

STAFF REPORT TO COUNCIL

PRESENTED: Jun 20, 2023 **REPORT:** 23-071
FROM: Corporate Services and Public Safety **FILE:** 0500-20-0006
SUBJECT: UPDATED 2023 WHISTLER 2020 DEVELOPMENT CORP ONLINE
ACCOMMODATION PROVIDER CONTRIBUTION AGREEMENT

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

That the recommendation of the General Manager of Corporate Services and Public Safety be endorsed.

RECOMMENDATION

That Council direct staff to execute the updated 2023 Whistler 2020 Development Corp Online Accommodation Provider Contribution Agreement, attached as Appendix A to this Administrative Report No. 23-071.

PURPOSE OF REPORT

This report proposes to extend the period, and update the framework, in which Municipal and Regional District Tax (MRDT) Online Accommodation Provider (OAP) revenue received by the Resort Municipality of Whistler (RMOW) from the Province will be used to support affordable employee housing in the Whistler community.

Specifically, the updated OAP Contribution Agreement (Updated 2023 Agreement) proposes a term of between five and 20 years during which a portion of the RMOW's OAP funding would be transferred to the Whistler 2020 Development Corp (WDC). Consistent with past Council direction, this will create a stable, long-term source of revenue to support the core operational funding needs of the WDC separate from the sale proceeds of newly developed affordable employee housing projects. Beyond the WDC support, net annual RMOW OAP revenues will be transferred to the RMOW Employee Housing Reserve (Employee Housing Reserve) to support Council-directed investment in future affordable employee housing projects.

Information Report

Administrative Report (Decision or Direction)

DISCUSSION

Background

In 2018, the Province of BC determined that MRDT amounts collected from OAP revenues could, with annual Provincial approval, be used to support the development of new affordable housing projects. In response to this opportunity, the RMOW sought, and was granted, permission to use its share of

JUN 20, 2023

Whistler’s OAP revenues to support the development of Parcel A (now referred to as Lot 1) of the Cheakamus Crossing Phase 2 project via direct transfer to WDC.

A contribution agreement governing the ongoing transfer of OAP revenues from RMOW to WDC was signed in August 2019. That agreement expired in December of 2021 and was followed by a second contribution agreement extending the term of the OAP transfers through March 2023.

Over the summer and early fall of 2022, RMOW staff worked with the WDC Board on the development of their board governance manual including the associated long-term funding approach to cover the core operational/service costs of the WDC organization (WDC Core Services). Through a detailed review of potential funding options, it was agreed that the use of MRDT OAP revenues was the approach most aligned with WDC’s Governance Manual - Guiding Principles (WDC Guiding Principles) for WDC Core Services.

According to the WDC Guiding Principles:

- The preferred funding mechanism should be open and transparent;
- Whistler property taxes should not be used;
- The funding mechanism should be consistent with and/or informed by industry practices;
- The funding mechanism should be designed to minimize risk to WDC organizational capacity and/or diminished organizational performance by providing sufficient funding to ensure business continuity during periods of both high and low activity;
- WDC Core Services funding can only be used for the furtherance of resident restricted housing;
- The funding mechanism should minimize the use of market development as a funding source; and
- The funding mechanism should minimize the cost to the end user/purchaser by not adding to the cost of a housing project.

During the discussions between RMOW staff and the WDC Board, the WDC Core Services were estimated by WDC to be as follows:

WDC Core Services Preliminary Budget		
	2022	2023
President (75%)	\$50,000	\$200,000
Executive Assistant (75%)	18,750	75,000
Accounting/Administration	64,000	75,000
Bank Charges	4,500	4,500
IT	4,000	4,000
Depreciation	8,000	5,000

JUN 20, 2023

Insurance (Liability/Directors)	9,750	10,000
Interest on Pre Project Due to RMOW	119,200	
Legal Fees	8,750	15,000
Office Rent	10,000	10,000
Office Supplies/Equipment	1,000	2,500
Postage/Courier	500	1,000
Professional Fees	47,500	50,000
Contingency (20%)	45,350*	90,600
Total	\$391,300	\$543,600

On October 4, 2022, RMOW staff brought [Administrative Report No. 22-140](#) forward that presented a draft WDC OAP Contribution Agreement (2022 Contribution Agreement) for Council's consideration. At that meeting Council directed staff to advance the 2022 Contribution Agreement to continue the OAP transfers to the WDC in much the same way as had been undertaken in the previous two iterations.

Since that date, staff and WDC identified further small changes and edits to the draft 2022 Contribution Agreement, which has delayed execution.

Analysis

When Council directed staff to execute the 2022 Contribution Agreement, the estimated annual OAP revenues to Whistler were approximately \$1.25 - \$1.5 MM annually. As per the 2017 Tourism Whistler (TW) MRDT Contribution Agreement, 50 per cent of all MRDT revenues (including MRDT OAP revenues), less administrative fees are due upon receipt to TW to support tourism marketing, programs and projects consistent with the requirements and guidelines set out by the Provincial Government.

As such, the RMOW share of annual OAP revenues expected to be available for transfer to WDC was approximately \$550,000. This amount aligned well with WDC's estimated Core Services needs. Looking ahead it was anticipated that both OAP revenues and WDC Core Service costs would increase over time and as such the arrangement was expected to work well.

Post pandemic, the return to tourism within the resort in both volume and pricing has resulted in a faster appreciation of OAP revenues (faster as well for general MRDT revenues) than previously anticipated. The currently anticipated 2023 annual OAP revenues for Whistler is forecasted to be nearly \$3.4 MM. If this forecast proves to be accurate, the RMOW share of Whistler's OAP revenues in 2023 will be close to \$1.7 MM. If the 2022 Contribution Agreement structure was adhered to in this case, this would result in a transfer of \$1.7MM to WDC to cover WDC Core Services that are only projected to be \$550k per year.

Staff continue to believe that there is a need to ensure that WDC Core Services costs are appropriately funded in a manner that remains aligned with WDC's Guiding Principles. To meet the shared goals around the ongoing development and operation of affordable employee housing projects, staff have prepared the Updated 2023 Agreement to ensure that WDC Core Services funding through OAP revenues is both provided and protected.

Through this report, staff propose that any additional funds from the MRDT OAP funding source beyond that needed to support WDC Core Services be transferred to the RMOW Employee Housing Reserve. One key benefit from this approach would be to allow Council the flexibility to provide the equity/subsidy funding required to ensure new employee housing projects are self-funding at affordable rent levels for

JUN 20, 2023

local employees (i.e., rents targeting no more than 30 per cent of gross household income). As Council is aware, current construction and financing costs are such that the long-term net rental income of new projects is insufficient to carry the associated debt incurred during construction – a subsidy to balance these costs and revenues is required and these additional OAP revenues can help meet these needs.

On this basis, the Updated 2023 Agreement proposes the following:

1. The first \$550,000 of the RMOW's share of annual OAP revenues is transferred to WDC to cover WDC Core Service expenses.
2. The WDC Core Services funding includes an annual escalation clause that is linked to the Consumer Price Index to address inflation over the course of the term of the agreement.
3. An additional term that provides the ability for WDC to request additional funding for Core Services costs to address any potential 'step-change' increases over the period of the agreement was added.

Ensuring that MRDT OAP is deployed to help solve pressing employee housing issues is an action that is well aligned with Council's 2023-2026 Strategic Priorities, and well aligned with concerns voiced clearly and frequently from both individuals and businesses within our community.

The anticipated additional MRDT OAP revenues for the Employee Housing Reserve is especially important as the contributions to this reserve through the Employee Works and Service charges on new projects has significantly decreased as Whistler has approached build-out, and large(r)-scale developments have become less frequent.

The creation and use of the Employee Housing Reserve has been a success story for Whistler. The use of this reserve has directly led to the creation of the portfolio of publicly owned building assets currently operated in service of the affordable housing needs of our community.

Since 1997, and spread across eight projects in six different neighbourhoods, the Employee Housing Reserve has contributed approximately \$9.5 Mm to the purchase and development of 270 Whistler Housing Authority employee rental units, representing 572 employee beds for the community.

By providing new means of funding, and subsequently leveraging the Employee Housing Reserve, this proposed approach provides Council with a renewed, powerful and flexible opportunity to support the emergent employee housing needs of the community.

Finally, the structure of the Updated 2023 Agreement also provides ongoing flexibility to Council as to the use of MRDT OAP revenues beyond the WDC Core Service delivery investment. Given the length of this Updated 2023 Agreement, this flexibility is important. Through this approach Council will retain the ability to invest in affordable employee housing initiatives with additional funding leverage, and also retain the ability to invest net OAP revenues in other compliant MRDT investments if that use is deemed by Council to be of a higher priority in any given year.

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

[May 28, 2019 Administrative Report to Council No. 19-070, Five-Year Financial Plan 2019-2023 Amendment Bylaw No. 2240, 2019](#), page 18.

The initial OAP agreement that was executed in August 2019.

[January 25, 2022 Administrative Report to Council No. 22-009, Whistler 2020 Development Corporation Online Accommodation Provider – 2022 Contribution Agreement](#).

[October 4, 2022 Administrative Report to Council No. 22-140, Whistler 2020 Development Corp – 2023 OAP Funding Contribution Agreement](#).

2023-2026 Strategic Plan

The 2023-2026 Strategic Plan outlines the high-level direction of the RMOW to help shape community progress during this term of Council. The Strategic Plan contains four priority areas with various associated initiatives that support them. This section identifies how this report links to the Strategic Plan.

Strategic Priorities

Housing

Expedite the delivery of and longer-term planning for employee housing

Climate Action

Mobilize municipal resources toward the implementation of the Big Moves Climate Action Plan

Community Engagement

Strive to connect locals to each other and to the RMOW

Smart Tourism

Preserve and protect Whistler's unique culture, natural assets and infrastructure

Not Applicable

Aligns with core municipal work that falls outside the strategic priorities but improves, maintains, updates and/or protects existing and essential community infrastructure or programs

The proposed recommendation within this report seeks to provide tools to accelerate the delivery of local affordable employee housing by both providing WDC Core Service funding, and by providing a means of important funding toward the construction and ongoing viable operation of affordable employee buildings in the community.

A secondary benefit of this approach is a reduction in commuter traffic from neighbouring communities through the creation of additional affordable employee housing within the community. This is consistent with the Big Moves Strategy's focus on reducing passenger vehicle emissions.

JUN 20, 2023

Community Vision and Official Community Plan

The Official Community Plan (OCP) is the RMOW's most important guiding document that sets the community vision and long-term community direction. This section identifies how this report applies to the OCP.

In the OCP are three goals, one objective, and 13 different policies that refer to affordable or employee housing. This fact speaks to the paramount importance of employee housing initiatives, and by extension the importance of housing-supportive funding like that proposed in the structure of this Updated 2023 Agreement between the RMOW and WDC.

In addition to the goals, objective and policies noted above, the recommended resolution is also consistent with the OCP Vision Characteristic (Community/Quality of Life) as well as the aligned Squamish Lillooet Regional District Regional Growth Strategies of:

- Achieve a Sustainable Economy (by housing workforce locally)
- Create Healthy and Safe Communities
- Support a Range of Affordable Housing

BUDGET CONSIDERATIONS

According to provincial regulations, the MRDT received by the RMOW from the Province can be used for a variety of tourist-facing operations and projects. MRDT spending plans for the coming year are always outlined in advance, in cooperation between the RMOW and Destination BC. Beginning in 2018, the acceptable uses for the OAP were expanded to include affordable housing initiatives. Each year, the decision to allocate those funds to housing rather than typical MRDT initiatives is up to each municipality. Each municipality reflects its intended spending in the MRDT Tactical Plan, which is submitted to the Province for approval in November of each year.

Total RMOW OAP revenues transferred to WDC over the five years between 2018 and 2022 was \$3.1MM.

Whistler's total 2022 OAP revenues were approximately \$2.5MM. Whistler's 2023 total projected OAP revenues are approximately \$3.4MM. In each case, the RMOW portion of this revenue is 50 per cent, and 50 per cent is transferred to TW consistent with the 2017 TW MRDT Contribution Agreement.

LÍŁWAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the LÍŁwat People, known in their language as *L'il'wat7úl* and the Squamish People, known in their language as the *Skwxwú7mesh Úxwumixw* to: create an enduring relationship; establish collaborative processes for Crown land planning; achieve mutual objectives; and enable participation in Whistler's resort economy. This section identifies areas where RMOW activities intersect with these relationships.

There are no specific considerations to include in this report.

JUN 20, 2023

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform Consult Involve Collaborate Empower

Comment(s):

The recommendation associated with this report does not have a community engagement component.

REFERENCES

Appendix A – *Draft* May 2023 Whistler 2020 Development Corp Online Accommodation Provider Contribution Agreement (with tracked changes)

Appendix B - *Draft* May 2023 Whistler 2020 Development Corp Online Accommodation Provider Contribution Agreement (clean copy)

SUMMARY

This report proposes the Updated 2023 Agreement to ensure the ongoing transfer of sufficient RMOW OAP revenues to fund the WDC Core Services while also supporting the direct funding needs of future affordable employee housing projects through the creation of a new funding stream for the RMOW Employee Housing Reserve.

SIGN-OFFS

Written by:

Ted Battiston,
General Manager, Corporate Services and
Public Safety

Reviewed by:

Pauline Lysaght,
Manager Legislative Services/Corporate Officer

Virginia Cullen,
Chief Administrative Officer