goals of the proposed legislation, which was announced on October 16 2023, is to return short-term rentals to long-term housing. The legislation will limit short-term rentals to the host's principal residence plus one secondary suite or accessory dwelling unit in municipalities with a population over 10,000 (and adjacent communities), with the option for exempt local governments to opt in to the principal residence requirement. These changes are expected to come into force in May 2024 and may reduce the revenues gained from short-term rentals through the MRDT program in Cowichan.

Given the relatively small amount of funds anticipated through OAP MRDT, staff feel that they would be most effective when combined with those in the existing CHA grant programs.

### **COMMUNICATION CONSIDERATIONS**

Staff would coordinate with Cowichan Housing Association to ensure OAP funds are used in alignment with MRDT Program Requirements.

### **STRATEGIC/BUSINESS PLAN CONSIDERATIONS**

This report is connected with objectives 1 and 7 of the 2020-2022 CVRD Corporate Strategic Plan, to increase the levels of economic resiliency, security, and prosperity for residents of the Cowichan Region; and protect existing, and encourage the development of additional, affordable housing options including those needed to attract workers.

### **Referred to (upon completion):**

- ☐ Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- ☒ Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- ☐ Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- ☒ Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- ☐ Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

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Reviewed for form and content and approved for submission to the Committee:

Resolution:

☒ Corporate Officer

Financial Considerations:

☒ Chief Financial Officer

**ATTACHMENTS:**

Attachment A – Municipal Letters of Support for OAP MRDT for Affordable Housing

Attachment B – 2024 MRDT Affordable Housing Plan

Attachment C – Cowichan Housing Association Financial Contribution Agreement 2022-2023