



City of Dawson Development Incentives Policy # 2019-02

BACKGROUND

There is currently a need for rental housing – including supportive, affordable rental, and market rental housing, - in the City of Dawson. These needs can be addressed through a variety of options including mixed-use and multi-unit residential buildings, secondary suites, and other types of housing developments. Increased Historic Townsite development would further the City’s sustainability objectives for a more compact development pattern and take advantage of existing services; further, the conversion of underdeveloped and vacant properties increases economic and community vitality. These types of development help to meet the Official Community Plan goals and policies.

Council recognizes that land constraints, high construction costs, and other factors pose serious constraints to the supply of housing and optimum land use in Dawson City, and that a subsidy may be required. The City does have a role in land development, permitting, and taxation, through which it may encourage development where it is not being initiated under normal market conditions.

City of Dawson fees and charges are low relative to other jurisdictions, and many fees are based on cost recovery, making it challenging to reduce or grant these costs without impacting operating budgets. It is desirable for the City to use a model that provides significant financial incentives for strategic development, while limiting the short-term financial impact on the operational budget.

POLICY STATEMENT

The City of Dawson will provide financial incentives for projects that provide rental units, supportive housing, and multi-unit residential buildings and/or convert vacant and/or derelict properties into more beneficial land uses.

Undeveloped or run-down properties essentially provide little more than the land value. This policy provides economic development incentives to encourage targeted residential development and increase future tax income for the City.

1.00 Definitions

1.1. The following terms are used within this policy and are defined as follows:

- a. “affordable rental housing” means rental housing that is provided at or below the median market housing rents for comparable housing as presented by the Yukon Bureau of Statistics in the Yukon Rent Survey. In the event that this definition conflicts with that of a funding program through which an owner is seeking financial support for the same development, the definition of the other funding program shall apply.
- b. “base rate” means the rate calculated as the value of the tax levy for improvements on the property paid on July 2nd in the year that the Development Permit for the eligible development is issued. In the case where existing buildings or structures were demolished prior to issuance of a Development Permit for an eligible development, the base rate will be zero.
- c. “development fee” means the fee(s) associated with development permit and development incentive applications.
- d. “development incentive” means contributions made by the City of Dawson for developments meeting the eligibility criteria provided in this policy.
- e. “Downtown” means the area defined within the Official Community Plan as the Downtown Core.
- f. “historic townsite” means the area defined within the Official Community Plan as the Historic Townsite.
- g. “load capacity charge” means the charge, as listed in the *Fees and Charges Bylaw*, levied against new development by the City of Dawson to recover costs associated with increased load on the water/sewer system.
- h. “market rental housing” means housing that is provided at above the median market housing rents for comparable housing as presented by the Yukon Bureau of Statistics in the Yukon Rent Survey.
- i. “mixed-use” means a building containing a mixture of commercial and residential uses.
- j. “preferred tax grant” means a yearly monetary grant in the amount that the developer paid in municipal tax as a result of the assessed value of improvements relating to a principal residence on the property.
- k. “rental housing” means any formation of multi-unit residential housing development that is retained by a single owner, with units that are available to rent on a monthly or semi-monthly basis. Rental units must be retained as one legal entity and cannot be subdivided through a condominium process, even if all units are retained by one owner.
- l. “secondary suite” means a secondary suite as defined by the City of Dawson Zoning Bylaw.
- m. “standard tax grant” means a yearly monetary grant in the amount that the developer

would have paid in annual municipal taxes as a result of improvements to the property that are the subject of the applicable incentive.

- n. “supportive housing” means the use of a building for residential dwelling units that is owned and operated by a non-profit agency or non-government organization and designed to accommodate tenants who require assistance. Typical uses would include assisted housing for seniors or assisted housing for people with disabilities.
- o. “short term vacation rental” means the provision of rental accommodation for less than 30 consecutive days to a primary tenant whose purpose for residing in Dawson City is vacationing.
- p. “underdeveloped property” means a property for which the value of assessed improvements is less than \$35,000 in an R-zone or less than \$60,000 in any other zone.
- q. “vacant property” means a property that does not contain a primary building or structure aligned with the intended use of the property as set out in the Zoning Bylaw. A property may be considered vacant if an accessory building or structure, as defined in the Zoning Bylaw, is present.

2.00 DEVELOPMENT INCENTIVES – GENERAL

2.1. Based on the eligibility criteria listed in this policy, an applicant may apply for a development incentive as follows:

- a. Incentives as outlined in the following section will be considered by the City and, if granted, will be incorporated in a Development Incentive Agreement.
- b. Taxes applied to the value of land are not available for reduction or grant.
- c. The annual value of a Standard Tax Grant will be calculated by subtracting the Base Rate and the portion of the tax levy on the value of the land from the full annual tax levy paid on July 2nd for the duration of the Development Incentive Agreement. The Base Rate will be calculated at the time of issuance of the Development Permit.
- d. The value of a Preferred Tax Grant will be calculated by subtracting the portion of the tax levy on the value of the land from the full annual tax levy as paid on July 2nd for the duration of the Development Incentive Agreement.
- e. Payment of tax grant portions of a Development Incentive will begin once an eligible development has received occupancy for all units. Any taxes paid to the City prior to occupancy will not be eligible for a grant under this policy.
- f. The tax grant portion of a Development Incentive will be implemented through a grant to the property owner. Tax grants will be processed after July 2nd annually.
- g. Development Incentives will not be applied retroactively for projects which have already received a Development Permit. This includes permits that have been cancelled or lapsed and reapplied for in an effort to receive an incentive.
- h. The terms of payment of the Development Incentives will be specified in Development

Incentive Agreement between the City and the applicant.

- i. If an eligible secondary suite, affordable rental, market rental or supportive housing development becomes part of a condominium corporation or ceases to function as rental or supportive housing prior to completion of the term set out in the Development Incentives Agreement, the Agreement will become void and the owner will be required to repay the Incentives received to date.
- j. The use of secondary suite, affordable rental, market rental, or supportive housing units for short-term vacation rentals at any point during the term of the Development Incentives Agreement without the permission of the City of Dawson will render the Agreement for the entire development void and the owner will be required to repay the Incentives received to date.
- k. Receipt of a development incentive outlined in this policy does not disqualify an applicant from receiving a different incentive, grant, or funding opportunity provided for by another bylaw, policy, or organization. A development is only eligible to receive one incentive enacted under this policy.
- l. The City shall not exceed a \$100,000 value in active tax grants (including both Standard and Preferred) at any given time. Administration shall report on the total amounts of tax grants and fee/charge waivers applied through Development Incentives on an annual basis and update Council on the tax granting room available in January of each year.
- m. Applications will be accepted and processed on first-come, first-serve basis.
- n. No exceptions shall be made to this policy without the consent of Council. Both administration and Council retain the right to decline an application that conforms with the policy in wording but it deems does not meet its intent.

3.00 GENERAL ELIGIBILITY CRITERIA

3.1. The following eligibility criteria apply to all developments receiving a Development Incentive:

- a. Any development receiving a Development Incentive must be in compliance with the Official Community Plan and the Zoning Bylaw prior to the signing of a Development Incentive Agreement.
- b. A development proposal that includes more than one eligible property, contiguous or otherwise, will be considered in its entirety for a development incentive so long as all applicable Development Permits are obtained within a two-month period, all development components are undertaken by the same developer/owner, and all construction has commenced within one year of issuance of Development Permits.
- c. Housing-related incentives apply to the creation of new housing units in renovated, redeveloped and/or newly constructed buildings.
- d. Vacant and/or underdeveloped property incentives apply to renovations, redevelopment, and/or new construction.
- e. Rental and supportive housing units that are part of a mixed-use development in the

Downtown Core may be eligible for the applicable housing-related Development Incentive subject to the ability of the City of Dawson to calculate the portion of improvements attributable to the commercial use, for which no Development Incentive shall apply.

- f. Any rental or supportive housing developments that are part of a condominium corporation will be ineligible for Development Incentives.
- g. Government agencies, at all levels of government, will not be eligible for the Development Incentives under this policy. First Nation development corporations are eligible.
- h. Organizations that enter into a long-term lease (minimum 20 years) for development and/or use of a government-owned property and will be registered with the City of Dawson as the taxpayer for the leased property are eligible.
- i. Any applicant for a Development Incentive shall be ineligible for an incentive if they have outstanding taxes or other monies owed to the City of Dawson.

4.00 TYPES OF DEVELOPMENT INCENTIVES

4.1. Based on the number of eligibility criteria a proposal meets, there are six types of incentive that can be acquired as follows:

Type	Eligibility	Incentive
a) Vacant and/or Underdeveloped Property	<ul style="list-style-type: none"> • Development with a minimum construction value of \$75,000 in the Historic Townsite 	<ul style="list-style-type: none"> • 5 years Standard Tax Grant
b) Market Rental Housing	<ul style="list-style-type: none"> • Minimum of four Market Rental Housing units in the Historic Townsite 	<ul style="list-style-type: none"> • 10 years Standard Tax Grant
c) Supportive Housing	<ul style="list-style-type: none"> • Minimum of four Supportive Housing units located anywhere within the municipality 	<ul style="list-style-type: none"> • 10 years Standard Tax Grant • Waiver of Load Capacity Charge • Waiver of Development Fees
d) Affordable Rental Housing	<ul style="list-style-type: none"> • Minimum of four Affordable Rental Housing units in the Historic Townsite 	<ul style="list-style-type: none"> • 10 years Standard Tax Grant • Waiver of Load Capacity Charge • Waiver of Development Fees
e) Secondary Suite	<ul style="list-style-type: none"> • Secondary suite located anywhere within the municipality 	<ul style="list-style-type: none"> • 3 years Preferred Tax Grant • Waiver of Load Capacity Charge • Waiver of Development Fees • Waiver of parking requirements for secondary suite

5.00 SPECIFIC ELIGIBILITY CRITERIA AND CONDITIONS

5.1. Secondary Suite Incentive

- a. To acquire a Secondary Suite Incentive the following specific criteria and conditions must be met:

- 5.1.a.1. A new secondary suite must be provided within the City of Dawson municipal boundaries.

5.2. Affordable Rental Housing Incentive

- a. To acquire an Affordable Rental Housing Incentive, the following specific eligibility criteria must be met:

- 5.2.a.1. A minimum of four new Affordable Rental Housing residential units must be provided anywhere within the fully serviced portions of the Historic Townsite;

- 5.2.a.2. Rents must be kept affordable for the entire duration of the Standard Tax Grant. Rents shall be compared on an annual basis against the most recent Rent Survey issued by the Yukon Bureau of Statistics. Rents must be reduced if found to exceed median market rates, whereas owners are encouraged to maintain current rents should they be below median market rates. Recipients are to provide this information with their grant request on an annual basis.

5.3. Supportive Housing Incentive

- a. To acquire a Supportive Housing Incentive the following specific criteria and conditions must be met:

- 5.3.a.1. A minimum of four new Supportive Housing units must be provided within the City of Dawson municipal boundaries.

5.4. Market Rental Housing Incentive

- a. To acquire a Market Rental Housing Incentive the following specific criteria and conditions must be met:

- 5.4.a.1. A minimum of four new Market Rental Housing units must be provided within the City of Dawson Historic Townsite.

6.00 PROCEDURE

- 6.1. Application – To receive a Development Incentive as laid out in this policy, Developers must complete a Development Incentive Application, available from the City of Dawson.

- 6.2. Screening – Applications must include a preliminary development plan. Applications will not be eligible for consideration unless they are in compliance with the Official Community Plan and the Zoning Bylaw and meet the minimum eligibility criteria as listed in this policy.

- 6.3. Approval – The terms of Secondary Suite Incentives will be approved by the Community Development Officer. Development Incentives totaling \$100,000 or less in combined value will be approved by the Chief Administrative Officer, and all other Development Incentives

will be approved by Council.

6.4. Administration – For a Preferred or Standard Tax Grant, the City will provide a grant in the applicable amount each year until the end of the Incentive term, following an annual request from the recipient in writing. Grants will be processed after property owners have paid their taxes in full. If a property owner is in arrears of their property taxes they will no longer be eligible for the Incentive.

a. Annual requests must include the following:

6.4.a.1. A request for the annual grant amount;

6.4.a.2. A declaration confirming compliance with this policy; and

6.4.a.3. A list of rents demonstrating compliance with s. 5.2.a.2 of this Policy.

7.00 EXPIRATION OF DEVELOPMENT INCENTIVE

7.1. The Development Incentive Agreement may be revoked and cancelled if construction has not commenced within one year of issuance of Development Permits.

7.2. The Development Incentive Agreement may be revoked and cancelled if there are outstanding open Building Permits remaining one year after occupancy is given for the development.

7.3. The Development Incentive Agreement shall be revoked and cancelled if the Development Permit is revoked, cancelled, or allowed to expire or lapse.

POLICY TITLE: *Development Incentives Policy*

POLICY #: 2019-02

EFFECTIVE DATE: September 9, 2019

ADOPTED BY COUNCIL ON: September 9, 2019

RESOLUTION #: C19-17-16

Wayne Potoroka, Mayor

Original signed by _____
Cory Bellmore, CAO