



Housing Development Incentives Policy

Policy Number:	2020-01
Approved by:	Council Resolution <u>2020-03-11</u> dated <u>February 10, 2020</u>
Effective date:	February 25, 2020
Department:	Planning and Sustainability Services/Legislative Services

POLICY STATEMENT

Creating attainable housing for citizens is a priority for the City and is supported in Council's Strategic Priorities, the Sustainability Plan, and the Official Community Plan.

The policy aligns with municipal priorities and goals by targeting assistance to residential projects that either: (a) address gaps in the housing continuum; or (b) increase development in targeted locations.

In practice, this policy will provide financial incentives for residential developments that provide rental or supportive housing, smaller, high density residential units, and residential units located near community services, such as schools, parks, and commercial centres.

Supportive housing and private market rental housing are identified as a gap in the housing continuum in the *Yukon Housing Action Plan*. Providing density in neighbourhoods supports the viability of community services such as schools, and commercial centres, and ensures that City services and infrastructure are used more efficiently.

Financial support for housing will be accomplished primarily through incentives in the form of Development Cost Charge reductions and/or ten-year tax grants.

Development Cost Charge reductions are an upfront financial benefit that can reduce the development cost of market housing, and can be passed on to homeowners.

Tax grants provide a long term benefit for rental and supportive housing projects by reducing operating costs.

For greater certainty, in the case of a mixed-use development, the City will only provide financial incentives for residential components of the development.

BACKGROUND

There is currently a need for attainable housing of all types in the city. These needs can be addressed through a variety of housing-supply options including mixed-use, apartments, secondary suites, and other types of housing developments. Some aspects of the housing continuum are being adequately supplied by the market, while others are not. The City does not provide housing directly, but it has a role in land development, permitting and taxation whereby it may encourage development that is not being provided under existing market conditions.

DEFINITIONS

Base Rate – The Tax Grant 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.

City – Means the municipality of the City of Whitehorse.

Council – Means the municipal Council for the City of Whitehorse.

Deferred Payment Incentive (DPI) – The deferral of full or partial payment to the *City* by a *non-profit agency or non-government organization* when purchasing a parcel of *City* owned land.

Development Cost Charge (DCC) – The charge levied by the *City* 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, inspections, water and sewer connection, and the development incentive application. For the purposes of this policy, development fees do not include *DCCs* or construction and demolition tipping fees.

Development Incentives – Monetary contributions made by the *City* for developments meeting the eligibility criteria set out in this policy.

Eligible Suite – Either a living suite or garden suite, as defined by the Zoning Bylaw, that is located within the *Urban Containment Boundary*.

Neighbourhood Facility – Basic services that contribute to ‘complete communities’, including elementary or secondary schools, commercial areas, government recreation or health service buildings, community gardens, or developed *City* parks or playgrounds.

Non-Profit Agency or Non-Government Organization – An organization that has been registered with Government of Yukon Community Services under the *Societies Act* and has remained in good standing for a period of two years or longer.

Rental Housing – Refers to any configuration of multiple housing units that is retained by a single owner, with units that are available to rent on a monthly or longer basis.

Residential Units – A development consisting of more than three units, developed as ‘housing: apartment’ as defined in the Zoning Bylaw. Individual units may consist of studio, one, or two bedroom apartments. A development may include larger individual units and still qualify for an incentive under this policy; however, the developer will only receive an incentive for units of two bedrooms or less. For the purposes of this policy, ground level entrance developments, such as townhouses, are not considered as *residential units*.

Supportive Housing – Use of a building for residential dwelling units that is owned and operated by a *non-profit agency or non-government organization* and intended to accommodate tenants who require assistance. Assistance for residents must be provided through a permanent on-site staffing component. Typical uses would include assisted housing for seniors or assisted housing for people with disabilities.

Tax Grant Incentive (TGI) – A yearly monetary grant intended to incentivize development. The grant will be in the amount that the developer has paid in annual municipal taxes as a result of improvements to the property, i.e., new construction. The base amount is determined at the time of issuance of a building permit.

Urban Containment Boundary – Refers to a mapped boundary, shown in the Official Community Plan, which outlines the serviced urban areas of the city (i.e., areas of urban density, growth, and service delivery including sewer, water and storm infrastructure).

DEVELOPMENT INCENTIVES

Suite Development Incentive

The Manager of Land and Building Services, or designate, may approve a Suite Development Incentive for any person or organization that develops an *eligible suite*, permitted by the *City*.

Approval of a Suite Development Incentive will result in the *DCCs* for the approved suite being reduced pursuant to the Fees and Charges Bylaw.

Neighbourhood Density Development Incentive

The Manager of Land and Building Services, or designate, may approve a Neighbourhood Density Development Incentive for any person or organization that builds one of the following developments in the following locations or zones:

- *residential units* in a CN–Neighbourhood Commercial, CNC–Comprehensive Neighbourhood Commercial, or CNC2–Comprehensive Neighbourhood Commercial 2 zone;
- *residential units* outside Downtown, or within the RD–Residential Downtown or CM1–Mixed Use Commercial zones, that are within 400 metres of a *neighbourhood facility*, where zoning allows; or
- *residential units* that achieve at least 90% of the maximum allowable *residential units* in the RCM–Comprehensive Residential Multiple Family zone.

Approval of a Neighbourhood Density Development Incentive will result in the *DCCs* for the approved project being reduced pursuant to the Fees and Charges Bylaw, to a maximum of \$50,000.

RCM2 Zone Development Incentive

Council may approve a RCM2 Zone Development Incentive for any person or organization that builds *residential units* in the RCM2–Comprehensive Residential Multiple Family 2 zone, achieving a density 50% higher than the minimum requirement specified in the Zoning Bylaw.

Approval of a RCM2 Zone Development Incentive will result in the *DCCs* for the approved project being reduced pursuant to the Fees and Charges Bylaw.

Rental and Supportive Housing Development Incentive

Council may approve a Rental and Supportive Housing Development Incentive for any person or organization that builds a development with one or both of the following:

- a minimum of four *rental housing* units that will remain as *rental housing* for a minimum term of ten years; or
- a minimum of four *supportive housing* units. *Council* may consider projects proposed as partnerships between *non-profit agency or non-government organizations* and for-profit organizations.

Approval of a Rental and Supportive Housing Development Incentive will result in the *DCCs* for the approved suite being reduced pursuant to the Fees and Charges Bylaw, and in a ten-year *Tax Grant Incentive (TGI)*. The total value of the incentive will not exceed \$500,000.

Non-Profit or Non-Governmental Organization Incentives

- For any residential housing project undertaken by a *non-profit or non-governmental organization*, a grant equal to the cost of *development fees and/or DCCs* may be issued, to a maximum of \$20,000. All such grant requests are subject to *Council* approval. Project costs must be provided to the *City* as part of any request.
- *Council* may consider a *Deferred Payment Incentive (DPI)* for a *non-profit or non-governmental organization* that may set out a deferred payment plan for the purchase of *City* owned land. Financial information may be requested by the *City* in relation to any application for a *DPI*.
- *Council* may consider a cash grant for an amount that it deems necessary to support major projects by *non-profit or non-governmental organizations*. These projects must include either purpose built, subsidized *rental housing or supportive housing* as a significant component of the project (over 60% of dwelling units). Eligibility for a cash grant will consider factors such as project viability, other external funding sources, project budget, and current market conditions.

IMPLEMENTATION

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

1. Taxes applied to the value of land are not available for reduction or grant.
2. Federal and Territorial governments and their agencies will not be eligible for the *development incentives* and/or *TGIs* under this policy.
3. Receipt of a development incentive outlined in this policy does not disqualify an applicant from receiving a different grant, subsidy, or loan provided by the *City* or another entity. An individual or organization may receive more than one *development incentive*, per the terms of this policy.

4. All applications must be accompanied by a valid development permit issued by the *City* and projects must adhere to the Official Community Plan, as well as any other relevant *City* policies or bylaws.
5. Where multiple secondary suites are permitted, a Suite Development Incentive may be approved for each permitted suite.
6. Eligible developments may span over several legal lots. For multi-phased developments that are eligible for an incentive, applications may be made for each phase as the development progresses.
7. A single phase of an eligible project shall not receive more than one Neighbourhood Density, RCM2 Zone, or Rental and Supportive Housing Development Incentive, and no combination of these incentives will be considered.
8. *Development incentives* will not be applied retroactively for projects that have already been issued a building permit. This includes permits that have been cancelled or lapsed and reapplied for in an effort to receive an incentive.
9. Approved Rental and Supportive Housing Development Incentives will be set out in a Development Incentive Agreement between the applicant and the *City* that will specify the terms of payment. Annual grants will be processed after property owners have paid their taxes for the year in full. If property taxes are in arrears, the Development Incentive Agreement will be void and the applicant will no longer be eligible for the *TGI*.
10. The annual value of each *TGI* will be calculated by subtracting the *base rate* from annual tax levy paid by July 2nd for the duration of the Development Incentive Agreement.
11. Payment of *TGIs* will begin once an eligible development has received occupancy permits for all units. Any taxes paid to the *City* prior to occupancy will not be eligible for a grant under this policy.
12. The Development Incentive Agreement may be revoked and cancelled if occupancy has not been granted within five years of issuance of building permits for Rental and Supportive Housing Development Incentives.
13. Rental or supportive housing developments may be developed as part of a condominium corporation, but sale of individual units will be strictly prohibited unless approved in writing by the *City*. If a rental or supportive housing unit is sold individually 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 *development incentives* and/or *TGI* received for that unit to date.
14. Any *rental housing* that has received funding through an approved *development incentive* shall not be used for short-term (less than one month) or nightly rental. If an eligible unit is used for short-term or nightly rental 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 *development incentives* and/or *TGI* received to date.

15. Any *eligible suite* that has received a *development incentive* shall not be used for short-term (less than one month) or nightly rental. If an *eligible suite* is used for short-term or nightly rental the owner will be required to repay the *development incentives* received to date.
16. If a development or building permit is substantially amended, revoked, or cancelled, the Development Incentive Agreement will be considered invalid and the applicant must reapply for an incentive under the terms of this policy.
17. The *City* reserves the right to amend this policy from time to time, through the standard *Council* approval process. In the event of an amendment, active applications will be permitted to continue under the terms in which the application was submitted. Any applications received after the *Council* process has started will be subject to the updated policy.

REPEAL OF EXISTING POLICY

The Development Incentives Policy adopted by Council resolution 2018-22-05, including all amendments thereto, is hereby repealed.

FORCE AND EFFECT

This policy shall come into full force and effect upon third reading and adoption of the associated Fees and Charges Amendment Bylaw 2020-06 with respect to Development Cost Charges.

Supporting References

Municipal Act RSY 2002, c.154

History of Amendments

<u>Date of Council Decision</u>	<u>Reference (Resolution #)</u>	<u>Description</u>
February 10, 2020	2020-03-11	Initial Policy Adopted

■2020-02-25