



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: City Manager (CAO)
Subject: 2025 MRDT Tactical Plan

File No.: 6900-01 [2025]
Date: October 23, 2024

PURPOSE:

The purpose of this report is to request Council approval of the 2025 Municipal and Regional District Tax (MRDT) Tactical Plan prepared by Experience Comox Valley (4VI) to be submitted to Destination BC and to approve the Appendix 1.8 Affordable Housing Plan prepared by staff.

EXECUTIVE SUMMARY:

The City of Courtenay's MRDT was approved in 2021 on the basis that there would be support for management and administration of the funds by a third-party contractor (4VI) that is the official Destination Management Organization (DMO) for Courtenay. Governance of the MRDT is supported by a Tourism Advisory Committee (TAC).

The agreement between the City and 4VI to provide for management, delivery and reporting of the MRDT funds on behalf of the City of Courtenay requires that 4VI submit an annual MRDT Tactical Plan for review and approval. Additionally, the City is electing to use the Online Accommodation Platform (OAP) funds towards affordable housing projects and so must annually submit an Affordable Housing Plan.

BACKGROUND:

Due to the contract termination and wind up of the Comox Valley Economic Society (CVEDS), the previous MRDT regulation in place for the City of Courtenay was repealed as of August 31, 2021. A new application was submitted to re-establish the tax, which was approved by the Ministry of Finance and is effective September 1, 2021.

On September 27, 2021 Council approved the agreement between the City of Courtenay and 4VI to provide for management, delivery and reporting of the MRDT funds on behalf of the City of Courtenay.

DISCUSSION:

Over the course of a calendar year, MRDT is collected and paid to the City on a monthly basis and those funds are then transferred to 4VI.

4VI is responsible for maintaining the appropriate accounting records of the MRDT funds and responsible to provide the required financial reports to the City throughout the year.

4VI has completed the attached 2025 MRDT Tactical Plan with direction from the Tourism Advisory Committee (TAC) and upon City review of the documentation, the 2025 MRDT Tactical Plan will be submitted to Destination BC.

Online Accommodation Platform (OAP) funds are a subset of the MRDT funds collected. OAP funds are collected from online marketplaces that facilitate transactions for short-term rental units. OAP is eligible to be spent on tourism initiatives or affordable housing initiatives if approval has been received from the Province. Since September 1, 2021 all OAP funds have been held for affordable housing initiatives. As of July 2024, the City has accrued \$1,049,400 of OAP funds, but to date no spending has occurred as they are earmarked for the affordable housing needs analysis that is now scheduled to be completed in 2025. With the Principal Residence Requirement rules that the Province introduced in May of 2024, OAP funds collected in 2024 have dropped significantly and it is assumed they will remain lower in future years.

		OAP Funds Collected
		January to July
2023	\$	239,973.00
2024	\$	94,334.00
Reduction in OAP Funds	\$	145,639.00

Upon the City's review and approval of the 2025 Affordable Housing plan (Appendix 1.8), it will be submitted to the Province of BC for approval. It is expected that future year Affordable Housing Plans will look for approval to spend OAP funds on completing items as identified in the affordable housing needs assessment.

POLICY ANALYSIS:

Section 123 of the *Provincial Sales Tax Act* imposes a tax of up to three percent on the purchase price of accommodation in a specified geographic area of the province on behalf of a designated recipient.

The *Designated Accommodation Area Tax Regulation, B.C. Reg. 93/2013* sets out the authorized purposes for funds collected under the MRDT program.

FINANCIAL IMPLICATIONS:

The MRDT generates approximately \$400,000 annually to provide tourism marketing, programs and projects for the Comox Valley. With the support of 4VI, there are no budget implications to the City of Courtenay for the administration of the MRDT.

ADMINISTRATIVE IMPLICATIONS:

Once Council approves the 2025 Municipal and Regional District Tax (MRDT) Tactical Plan and Appendix 1.8 Affordable Housing Plan, the plans will be submitted for approval.

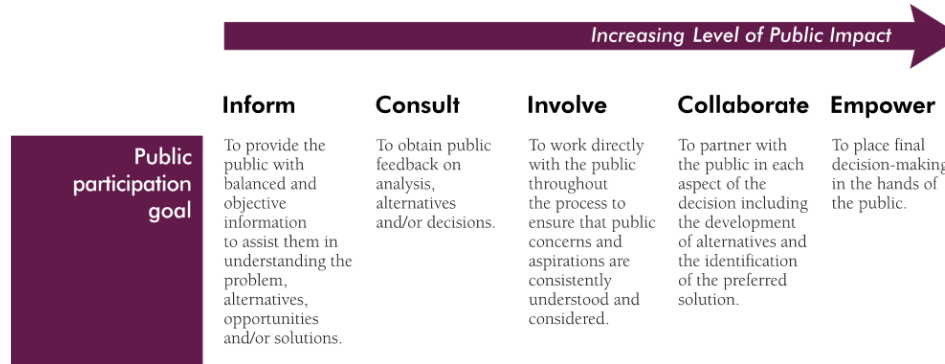
STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council approve the 2025 Municipal and Regional District Tax (MRDT) Tactical Plan and the 2025 Appendix 1.8 Affordable Housing Plan as prepared by Experience Comox Valley (4VI) and staff.
2. That Council defer the approval of the 2025 MRDT Tactical Plan and Appendix 1.8 Affordable Housing Plan for further discussion at a later Council meeting.

It should be noted that deferring the approval of the 2025 MRDT Tactical Plan may hinder Council's ability to meet the statutory November 30, 2024 deadline.

ATTACHMENTS:

1. 2025 MRDT One Year Tactical Plan
2. 2025 MRDT Appendix 1.8 Affordable Housing Plan – City of Courtenay

Prepared by: Krista McClintock, CPA, CGA, Manager of Finance
Reviewed by: Adam Langenmaier, BBA, CPA, CA, Director of Financial Services
Concurrence: Geoff Garbutt, M.PI., MCIP, RPP, City Manager (CAO)