
Memorandum

PDS-C 27 2024

Subject: Smarter Niagara Incentive Program and Smart Growth Program Expiry Background

Date: September 5, 2024

To: Committee of the Whole

From: Diana Morreale, Director of Growth Management and Planning

The purpose of this memorandum is to provide Council with background information on the pending expiration of the Region's "Smarter Niagara Incentive Program Property Rehabilitation and Revitalization Tax Increment Grant (SNIP TIG/BTIG)" and "Smart Growth Regional Development Charge Reduction (Smart Growth)" programs. The memorandum outlines the approaches taken by staff to communicate the October 1, 2024 expiration date, requests related to extending the programs, and the risks for the Region associated with extending these programs further.

As approved by Council on October 21, 2021, through CL 20-2021, both programs expire on October 1, 2024, with the BTIG program being replaced by the "BTIG Tier 1 and Tier 2 program" in the Niagara Region Incentive Policy (NRIP).

Background

From 2018 to 2021, Regional grants and incentives underwent an extensive review which identified and organized aligned programs into four priority areas, creating the NRIP. Through process and value-for-money audits, public, interested party and Area Municipality engagement, and research into comparator programs and best practices, the SNIP TIG/BTIG and Smart Growth programs were identified as "non-aligned" with Council Strategic Priorities. In light of this determination, both programs were recommended to end at the time of approval of the NRIP on August 5, 2021 through PDS 31-2021.

Council approved the NRIP excluding these programs moving forward, however in response to concerns from the development community at the time, Council approved an extension to the existing SNIP TIG/BTIG and the Smart Growth programs to end on October 1, 2024. This extension was intended to afford projects already in the queue a further opportunity to meet application timelines, following which the programs would

expire. As reported by Staff in August of 2021, these programs belong to a group of “non-aligned” discretionary spending; and yet they currently form a portion of the 44% of the Region’s discretionary budget.

Since the approval of the program extension -- October 21, 2021 to present -- approximately 19 SNIP TIG/BTIG applications have been approved, representing an additional estimated total Regional funding commitment of \$23,998,299 being paid out until 2040.

Since the approval of the extension to the Smart Growth program, approximately 12 Transition Agreements have been executed with Niagara Region so far, resulting in Regional DC grants in the amount of \$1,847,619 being issued, with a remaining estimated \$20,627,664 DC grant to be paid out until 2029 based on the current extension.

In addition to the above, staff expect to receive more applications before October 1, 2024 resulting in additional financial commitment than noted above. Staff are preparing a list of developments that are interested in the programs that expire on October 1, 2024. The list will be distributed at Committee of the Whole on September 5, 2024. Staff are aware of a potential SNIP BTIG application for a substantial development that has indicated that is working toward the October 1, 2024 deadline. The Area Municipality has indicated the TIG would be capped at \$40,000,000 for the Region. The project will be carried out in multiple phases over 15 to 20 years.

SNIP TIG/BTIG Program

The SNIP TIG/BTIG program is a matching CIP program between Area Municipalities and the Region. To be eligible for Regional funding, the application requirements include and are not limited to the development having Municipal Council Approval for the grant and a signed executed agreement between the Area Municipality and the applicant.

Since Regional Council approval of the program expiration date, Regional staff have communicated with Area Municipalities to ensure awareness that this program expires October 1, 2024. The following details have been shared by Regional staff throughout communication between the Region and Municipalities about the SNIP TIG/BTIG program:

1. Program expiration date of October 1, 2024;

2. Complete applications must be made to the Region before October 1, 2024 to be eligible to receive Regional funding;
3. Regional requirements for a Complete application;
4. SNIP BTIG program replacement with BTIG Tier 1 and Tier 2.

Smart Growth Applications

The Smart Growth program is a Regional program that provides a grant rebate of 50% of Regional DCs paid for projects which are located within a Designated Exemption Area or a brownfield within an urban area. Developments that qualify, must demonstrate they meet a certain number of design criteria, have entered into a transition agreement with Niagara Region, have obtained a building permit, paid their Regional DCs, and have commenced construction staging, and or construction by October 1, 2024. This means that all planning approvals have been obtained in addition to the above items.

Should the above be met by October 1, 2024, applicants have five (5) years from the execution date of the Transition Agreement to apply for their formal assessment (i.e., complete construction and receive their grant rebate of 50% of Regional DCs).

The following details have been shared by Regional staff throughout Formal Consultation meetings and during the planning approvals process between the Region and Municipalities about the Smart Growth program:

1. Program expiration date of October 1, 2024;
2. Eligibility requirements that must be completed by October 1, 2024.

In addition, information has been shared regarding the new programs in the NRIP.

Communication

Since 2021, Regional staff have communicated with Area Municipalities and the Development industry about the expiration of the SNIP TIG/BTIG and Smart Growth programs. Regional Staff held meetings with applicants and Municipal staff, sent notification letters, and contacted Area Municipalities directly to inform them about the program deadline.

A key avenue for communication between Area Municipalities and the Region is through the quarterly CIP Coordinators meetings hosted by Regional staff. These meetings include representatives from all Municipalities and is a forum for staff to exchange news,

submit forecast forms of upcoming developments, and receive updates on the Local CIPs, grants and incentives.

In all CIP Coordinators meetings hosted since the approval of the program expiration in 2021, Regional Staff have communicated the SNIP TIG/BTIG and Smart Growth program deadline and application requirements.

Staff have also engaged with agents and representatives of the development industry to communicate the upcoming SNIP TIG/BTIG and Smart Growth expiration date. Regional staff also informed interested groups during Formal Consultations and at key stages during the planning process about the program expiration date. This communication was repeated as developments progressed through the planning process.

Staff also communicated the expiry date throughout the Incentive Policy Review process for PDS 26-2024 Niagara Region Incentive Policy Review which included consultation with Area staff and Development industry representatives between April and July of 2024.

In addition to communicating through CIP Coordinators meetings and Incentive Policy Review consultation sessions, Regional staff sent letters to Area Municipalities and applicants notifying them of the program expiration date and outstanding application requirements specific to each case.

Below is a summary of documented communications from the Region to Area Municipalities and the Development industry on program expiry. Additional untracked meetings, phone calls, and discussions on program expiry have occurred since 2021.

CIP Coordinators Meetings (Virtual meetings – all 12 Municipalities attend)

| 2022 | 2023 | 2024 |
|-------------------|--------------------|------------------|
| February 16, 2022 | February 22, 2023 | February 7, 2024 |
| May 18, 2022 | May 17, 2023 | May 1, 2024 |
| September 7, 2022 | September 20, 2023 | July 10, 2024 |
| November 23, 2022 | November 22, 2023 | |

One-on-one Virtual Meetings: The purpose of these meeting is to meet with Area Municipalities to review developments in the queue and identify outstanding requirements, and when the application to the Region is forthcoming:

- St. Catharines – July 17, 2024, July 31, 2024

At this meeting Region and Area Staff reviewed 12 Applications

- Thorold – July 17, 2024, August 1, 2024

At this meeting Region and Area Staff reviewed 6 Applications

Formal Letters: Regional staff issued formal Letters to Area Municipalities detailing the expiring dates and the necessary information the Region required to process a complete application.

- Smart Growth Letter– March 28, 2024
- SNIP TIG/BTIG Letter – July 23, 2024

The Niagara Region Incentive Policy Review: The NRIP review for PDS 26-2024 included consultation with Area Municipalities and the Development industry. At each events staff communicated the expiring dates to attendees.

- Municipalities
 - April 27, 2024
 - April 29, 2024
 - May 2, 2024
- Development Industry
 - Focus Group – June 13, 2024
 - Larger Group – July 18, 2024
- Council Information Session
 - June 27, 2024

Requests for Program Extensions

1. Region received a letter from the City of Welland dated November 15, 2023, with a motion passed by Welland City Council on November 13, 2023:

“... THAT Welland City Council requests Niagara Regional Council to reinstate the Smarter Niagara Incentive Program (SNIP) CIP funding.”

2. Region received a delegation request from the Agent for 75 Ormond Street South in the City of Thorold, dated July 10, 2024, to extend the Smart Growth program for a period of 1 year. The Agent delegated before Planning and Economic Development Committee August 14, 2024, indicating that given the delays in processing the development applications, they would no longer be able to meet the October 1st, 2024, Smart Growth Program deadline. Consequently, they requested that the

Smart Growth program be extended for a period of 1 year so that the 75 Ormond Street development can participate in the program.

3. In the June 13, 2024 development industry focus group for the Incentive Policy Review, Regional staff spoke with consultants who regularly make applications for the Smart Growth and SNIP TIG/BTIG programs. Following the focus group, participants provided suggestions to the Region for the expiring SNIP TIG/BTIG programs: to provide applicants with a minimum three (3) month transition period for Area Municipalities to submit a complete application for Regional TIG funding to Regional staff, i.e., to the end of December 2024, potentially scoped for applications submitted to the Area Municipality. Additionally, during the transition period, Applicants should be allowed to choose the BTIG program (current or new) that best suits their needs.
4. On August 26, 2024 the City of St. Catharines passed the motion:

“THEREFORE BE IT RESOLVED that Council requests that Niagara Region extend the expiration deadline for Niagara Region’s Smart Growth Regional Development Charges Reduction Program for a period of three years to October 1st, 2027; and

THEREFORE IT FURTHER BE RESOLVED that Council requests that Niagara Region extend the expiration deadline for Niagara Region’s Smarter Niagara Incentive Program Property Rehabilitation and Revitalization Tax increment Grant for a period of three years to October 1st, 2027, for projects approved by Council under the City’s Community Improvement Plans on or before September 30th, 2024.”

Extending these programs for multiple years or without an end date effectively reintroduces these programs that Council approved the retirement of in 2021.

Risks with Approval of Extensions to SNIP TIG/BTIG and Smart Growth Programs

The costs associated with extending the SNIP TIG/BTIG and Smart Growth programs would have a significant impact on the Region’s annual budget. An extension of these programs would contribute to an increase in the Region’s overall levy and overall incentive budget beyond what has been proposed in the 2025 Budget Strategy.

Mitigating the budget impacts of an extension may negatively impact the ability of the Region to sufficiently fund programs in the NRIP that are targeted to Council’s Strategic priorities and impact the Region’s ability to create a purpose-built rental program with the goal of increasing the supply of rental housing to help address the current housing affordability and supply crisis.

Since Council approval in 2021, Regional Staff have communicated the expiration date for these programs. There are developments that will not be able to meet the October 1, 2024 expiry date for a variety of reasons such as:

- SNIP TIG/BTIG Applications do not have a signed executed agreement or do not have the necessary local planning approvals and therefore do not have approval for a local tax increment grant which is required for the Region to make a matching grant available.
- Smart Growth Applications have not initiated construction because they do not have local planning approvals or have not reached the critical sales threshold to receive financing from lenders, and/or have not applied or received a building permit.

It is difficult to estimate with certainty the number of developments that would be able to qualify for the programs if extensions were granted, however based on information available to date, the number of applications forecasted by the Area Municipalities that have not submitted complete applications to the Region is estimated to cost the Region at least \$16,213,216 for SNIP TIG/BTIGs.

Forecasting for Smart Growth is unavailable but would be based on those that are unable to meet the October 1, 2024 deadline and new applicants that apply. The longer the extension, the more difficult it is to forecast costs. However, the true cost of extension will be higher as more developments and potentially developments that have not been initiated will be able to access these programs.

Staff also wish to provide a reminder regarding the potential risk of bonusing contrary to Section 106 of the Municipal Act that may be engaged (depending on the nature/scope of any proposed extension) which provides as follows:

106 (1) Despite any Act, a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose.

(2) Without limiting subsection (1), the municipality shall not grant assistance by,

- (a) giving or lending any property of the municipality, including money;
- (b) guaranteeing borrowing;
- (c) leasing or selling any property of the municipality at below fair market value; or
- (d) giving a total or partial exemption from any levy, charge or fee.

The Region is unable to approve SNIP TIG/BTIGs outside of a CIP program which requires a local grant (per the Planning Act) and is unable to approve grants outside of a Regional incentive/grant program established in accordance with Section 107 of the Municipal Act.

In Conclusion

Extending the SNIP TIG/BTIG and Smart Growth programs further beyond the already allotted three-year transition period -- from October, 21 2021 to October 1, 2024 -- will have a significant impact on the Region's annual budget. This budget increase required to continue funding these programs will be related to programs that do not align with Council's strategic priorities. Beyond the financial impacts there is also a potential legal risk to the Region with respect to bonusing. The total funding the Region could be committed to if programs are extended is unknown, and ultimately, will limit the capacity for the Region to sufficiently fund programs aligned with Council's Strategic Priorities, like a new purpose-built-rental housing program.

Respectfully submitted and signed by

Diana Morreale
Director, Growth Management and Planning
Growth Strategy and Economic Development

This memorandum was prepared in consultation with Beth Brens, Associate Director of Budget Planning and Strategy, Blair Hutchings, Manager of Revenue Planning and Strategy, Donna Gibbs, Director of Legal Court Services, Roman Ivanov, Legal Counsel, Khaldoon Ahmad, Manager of Urban Design, Julianna Vanderlinde, Grants and Incentives Program Manager, Katie Young, Senior Development Planner, and reviewed by Susan White, Program Financial Specialists

Appendices

Appendix 1: Letter from Welland November 15, 2023

Appendix 2: St. Catharines Special Council Motion August 26, 2024

Appendix 3: Delegation Request 75 Ormond Street South, Thorold



Clerks Division
Tara Stephens
City Clerk
905-735-1700 x2159
tara.stephens@welland.ca

November 15, 2023

File No. 11-108

SENT VIA EMAIL

Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Attention: Ann-Marie Norio, Regional Clerk

Dear Ann-Marie:

Re: November 13, 2023 – WELLAND CITY COUNCIL

At its meeting of November 13, 2023, Welland City Council passed the following motion:

“THAT THE COUNCIL OF THE CITY OF WELLAND receives for information an update on the funding status of the City’s Community Improvement Plan (CIP) Programs; and further THAT Welland City Council requests Niagara Regional Council to reinstate the Smarter Niagara Incentive Program (SNIP) CIP funding.”

Yours truly,

A handwritten signature in blue ink that reads 'Stephens'.

Tara Stephens
City Clerk

TS:cap

c.c.: - G. Munday, Director of Planning & Development Services, sent via email
- N. Aiello, Policy Planning Supervisor, sent via email

Motion to extend Smart Growth and SNIP/BTIG Programs at St. Catharines Special Council Meeting August 26, 2024. (Minutes not available at time this memo was prepared).

WHEREAS development project timelines over the last several years have been significantly impacted by housing market fluctuations, rising interest rates and construction costs, and pandemic related restrictions; and

WHEREAS Niagara Region's Smart Growth Regional Development Charges Reduction Program and Smarter Niagara Incentive Program Property Rehabilitation and Revitalization Tax Increment Grant program are set to expire on October 1st, 2024; and

WHEREAS qualifying residential developments that do not have building permits issued by October 1st, 2024, will be ineligible for Niagara Region's Smart Growth Regional Development Charges Reduction Program; and

WHEREAS redevelopment or remediation projects previously approved by City Council under the City's Community Improvement Plans cannot request a matching incentive from Niagara Region unless a complete application, including executed agreement, is submitted by October 1st, 2024, thereby severely limiting the feasibility of many developments.

THEREFORE BE IT RESOLVED that Council requests that Niagara Region extend the expiration deadline for Niagara Region's Smart Growth Regional Development Charges Reduction Program for a period of three years to October 1st, 2027; and



City of St. Catharines Special Council Meeting
Monday, August 26, 2024

THEREFORE BE IT FURTHER RESOLVED that Council requests that Niagara Region extend the expiration deadline for Niagara Region's Smarter Niagara Incentive Program Property Rehabilitation and Revitalization Tax Increment Grant for a period of three years to October 1st, 2027, for projects approved by Council under the City's Community Improvement Plans on or before September 30th, 2024. |

From: [Niagara Region Website](#)
To: [Clerks](#)
Subject: Online Form - Request to Speak at a Standing Committee or Regional Council
Date: July 10, 2024 11:20:48 AM

Request to Speak at a Standing Committee or Regional Council

To reply, copy the email address from below and put into 'To'. (if resident entered their email address)

Name
Dayna Edwards

Address
290 King Street East

City
Kitchener

Postal
N2H 1M1

Phone
[REDACTED]

Email
dayna@q9planning.com

Organization
Q9 Planning + Design

standing committee
Planning and Economic Development Committee

Presentation Topic
Smart Growth Program Extension Request for 75 Ormond Street, Thorold

Presentation includes slides
Yes

Previously presented topic
No

Presentation Details

In working with Katie Young, Senior Planner, it has been brought to our attention that the Smart Growth Program is expiring on October 1, 2024. We have been working with the City of Thorold to get planning approvals for a 275-unit mixed use residential and commercial building at 75 Ormond Street. In a letter to the applicant dated June 27th, 2024, Region of Niagara staff note that based on the Phase 2 Environmental Site Assessment, prepared by Hallex Environmental Ltd (dated March 14, 2023) it appears that site remediation is required, and therefore the project would be eligible under the brownfield category. The letter also notes that applicant may not remain eligible for the program given the impending end of the program by October 1, 2024. In meetings with staff, to be eligible for the program, a building permit is required to be made prior to the end of the program. Due to delays from the local municipality approval authority, the planning application has yet to receive approvals. City of Thorold planning staff are recommending approval of the applications and it is expected the application will be heard by Thorold City Council on August 13, 2024. Given the delays in processing the application by the City of Thorold, we will no longer be able to meet the October 1st, 2024 Smart Growth Program deadline. The Smart Growth Brownfield Program will greatly contribute to the viability of our development, which will in turn revitalize an under-utilized urban area. This initiative is key to fostering sustainable growth by rehabilitating contaminated sites, promoting economic revitalization, and reducing urban sprawl. We would like to ask the Planning & Economic Development Committee to recommend to Regional Council that the Smart Growth program be extended for a period of 1 year so that the 75 Ormond Street development can participate in the program. Please don't hesitate to contact me if you require any additional information, Dayna

Video Consent
Yes

