



THE CITY OF DAWSON

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NOTICE OF SPECIAL MEETING COMMITTEE OF WHOLE #CW18-11

This is to inform you that a special meeting of Committee of the Whole has been requested.

DATE OF MEETING: WEDNESDAY, MARCH 14, 2018
PLACE OF MEETING: COUNCIL CHAMBERS, CITY OFFICE
TIME OF MEETING: 12:00 PM

PURPOSE OF MEETING:

- 1) Request for Decision RE: Klondike Development Organization Options
- 2) **Closed Session of Committee of Whole**
 - a) Legal Related Matter

DATE MEETING REQUESTED: March 6, 2018
MEETING REQUESTED BY: Wayne Potoroka, Mayor

Original signed by: _____ March 12, 2018
Cory Bellmore, CAO Date



THE CITY OF DAWSON

Request for Decision

TO: Mayor and Council
FROM: Clarissa Huffman, Community Development & Planning Officer (CDO)
DATE: 31 January, 2018
SUBJECT: Klondike Development Organization (KDO) Options

RECOMMENDATION

It is respectfully recommended that Council:

1. Direct administration to proceed with the transfer of title by by-law for Parts of Lots 12 and 13, Block I, Ladue Estate, Plan 8338A to Klondike Development Organization.

PURPOSE

To facilitate the development of a new Klondike Development Organization Community Housing Development in the Commercial Core.

BACKGROUND

KDO has approached the City of Dawson to obtain a lot for a new housing project. Owning a lot is the first step in the development permit process, because an applicant cannot apply for a development permit without the written consent of the owner. This is typically achieved by owning the lot.

KDO also faces financial pressure due to the fact that the Yukon Housing Corporation's Municipal Matching program has guaranteed funding until March 31, 2018. In order to maximize the funding they receive from the program, KDO has also requested assistance from the City of Dawson including a Development Incentive Agreement.

CURRENT STATUS

At a previous In-Camera Committee of the Whole meeting on December 19, 2017, KDO presented some preferred options and lot purchase strategies to Council. Council considered the options and KDO has settled on the option presented to Council on February 7, 2018, where the following resolutions were passed:

C18-05-04 Moved by Mayor Potoroka, seconded by Councillor Johnson that council direct administration to prepare a Letter of Offer for the purchase of Lot 13 and part of Lot 12, Block I, Ladue Estate, Plan 8338A for \$120,000, conditional upon KDO securing financing. (Motion Carried 4-0)

C18-05-05 Moved by Mayor Potoroka, seconded by Councillor Kendrick that council enter into a contractual agreement with Klondike Development Organization that considers the interests of both parties with respect to the development of Lot 13 and part of Lot 12, Block I, Ladue Estate, Plan 8338A. (Motion Carried 4-0)

C18-05-06 Moved by Mayor Potoroka, seconded by Councillor Kendrick that council approve a Major Development Incentive as per the Development Incentive Policy and direct administration to facilitate the signing of a Development Incentive Agreement, subject to the conditions presented in the request for decision and as per the concepts contained in the KDO's Community Housing development business plan prepared January 2018. (Motion Carried 4-0)

C18-05-07 Moved by Mayor Potoroka, seconded by Councillor Johnson that council decline to waive the load capacity charge and associated labour costs. (Motion Carried 4-0)

CONSIDERATIONS / DISCUSSION

As detailed above, Council supported the purchase of the lot and a Major Development Incentive for the purposes of supporting a new affordable housing development managed by KDO.

In previous In-Camera sessions of Council, there was willingness to assist KDO in obtaining a lot by donating either the value of a lot or by donating the land itself. The stated preference of Council was to purchase the lot directly and donate the land to KDO through transfer of title, therefore this is the recommendation. Since then, the question has been raised as to whether or not donated the lot to KDO is a requirement for this project, and whether or not a 99-year lease or similar mechanism could achieve the same goal.

This question was posed to KDO, who requested this information of the Municipal Matching program administrators as well as the proposed mortgage lender. The answer,

overwhelmingly, was that this project would likely not proceed without the transfer of the lot to KDO ownership. There are two major reasons for this.

The first reason why a lease scenario is not feasible is that the value of a lease is typically significantly less than the value of land tenure/ownership, thereby decreasing the value of the matching dollars available to KDO for this project. By decreasing the matching dollars available for this project, the project becomes less feasible, given the non-profit nature of the organization. The only way a lease scenario would satisfy the requirement of the matching program would be if Council were able to quantify the lease in such a way that the value was still demonstrated to be equal or more than the price of purchasing the land (\$120,000).

The second reason why a lease scenario is not as feasible as simple ownership is because this scenario is not as supported by banks and lenders. Based on information received by CIBC, this type of scenario has only been achieved once in Yukon – typically lenders require ownership as a condition of mortgage. Administration is familiar with this procedure; a similar requirement existed for those who purchased a lot in the Dome Road lottery program of 2015. The major reason why lenders are extremely cautious with this type of scenario is that the ability to terminate a lease with little or no compensation (as compared to an ownership model where selling the land would likely pay outstanding liens) results in significant additional liability for the lender.

These two reasons combined means that without a transfer of title, this project is not likely to proceed. Therefore, administration recommends that upon finalization of the purchase, the title is transferred to KDO.

IMPLICATIONS

General: Transferring title to this property into the ownership of KDO will ensure that the project has sufficient financial and physical resources to carry out the development as planned in the proposed business plan presented to and supported by Council.

Financial: Transferring title to KDO results in a \$120,000 donation to KDO for this project.

Communication: KDO will be informed of the decision made by Council. Administration will facilitate the completion of all relevant paperwork.

OPTIONS

Council may consider one of the following options regarding this request:

1. Accept the recommendation to transfer title to KDO
2. Decline to transfer title at the risk that the project not proceed.

APPENDICES / SCHEDULES

None Required.

APPROVAL & CAO COMMENTS

Respectfully Submitted,

Clarissa Huffman, CDO

Date

CAO comments:

Option 1 will require an acquisition and dissolution of real property bylaw.

I have reviewed and approve this request for decision.

Cory Bellmore, CAO

Date