

Whitehorse Chamber of Commerce

Recommendations for Alleviating the Housing Crisis

Presented to:

Partnering for Success Steering Committee
April 20, 2011



The Whitehorse Chamber of Commerce is concerned that the City of Whitehorse's Growth Strategy is not sufficiently addressing some of the issues affecting the availability of housing in the City. As well, resulting from feedback from our membership and the community at large, it has become apparent to the Chamber that any resolution to this issue should involve the Yukon Government and Yukon First Nations. Finally, if all orders of Government in Yukon - the municipalities, Yukon First Nations, Yukon Government and the Federal Government - partner with the private sector the housing crisis can be resolved.

Therefore, the Whitehorse Chamber of Commerce has identified the following possible solutions as part of a strategy to replenish the housing inventory in a manner which will alleviate the pressures that are driving real estate values to unsustainable levels.

1. Release Land to Private Sector:

That the Yukon Government meet with the City of Whitehorse, Yukon First Nations (Kwanlin Dun First Nation and Ta'an Kwäch'än Council) and Land Developers to implement a policy whereby lands identified in the City's OCP as suitable for residential development be released by public tender to the private sector for development.

2. Create an Incentive Policy:

That the City of Whitehorse create an incentive policy that will stimulate densification and redevelopment of the downtown.

3. Develop Areas Identified for Growth:

That the Yukon Government, Yukon First Nations (Kwanlin Dun First Nation and Ta'an Kwäch'än Council) and the City of Whitehorse should work together to strategically accelerate the development of identified lands in the Official Community Plan.

Recommendation #1:

Release Land to Private Sector: *That the Yukon Government meet with the City of Whitehorse, Yukon First Nations (Kwanlin Dun First Nation and Ta'an Kwäch'än Council) and Land Developers to implement a policy whereby lands identified in the City's OCP as suitable for residential development be released by public tender to the private sector for development.*

Background:

Prior to 2006, the Yukon Government working with the City of Whitehorse maintained a 2 year lot inventory, which identified, developed, and brought online lots for developers and home buyers so as to meet market demand from year to year through lotteries, but the primary method of disposition was through over the counter sales.

The following link shows the history of lot sales in Whitehorse dating back to 1999 and current inventory levels.

http://www.emr.gov.yk.ca/lands/lotsale_whitehorse.html

In 2006, the City of Whitehorse and the Yukon Government signed the Land Development Protocol Agreement (LDPA) which states in the preamble *"Whereas the Parties wish to develop and maintain a two year inventory of different types of lots"*.

Subsequently in 2008, the City created its Land Disposition Policy which focused on the establishment of a lottery process and disposition of lots *"based on market value as set by an independent appraiser or on the cost of development, whichever is higher"*.

Since the introduction of the LDPA and the Land Disposition Policy the 2 year lot inventory has not been maintained. The lottery process has replaced over the counter sales. These points, in combination with a number of other factors such as inflation, property taxes, and demand, have driven housing prices to unsustainable levels.

The Chamber is concerned with the fact that the City is the sole developer of land in the City, and has designed its Land Disposition policy in a way which puts greater emphasis on the lottery process and "market value" over cost of development. The Land Disposition Policy under the heading Disposition Procedure, states *"In all cases, lots will be sold at market value, in a manner that will allow all interested parties an equal opportunity to purchase a lot"*.

With the City of Whitehorse controlling the supply of land within municipal boundaries, the term "market value" is misapplied. Use of the term "market value" inherently implies a "competitive market". Competitive markets rely on large numbers of both buyers and sellers. There is effectively no competition to the City of Whitehorse as a seller.

During the past several years, the housing market in Whitehorse has lost the balance between supply and demand, inflating values to record levels. The lot disposition process needs to be reviewed, with the solution of bringing balance between supply and demand and to bring lot, and housing prices to a level that allows homebuyers an opportunity to enter the market without sacrificing the disposable income that affects other economic factors within the city (i.e. retail, arts, entertainment etc.)

Rationale for Private Development:

Point #10 of the LDPA states *“Yukon will work with the City to develop a process to sell raw land to private developers, on a case by case basis, if both parties agree and it’s supported by the OCP”*.

Further, the Land Disposition Policy states *“The sale of land to the private sector facilitates land development and can generate revenue for the City”*.

The Whitehorse Chamber of Commerce is sensitive to the fact that the existing conditions within the housing market have to evolve in a controlled manner.

Private Developers are ready to develop lots and housing and commit to have them on line in a timely and orderly fashion to meet increasing demand. An RFP can be structured and designed in a way to meet specific requirements established by YTG & The City. This process will help to re-establish a 2 year inventory of lots that the City seeks to maintain as outlined in the LDPA.

The Chamber further recognizes that both large and small, local and non-local developers must be considered in the process of establishing an orderly fashion to meet increasing demand.

Recommendation #2:

***Create an Incentive Policy:** That the City of Whitehorse create an incentive policy that will stimulate densification and redevelopment of the downtown.*

Backgrounder:

Factors that work to restrict development are: the cost of land, tipping fees in the thousands of dollars, electrical improvements in the ten's of thousands of dollars, and the cost of building. All of these factors, in combination, are listed by developers as impediments to the redevelopment or densification of downtown Whitehorse (Partnering for Success – Recommendations for Economic Growth – Housing Prices, April 2010).

There are a number of lots in areas such as the Waterfront and the various sections of the downtown that may be vacant or have dilapidated buildings which have not been redeveloped or improved. These areas would be ideal for new developments if there existed a policy to assist developers, and give them an incentive to act.

Some examples of incentive policies and studies on the issue by other jurisdictions in Canada are listed below.

<http://www.cityofnb.ca/business/incentives.html>

http://www.cityofnb.ca/mrws/filedriver/City_NB_Downtown_Redevelopment_Best_Practices_in_Taxation_Incentives_and_By_Laws.pdf

http://www.downtownkitchener.ca/doingbusiness/financial_incentives/

The following link points to an article on Metro Vancouver incentives

<http://communities.canada.com/vancouverun/blogs/cayo/archive/2011/03/07/will-modest-tax-breaks-spur-faster-better-growth.aspx>

The Chamber encourages the City, in the development of such an incentive policy to include the waiving of tipping fees for downtown cleanups, creating tax incentives for developers and support for a speedy and efficient permitting process.

The Chamber encourages the Yukon Territorial Government to revise the Landlord and Tenant Act and adopt the recommended changes outlined in the legislative document entitled "Report of the Select Committee on the Landlord and Tenant Act" dated November 2010.

Recommendation #3:

***Develop Areas Identified for Growth:** That the Yukon Government, Yukon First Nations (Kwanlin Dun First Nation and Ta'an Kwäch'än Council) and the City of Whitehorse should work together to strategically accelerate the development of identified lands in the Official Community Plan.*

Backgrounder:

The need to return to the days when we had an inventory of single family lots is evident. The City of Whitehorse and the Yukon Government should accept the responsibility of bringing the city to a position where there is an inventory of building lots available to the consumer. This would mean partnering with Yukon First Nations, the private sector, the governments of Kwanlin Dun First Nation and Ta'an Kwäch'än Council. The City of Whitehorse and Yukon Government ought to do whatever it takes to resolve this housing crisis quickly.

Kwanlin Dun First Nation and Ta'an Kwäch'än Council are some of the largest land owners within Whitehorse municipal boundaries. As such, both First Nations should be key players in the strategic planning for the city's growth. Therefore development should meet the needs of the First Nations and the City of Whitehorse.

Long Lake:

The City of Whitehorse has identified the lands behind Long Lake as an area for future residential development. Documents outlining these plans which entail a second bridge have been produced and discussed since the late 1990's. Tenders have been issued and completed for the clearing of land and road right of ways. Infrastructure currently exists for water and sewer. However, the recent OCP document released by the City makes very little mention of the potential of this area for development.

Waterfront:

The City of Whitehorse has been attempting to dispose of five (5) lots along Keish and Black Street for the last few years. There have been no takers from private developers for a number of reasons such as a few listed in the above recommendations. The City needs to revisit their Waterfront Land Disposition policy and reconsider its policy to dispose of these lands at "market value as determined by an independent appraiser".

Lot sizes:

The market is seeking standard residential lots, similar to ones found in Porter Creek or Riverdale. To date, there has been a lack of enthusiasm for the small size of the lots offered. Some members of City council have expressed their concern over the size of lots in the proposed Whistle Bend subdivision.