



City of Dawson

Development Incentives Policy

2024-03

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.

The Development Incentives offered through this Policy aim to encourage the construction of multi-unit, rental, or supporting housing, and increase future tax income for the City.

POLICY STATEMENT

The City of Dawson will provide 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.

1.00 Definitions

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

- a. "ACTIVE TAX GRANT" means the total value of tax-based INCENTIVES allocated by the City of Dawson under this Policy.
- b. "ACCESSORY BUILDING OR STRUCTURE", as defined by the City of Dawson *Zoning Bylaw*, means a separate building or structure, on the same lot as a primary building, which is ancillary or subordinate to the PRIMARY BUILDING or structure. Examples of accessory structures include garages, gazebos, garden sheds, greenhouses, and storage sheds.
- c. "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.
- d. "AGREEMENT" means a Development Incentive Agreement made between an applicant and the City of Dawson under this Policy.
- e. "ASSESSED VALUE", as defined by the *Assessment and Taxation Act*, means the value of LAND or IMPROVEMENTS, or both (PROPERTY), as determined by the Assessment and Taxation Act.
- f. "BASE RATE" is calculated in Policy 2.1 d); intended to be used to reflect the value of IMPROVEMENTS prior to the proposed development, as outlined in an AGREEMENT.
- g. "DECLINING ABATEMENT" is calculated in Policy 2.1 f) and refers to the annual reduction in the percentage assigned to tax-based INCENTIVES.
- h. "DEVELOPMENT GRANT" refers to a lump-sum financial payment made by the City of Dawson to applicants meeting the eligibility criteria provided in this policy, as detailed in an AGREEMENT.
- i. "DEVELOPMENT FEE" means the fee(s) associated with applying for a Development Permit and the Development Incentive Program, as outlined in the City of Dawson *Fees and Charges Bylaw*.
- j. "CONDOMINIUM" as defined by the Condominium Act.
- k. "INCENTIVE" means either a financial or non-financial support made by the City of Dawson to applicants for developments meeting the eligibility criteria provided in this policy, as detailed in an AGREEMENT.
- l. "DEVELOPMENT INCENTIVE RESERVE" refers to the specific account as outlined within the City of Dawson *Reserve Funds Bylaw*, which is intended to fund INCENTIVES described in this policy.
- m. "DOWNTOWN" means the area defined within the City of Dawson *Official Community Plan* as the Downtown Core.

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- n. “DWELLING UNIT”, as defined by the City of Dawson *Zoning Bylaw*, means a self-contained building or portion of a building, whether occupied or not, that is used or intended to be used as a residence. Dwelling units usually contain cooking, eating, living, sleeping, and sanitary facilities.
 - o. “FULLY SERVICED” means a PROPERTY that is connected to the City of Dawson’s community water and sewer infrastructure systems.
 - p. “GARDEN SUITE”, as defined by the City of Dawson *Zoning Bylaw*, means a self-contained secondary DWELLING UNIT that is in an ACCESSORY BUILDING OR STRUCTURE, located on a lot where the principal use is either a single detached dwelling unit or a duplex and where both dwelling units are registered under the same land title. A GARDEN SUITE can be up to 100% of the floor area of the ACCESSORY BUILDING OR STRUCTURE.
 - q. “HISTORIC TOWNSITE” means the area defined within the City of Dawson *Official Community Plan* as the Historic Townsite.
 - r. “IMPROVEMENT”, as defined by the *Assessment and Taxation Act*, means an improvement to PROPERTY and includes (a) anything erected or placed in, on or under land or affixed to land so that without special mention it would be transferred by a transfer of land, and (b) anything erected or placed in or on, or affixed to an improvement so that without special mention it would be transferred by a transfer of land.
 - s. “LAND”, as defined by the *Assessment and Taxation Act*, means physical land and includes land covered by water, but does not include coal, minerals, oil, gas, gravel or other substances occurring naturally in or under land.
 - t. “LOAD CAPACITY CHARGE” means the charge, as listed in the City of Dawson *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.
 - u. “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.
 - v. “MISSING MIDDLE HOUSING” generally refers to residential buildings with more than 1 dwelling unit, but less than those associated with an apartment building. In Dawson, missing middle housing may be considered residential development resulting in between 3 to 8 dwelling units.
 - w. “MIXED-USE” means a building containing a mixture of commercial and residential uses.
 - x. “MUNICIPAL BOUNDARY” refers to the geographical boundary over which the City of Dawson has local government jurisdiction. The City of Dawson MUNICIPAL BOUNDARY can be found in the *Official Community Plan* or *Zoning Bylaw*.
 - y. “PARCEL”, as defined by the City of Dawson *Zoning Bylaw*, means any lot, block, or other area in which land is held, or into which land is subdivided. This definition does not include a highway, street, or lane.
 - z. “PREFERRED TAX GRANT” means an annual monetary INCENTIVE as calculated in Policy 2.1

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- e); intended to be used to reflect development changed undertaken for PRIMARY DWELLING UNITS, and outlined in an AGREEMENT.
- aa. “PRINCIPAL BUILDING”, as defined by the City of Dawson *Zoning Bylaw*, means a building that contains floor space, the majority of which is used for the permitted principal use on the LAND.
 - bb. “PRIMARY DWELLING UNIT” means a DWELLING UNIT that has a greater floor area than any other DWELLING UNIT on the parcel.
 - cc. “PROPERTY”, as defined by the *Assessment and Taxation Act* as real property, means LAND and IMPROVEMENTS.
 - dd. “RENTAL HOUSING” means any formation of multi-unit residential housing, as defined by the *Zoning Bylaw*, 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.
 - ee. “SECONDARY SUITE”, as defined by the City of Dawson *Zoning Bylaw*, means a self-contained DWELLING UNIT that is located within a PRIMARY DWELLING UNIT and is less than 40% of the total floor area of the building. A SECONDARY SUITE has its own cooking, sleeping, and sanitary facilities. Both dwelling units are registered under the same land title. A secondary suite is not a DUPLEX.
 - ff. “STANDARD TAX GRANT” means an annual monetary INCENTIVE as calculated in Policy 2.1 c); intended to be used to reflect development changes not associated with PRIMARY DWELLING UNITS, undertaken and outlined in an AGREEMENT.
 - gg. “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.
 - hh. “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.
 - ii. “TAX” means taxes as defined by the Municipal Government Act.
 - jj. “UNDERDEVELOPED PROPERTY” means a PROPERTY for which the value of assessed IMPROVEMENTS is less than \$35,000 in a Residential Zone, as identified in the City of Dawson *Zoning Bylaw*, or less than \$60,000 in any other zone.
 - kk. “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 City of Dawson *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 an 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 (“AGREEMENT”).
- b. TAX applied to the value of LAND are not eligible available for reduction or grant.
- c. The value of a STANDARD TAX GRANT will be calculated annually by subtracting the BASE RATE and the portion of the TAX levied on the value of the LAND from the full ANNUAL TAX paid on July 2nd for the duration of the AGREEMENT.
- d. The BASE RATE will be calculated as the value of TAX to be collected (levied) for IMPROVEMENTS, as established through the Tax Levy Bylaw, to be paid on the first July 2nd following the AGREEMENT coming into effect. In the case where IMPROVEMENTS were demolished prior to the AGREEMENT coming into effect, the BASE RATE would be zero.
- e. The value of a PREFERRED TAX GRANT will be calculated annually by subtracting the portion of TAX levied on the value of the LAND from the full ANNUAL TAX as paid on July 2nd for the duration of the AGREEMENT.
- f. DECLINING ABATEMENT for tax-based INCENTIVES shall be reduced in value annually by 10%. For example, a 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT would see the applicant receiving a 100% INCENTIVE in year one, a 90% INCENTIVE in year 2, and so on.
- g. Payment of tax-based INCENTIVES will begin once an eligible development has received occupancy for all units. Any TAX paid to the City prior to occupancy will not be eligible for a grant under this policy.
- h. Tax-based INCENTIVES will be implemented through a grant to the property owner, processed after July 2nd annually.
- i. The value of the DEVELOPMENT GRANT shall be a maximum of \$40,000, issued as a one-time payment to the applicant following completion of construction in compliance with a Development Permit. The actual amount of the DEVELOPMENT GRANT may vary based on the amount of funding available, as determined by Council annually through the budget approval process.
- j. 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.
- k. The terms of payment of the INCENTIVES will be specified in AGREEMENT as further described in this Section 6.00 Procedure of this Policy.
- l. If an eligible SECONDARY SUITE, GARDEN 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 AGREEMENT, the AGREEMENT will become void and the owner will be required to repay the monetary INCENTIVES received to date.
- m. The use of SECONDARY SUITE, GARDEN SUITE, AFFORDABLE RENTAL, MARKET

RENTAL, or SUPPORTIVE HOUSING units for SHORT-TERM VACATION RENTALS at any point during the term of the 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 monetary INCENTIVES received to date.

- n. Receipt of an 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 tax INCENTIVE enacted under this policy.
- o. City Council shall determine the value of the ACTIVE TAX GRANT on an annual basis, based on the number of eligible applications (existing and anticipated), the City's operational budget, funds in the DEVELOPMENT INCENTIVE RESERVE, and available external funding.
- p. Administration shall report on the total INCENTIVES (including financial amounts of tax grants and fee/ charge waivers, and non-financial INCENTIVES) applied for through the Development Incentives Program on an annual basis and update Council in January of each year. This information will be used to identify if there is any available funding in the DEVELOPMENT INCENTIVE RESERVE to grant INCENTIVES for the upcoming year.
- q. Any unused funds associated with the ACTIVE TAX GRANT, such as those not granted due to applicants' lack of compliance, shall be transferred to the DEVELOPMENT INCENTIVE RESERVE for reallocation.
- r. Applications will be accepted and processed on first-come, first-serve basis.
- s. No exceptions shall be made to this policy without the consent of Council.

3.00 GENERAL ELIGIBILITY CRITERIA

3.1. The following eligibility criteria apply to all developments to be considered for an AGREEMENT under this Policy:

- a. Proposed developments must be in compliance with the City of Dawson *Official Community Plan* and *Zoning Bylaw*; which may also require adherence with the *Heritage Management Plan* and other neighborhood plans as applicable.
 - 3.1.a.1. As outlined in Policy 5.6.a, exceptions may be considered for applications associated with building conversions that transform ACCESSORY BUILDINGS OR STRUCTURES into GARDEN SUITES.
- b. A development proposal that includes more than one eligible PROPERTY, contiguous or otherwise, will be considered in its entirety for an 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. INCENTIVES for VACANT and/ or UNDEVELOPED PROPERTIES apply to the creation of new housing units in renovated, redeveloped and/or newly constructed buildings.

- d. Applicants receiving the DEVELOPMENT GRANT shall not be eligible for additional financial INCENTIVES.
- e. MARKET RENTAL, AFFORDABLE RENTAL, and SUPPORTIVE HOUSING units that are part of a MIXED-USE DEVELOPMENT in the HISTORIC TOWNSITE may be eligible for INCENTIVES subject to the City's ability to calculate the portion of IMPROVEMENTS attributable to the residential uses versus the commercial use (for which no INCENTIVE shall apply).
- f. Any MARKET RENTAL, AFFORDABLE RENTAL, and 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 INCENTIVES under this policy, excepting thereout First Nation development corporations.
- 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 with outstanding taxes or other monies owing to the City of Dawson shall be ineligible.

4.00 TYPES OF INCENTIVES

4.1. Based on the type of development proposed there are seven different types of INCENTIVES that can be granted under this Policy.

Proposed Development	General Eligibility Criteria	Types of INCENTIVES
1. AFFORDABLE RENTAL HOUSING	<ul style="list-style-type: none"> • Minimum of four AFFORDABLE RENTAL HOUSING units • Located anywhere within the HISTORIC TOWNSITE that is FULLY SERVICED 	<ul style="list-style-type: none"> a) 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT b) Waiver of LOAD CAPACITY CHARGE c) Waiver of DEVELOPMENT FEES
2. MARKET RENTAL HOUSING	<ul style="list-style-type: none"> • Providing a minimum of four MARKET RENTAL HOUSING units • Located anywhere within the HISTORIC TOWNSITE that is FULLY SERVICED 	<ul style="list-style-type: none"> a) 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT
3. MISSING MIDDLE HOUSING	<ul style="list-style-type: none"> • Providing a minimum of three, up to a maximum of eight new DWELLING UNITS • Located anywhere within the MUNICIPAL BOUNDARY that is FULLY SERVICED 	<ul style="list-style-type: none"> a) 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT b) Waiver of one parking space requirement per 4 DWELLING UNITS

Proposed Development	General Eligibility Criteria	Types of INCENTIVES
4. Multi-Unit Development	<ul style="list-style-type: none"> • Providing a minimum of four new DWELLING UNITS as one development • Located anywhere within the MUNICIPAL BOUNDARY that is FULLY SERVICED 	a) DEVELOPMENT GRANT
5. SECONDARY SUITE or GARDEN SUITE	<ul style="list-style-type: none"> • Providing a new SECONDARY SUITE or GARDEN SUITE • Located anywhere within the MUNICIPAL BOUNDARY 	a) 4-year DECLINING ABATEMENT of the PREFERRED TAX GRANT b) Waiver of LOAD CAPACITY CHARGE c) Waiver of DEVELOPMENT FEES d) Waiver of parking requirements for additional DWELLING UNITS e) Relaxation of building setback requirements f) Relaxation of building size and height requirements
6. SUPPORTIVE HOUSING	<ul style="list-style-type: none"> • Providing a minimum of four SUPPORTIVE HOUSING units • Located anywhere within the MUNICIPAL BOUNDARY that is FULLY SERVICED 	a) 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT b) Waiver of LOAD CAPACITY CHARGE c) Waiver of DEVELOPMENT FEES
7. VACANT and/ or UNDER-DEVELOPED PROPERTY	<ul style="list-style-type: none"> • Development with a minimum construction value of \$75,000 • Located on a VACANT or UNDERDEVELOPED PROPERTY within the HISTORIC TOWNSITE 	a) 7-year DECLINING ABATEMENT of the STANDARD TAX GRANT

4.2. Granting of INCENTIVES shall be considered based on the location of the development, adherence with the *Official Community Plan and Housing Needs Assessment*, and number of DWELLING UNITS proposed.

5.00 SPECIFIC ELIGIBILITY CRITERIA AND CONDITIONS

In addition to the General Eligibility Criteria outlined in Section 3, the following conditions must be met to be eligible for specific INCENTIVES.

5.1. AFFORDABLE RENTAL HOUSING INCENTIVES

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- a. A minimum of four new AFFORDABLE RENTAL HOUSING units must be provided anywhere within the HISTORIC TOWNSITE that is FULLY SERVICED; and
 - b. Rents must be kept affordable for the entire duration of the AGREEMENT term.
 - 5.1.b.1. Affordability shall be determined by the City through comparison of rents on an annual basis against the most recent Rent Survey issued by the Yukon Bureau of Statistics.
 - 5.1.b.2. 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.
 - 5.1.b.3. Recipients are to provide this information with their grant request on an annual basis.

5.2. MARKET RENTAL HOUSING INCENTIVE

- a. A minimum of four new MARKET RENTAL HOUSING units must be provided anywhere within the HISTORIC TOWNSITE that is FULLY SERVICED.

5.3. MISSING MIDDLE HOUSING INCENTIVE

- a. A minimum of three, up to a maximum of eight, new DWELLING UNITS must be provided as one development, anywhere within the City of Dawson MUNICIPAL BOUNDARY that is FULLY SERVICED.

5.4. Multi-Unit Development INCENTIVE

- a. A minimum of four new DWELLING UNITS must be provided as one development, anywhere within the City of Dawson MUNICIPAL BOUNDARY that is FULLY SERVICED.

5.5. SECONDARY SUITE or GARDEN SUITE INCENTIVES

- a. Building conversions may be eligible for non-financial INCENTIVES such as relaxation of setbacks, building heights, and size restrictions only if the built structure does not encroach on other properties and roadways.

1.2. SUPPORTIVE HOUSING INCENTIVES

- a. A minimum of four new SUPPORTIVE HOUSING units must be provided anywhere within the City of Dawson MUNICIPAL BOUNDARY that is FULLY SERVICED.

2.00 PROCEDURE

2.1. Application

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

2.2. Screening

- a. Applications must include a development plan and will not be eligible for consideration unless they meet the minimum eligibility criteria as listed in this policy.
- b. 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.

2.3. Approval

- a. The terms of SECONDARY SUITE or GARDEN SUITE INCENTIVES will be approved by the Planning and Development Officer. INCENTIVES totaling \$100,000 or less in combined value will be approved by the Chief Administrative Officer, and all other INCENTIVES will be approved by Council.

2.4. Administration

- a. The terms of all INCENTIVES will be outlined in the AGREEMENT signed by the City of Dawson and the applicant.
- b. Granting of INCENTIVES will be done only after the applicant has received a Development Permit for their eligible project. This milestone can be considered when AGREEMENTS come into effect.
- c. For annual tax INCENTIVES, the City will provide a grant in the applicable amount each year until the end of the AGREEMENT term, following an annual request from the recipient made from the applicant to the City in writing.
- d. Annual requests must include the following:
 - 2.4.d.1. A request for the annual tax INCENTIVE amount, as prescribed in their AGREEMENT;
 - 2.4.d.2. A declaration confirming their PROPERTY's continued compliance with this policy; and
 - 2.4.d.3. A list of rents demonstrating compliance with policy 5.1.b.2, if applicable.
- e. Grants will be processed after property owners have paid their taxes in full.
 - 2.4.e.1. If a property owner is in arrears of their property taxes they will no longer be eligible for an INCENTIVE.

3.00 TERMINATION OR EXPIRATION OF AGREEMENTS

3.1. The AGREEMENT shall be revoked if the Development Permit is revoked.

3.2. The AGREEMENT may be revoked if:

- a. construction for the development has not commenced within one year of issuance of Development Permits, unless the applicant is able to prove an extraordinary circumstance which caused construction delay;
- b. the Development Permit has expired or lapsed;
- c. there are outstanding open Building Permits remaining one year after occupancy is given for the development;
- d. at anytime the PROPERTY is no longer in compliance with the eligibility criteria outlined in this Policy.

3.3. When an AGREEMENT is revoked, the City shall provide written confirmation of such to the applicant within 14 days, clearly stating the reason(s) for the termination.

3.4. Municipal funds associated with AGREEMENTS that have been revoked or expired shall be returned to the Reserve Fund for reallocation to other projects.

POLICY TITLE	Development Incentive Policy
POLICY NO.	2024-03
EFFECTIVE DATE	August 20, 2024
ADOPTED BY COUNCIL ON	August 20, 2024
RESOLUTION NO.	C24-15-13

Original signed by:

Alexander Somerville, Presiding Officer

David Henderson, CAO