



DEVELOPMENT INVENTIVES POLICY

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Approved by:	Council
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Next review due:	2020
Department:	Land and Building/Legislative Services

AUTHORITY Council Resolution #2018-22-05 dated October 9, 2018

BACKGROUND

There is currently a need for sub-market, near-market, market, and rental housing in the City of Whitehorse. These needs can be addressed through a variety of options including mixed-use, multiple family, suite development, and other types of housing developments. Increased Downtown development would further the City's sustainability objectives for a more compact development pattern and take advantage of existing services, countering pressure for urban sprawl. Additionally, mixed-use development in neighbourhoods would help to meet the Official Community Plan policies regarding complete communities.

Council recognizes the need for rental housing in the city. However, market conditions do not encourage this supply to be provided without subsidy. The City does not provide housing, but it does have a role in land development, permitting, and taxation, with which it may encourage development in areas where it is not being provided under normal market conditions.

City of Whitehorse 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.

POLICY STATEMENT

The City of Whitehorse will provide incentives in the form of economic development incentives for projects that provide rental units, supportive housing, mixed-use, multiple family buildings, and parking structures or amenities.

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.

DEFINITIONS

Base Rate – The development incentive base rate is calculated as the value of the tax levy for improvements on the property paid on July 2nd in the year that the Building Permit for the eligible development is issued. In the case where existing buildings or structures were demolished prior to issuance of a Building Permit for an eligible development, the base rate will be zero.

Development Cost Charge (DCC) – The charge levied by a municipality against a new development to acquire sufficient funds to assist with the expansion of municipal services or facilities and other growth related infrastructure. DCCs are enacted through the Residential Development Cost Charges Bylaw and the value is set out in the Fees and Charges Bylaw.

Development Fees – The fees associated with a project including the costs of development and building permit applications, and the development incentive application. For the purposes of this policy, development fees do not include Development Cost Charges (DCCs) or construction and demolition tipping fees.

Development Incentives – Contributions made by the City of Whitehorse for developments meeting the eligibility criteria provided in this policy.

Downtown – Refers to the area bounded north-south by Chilkoot Way and Drury Street and east-west by the Yukon River and the escarpment.

Economic Development Incentive (EDI) – Refers to a yearly monetary grant intended as a development incentive. The grant will be in the amount that the developer would have paid in annual municipal taxes as a result of improvements to the property. The base amount is determined at the time of issuance of a Building Permit. Improvements can mean new construction or renovations (minimum construction value of \$1,000,000).

Eligible Suite – means either a living or garden suite, as defined by the City of Whitehorse Zoning Bylaw, that is located within the Urban Containment Boundary.

Graduated Economic Development Incentive (GEDI) – Means an economic benefit related to the taxes owing due to improvements on the property that decreases proportionately per year until full taxation is met. A ten-year GEDI reduces by 10% every year.

Mixed-Use – Means a building containing a mixture of commercial and residential uses.

Off-site Amenity – Means an amenity intended for public enjoyment or benefit and may consist of, but is not limited to, a permanent arts, culture or recreational amenity or streetscape improvements such as boulevard landscaping and street furniture. Minimum value for the purpose of this policy should be \$20,000 as evaluated by the City of Whitehorse.

Rental Housing – Refers to any formation of multiple 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, except as provided in section 1(10) of this policy.

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.

Urban Containment Boundary – Refers to a mapped boundary shown in the Official Community Plan that contains urban densities, growth, and servicing (community, sewer, water, and storm) that outlines the serviced urban areas of the City.

DEVELOPMENT INCENTIVES

1. Based on the eligibility criteria listed in this policy, an applicant may apply for a development incentive as follows:
 - (1) Standard and Major Incentives will be considered by the City and, if granted, will be incorporated in a Development Incentive Agreement.
 - (2) A development proposal that includes more than one contiguous property will be considered in its entirety for a development incentive. For multi-phased developments that are eligible for an incentive, applications may be made for each phase as the development progresses.
 - (3) Taxes applied to the value of improvements may be reduced in a diminishing pattern annually (graduated or sliding scale) or in full, for a specified time frame.
 - (4) Taxes applied to the value of land are not available for reduction or grant.
 - (5) The annual value of each Development Incentive will be calculated by subtracting the Base Rate from annual tax levy paid on July 2nd for the duration of the Development Incentive Agreement.
 - (6) Payment of Development Incentives 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.
 - (7) The Development Incentive will be implemented through a grant to the property owner. Incentives will be processed after July 2nd annually.
 - (8) Development Incentives will not be applied retroactively for projects which have already received a Building Permit. This includes permits that have been cancelled or lapsed and reapplied for in an effort to receive an incentive.

- (9) The terms of payment of the Development Incentives will be specified in Development Incentive Agreement between the City and the applicant.
- (10) Rental or supportive housing developments may be part of a larger condominium corporation, but all units receiving a grant under this Policy must remain part of the same legal entity. If an eligible unit becomes an individual legal entity through condominium subdivision 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.
- (11) Government agencies at all levels of government will not be eligible for the Development Incentives under this policy.
- (12) Council may consider a grant equal to the development fees for non-profit organizations as part of a Development Incentive application. Any request for a grant of fees shall be made in writing by the applicant and approved through Council resolution. Approval will be at the discretion of council.

LEVELS OF DEVELOPMENT INCENTIVES

2. Based on the number of eligibility criteria a proposal meets, there are three levels of Development Incentive that can be acquired. In all cases the development must be located in the Urban Containment Boundary identified in the Official Community Plan.
 - (1) Minor Development Incentive – waiver of up to 100% of the cost of Development Cost Charges for the eligible development
 - (2) Standard Development Incentive – ten-year GEDI to a maximum of \$50,000
 - (3) Major Development Incentive – ten-year EDI to a maximum of \$500,000

ELIGIBILITY CRITERIA

3. To acquire a Minor Development Incentive the following eligibility criteria must be met:
 - Develop an Eligible Suite permitted by the City of Whitehorse.
4. To acquire a Standard Development Incentive the following eligibility criteria must be met:
 - Develop a multiple family building Downtown with a minimum of 4 units; or
 - Develop a mixed-use development with a minimum of 4 residential units outside Downtown in a CN–Neighbourhood Commercial or CNC–Comprehensive Neighbourhood Commercial zone.

5. To acquire a Major Development Incentive, one of the following eligibility criteria must be met:
 - Develop a Downtown mixed use development with at least 25 residential units or a Downtown multiple-family housing building with at least 30 residential units; and an off-site amenity;
 - Provide a Downtown mixed use development with underground parking and an off-site amenity;
 - Develop a mixed use building in the CPG – Commercial Parking Garage zone;
 - Provide a development with a minimum 4 rental housing units for a minimum term of 10 years; or
 - Provide a minimum of 4 Supportive Housing units.
6. Receipt of a development incentive outlined in this policy does not disqualify an applicant from receiving a different development incentive provided for by another bylaw or policy. An individual or organization may receive more than one development incentive, as per the terms of this policy.

PROCEDURE

7. Application – To receive a Development Incentive as laid out in this policy, Developers must make an application in writing, detailing the incentive they would like to receive and why they believe they are eligible.
8. Screening – Applications must include a preliminary development plan. Applications will not proceed to Council for consideration unless they are in compliance with the Official Community Plan and the Zoning Bylaw.
9. Approval – The terms of the Standard and Major Incentives will be approved through a Development Incentive Agreement. Minor Development Incentives will be approved by the Manager of either Planning and Sustainability Services or Land and Building Services. Standard Development Incentives will be approved by the Director of Development Services, and Major Development Incentives will be approved by Council.
10. Administration – For a GEDI or EDI, the City will provide a grant in the amount of the GEDI or EDI each year until the end of the Incentive term, following an annual request from the recipient. 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.

Expiration of Development Incentive

11. The Development Incentive Agreement may be revoked and cancelled if construction has not commenced within two years of issuance of Building Permits for Standard and Major Development Incentives.

12. 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.

SUPPORTING REFERENCES

The *Municipal Act*, related council bylaws and policies, and other applicable Acts and Regulations, as amended from time to time.

Please note that some documents may not be publicly available. Contact the Department of Land and Building for additional applicable procedures, bylaws, Acts and supporting references.

HISTORY OF AMENDMENTS

<u>Date of Council Decision</u>	<u>Resolution Number</u>	<u>Description</u>
August 8, 2011	2011-16-15	Initial policy adopted
June 25, 2012	2012-11-10	Policy amended
April 22, 2013	2013-08-05	Policy amended
August 31, 2015	2015-16-06	Policy amended
October 9, 2018	2018-22-05	Policy amended