

CITY OF DAWSON
COUNCIL POLICY #15-02

POLICY: Development Incentives

PURPOSE: To establish incentives to encourage strategic development identified by council.

AUTHORITY: Council Resolution C15-24-11 dated October 6, 2015.

DEVELOPMENT INCENTIVES POLICY

BACKGROUND

There is currently a need for sub-market, near-market, market, and rental housing in the City of Dawson. 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. 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 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 Dawson fees and charges are very 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 incentives in the form of economic development incentives for projects that provide rental units, supportive housing, mixed-use, multiple unit residential buildings, and 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 Fees – The fees associated with a project including the costs of development permit applications, and the development incentive application.

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

Downtown – Refers to the area defined within the Official Community Plan as the Downtown Core.

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 \$500,000).

Secondary Suite – means a secondary suite as defined by the City of Dawson Zoning Bylaw.

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.

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.

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.

DEVELOPMENT INCENTIVES

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) Any rental or supportive housing developments that are part of a condominium corporation will be ineligible for Development Incentives. If an eligible 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.
- (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

Based on the number of eligibility criteria a proposal meets, there are three levels of Development Incentive that can be acquired. In the case of Standard Development Incentives and Major Development Incentives, the development must be located in the Downtown Core area identified in the OCP. In the case of the Minor Development Incentive, the development may be located anywhere within the municipality.

- (1) Minor Development Incentive
 - Waiver of up to 100% of the cost of development permit fees and **100%** of the load capacity charge for the eligible development.
- (2) Standard Development Incentive
 - 10 year GEDI to a maximum of \$50,000
- (3) Major Development Incentive.
 - 10 Year EDI to a maximum of \$500,000

ELIGIBILITY CRITERIA

- (1) To acquire a Minor Development Incentive the following eligibility criteria must be met:
 - Develop a secondary suite permitted by the City of Dawson.
- (2) To acquire a Standard Development Incentive the following eligibility criteria must be met:
 - Develop a multiple-unit residential building Downtown with a minimum of four units; or
 - Develop a Downtown mixed-use development with a minimum of four residential units.
- (3) To acquire a Major Development Incentive, one of the following eligibility criteria must be met:
 - Provide a multiple-unit residential building Downtown with a minimum of eight rental housing units for a minimum term of 10 years; or
 - Provide a Downtown mixed-use development with at least five rental housing units for a minimum term of 10 years; or
 - Provide a minimum of four Supportive Housing units.
- (4) 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

- (1) 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.
- 2) 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.

- (3) 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 Community Development Officer, Standard Development Incentives will be approved by the Chief Administrative Office, and Major Development Incentives will be approved by Council.
- (4) 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

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.

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.

Originals signed by:
Mayor Wayne Potoroka

André Larabie, CAO