
Subject: 5698 Main Street, Niagara Falls One-Time Grant Consideration

Report to: Corporate Services Committee

Report date: Wednesday, November 6, 2024

Recommendations

1. That the Region **APPROVE** a one-time grant of \$276,621.79, payable to The City of Niagara Falls to be applied to the 2022-2024 outstanding property taxes for the property located at 5698 Main Street in the City of Niagara Falls in lieu of participation in tax increment grant (TIG) payments for this development in support of the City's CIP program; and
2. That the Region **DENY** any future TIG or other grant requests for the development at 5698 Main Street in the City of Niagara Falls ("The City").

Key Facts

- The purpose of this report is to seek Council's approval to provide a one-time grant payment related to the development at 5698 Main Street, Niagara Falls in lieu of the Region participating in annual TIG payments for this development. This one-time grant payment would result in a \$276,621.79 one-time financial impact to the Region in contrast to the TIG payments totalling \$1,061,881.47 over a 10-year period saving the Regional total of \$785,259.68.
- Region's TIG program is a matching CIP program between Local Area Municipalities and the Region. One of the requirements of the program is timely payment of municipal taxes. In the case of 5698 Main Street, Niagara Falls, this property is in non-compliance with their CIP agreement with the City of Niagara Falls as the property is in tax arrears. As a result, it would be a departure from the program for the Region to continue to match TIG funding.
- The City has chosen to provide a one-time grant payment of their portion of outstanding taxes to the end of 2024, in lieu of the City TIG payments that would otherwise be payable pursuant to their agreement with the owner. The City's decision is based on the intent of the Revitalization Grant and the impact of the owner's development on improving the Main/Ferry Street Area as part of their CIP program. Further details can be found in the City's letter attached as Appendix 1.
- The City has requested that the Region consider contributing the Regional portion of outstanding property taxes to the end of 2024 in a one-time grant payment as an

alternative to annual TIG payments for this application. Regional Staff do not have the authority to approve this type of one-time grant.

- As a condition of this arrangement Staff recommend that this payment be treated as a one-time grant in lieu of participation in the City's TIG/CIP program for this specific development and that no further payments or future tax increment grant (TIG) requests be supported for this development.

Financial Considerations

The Region's TIG program is a matching CIP program between Local 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 Local Area Municipality and Applicant.

With regards to 5698 Main Street, Niagara Falls, this property has an approval and executed agreement with the City of Niagara Falls as part of the Historic Drummondville CIP. If all terms of the agreement are met, after the property has been reassessed and one-year of post-assessment taxes are paid the Region receives requests from the Local Area Municipalities to match funding related to the Regional Portion of the tax increment over a 10-year period. With regards to this property the Regional portion of the TIG is \$1,061,881.47 to be paid over a 10-year period. It is the Region's practice to match the TIG grant schedule of the local area municipality. In the case of this property and the City of Niagara Falls, this property if eligible for the TIG would be eligible for a grant following the below schedule.

Table 1 – TIG Schedule for Regional Component of Grant

Year	Grant Factor	Regional Tax Increment Grant Factor
1	80%	\$141,584.20
2	80%	\$141,584.20
3	80%	\$141,584.20
4	80%	\$141,584.20
5	80%	\$141,584.20
6	60%	\$106,188.15
7	60%	\$106,188.15
8	40%	\$70,792.10
9	20%	\$35,396.05
10	20%	\$35,396.05
Total	N/A	\$1,061,881.47

The option of providing a one-time grant payment of \$276,621.79 results in the applicant receiving less than the original grant amount identified in the Agreement and as shown in Table 1 of CSD 57-2024. This also results in less financial impact to the Region overall. The full impact of this grant payment would be seen as part of the 2024 financial results. The Region’s 2024 Budget includes a total of \$50,400 related to this project. This will result in a budget shortfall of \$226,221.79 if this one-time grant is approved. The financial impact of this would be seen in the overall Corporate Services results. If there is not adequate funds to cover this short fall at year end, staff would make the recommendation to fund from the taxpayer relief reserve as part of the year-end transfer report. Should the property continue to be in tax arrears post January 1, 2025 this will be the responsibility of the owner and new condominium owners to rectify.

The Region had estimated a total budget for this TIG over the 10-year period of \$371,700. To date a total of \$50,400 has been included in the budget. The difference in estimate compared to the final amount of the TIG amount is due to the budgeted

amount being based on older estimates of the property's post assessment taxes. The Region was first notified about this potential TIG for the purposes of budget in 2009, this is resulting in the increased post project assessment value of the property and thus an increase in the total TIG matching requirement of the Region.

Analysis

Niagara Falls City Council approved a request for a Revitalization Grant and Residential Loan under the Historic Drummondville Community Improvement Plan (CIP) for 5698 Main Street, Niagara Falls known as the Wellness Suite on August 10, 2009. This grant request was further extended by Niagara Falls City Council in 2016 and 2022 due to construction delays.

The project is now complete, and invoices have been submitted related to the grant application. However, taxes have been in arrears for this property since approximately December 2021, when the 2021 supplemental tax bill was issued following the City's receipt of the revised assessment value from Municipal Property Assessment Corporation. As the condominium units now have occupancy, many of the outstanding tax arrears have transferred to the new condominium owners. The City of Niagara Falls will be administering the grant payment to ensure that it is applied to the outstanding taxes on behalf of the property owner and condominium owners as appropriate.

In accordance with Section 4.2 of the Historic Drummondville Revitalization Grant Agreement dated August 11, 2009, between the City and 753049 Ontario Ltd., as amended by Agreements dated June 14, 2016, and November 16, 2021, the City has the option to terminate grant payments as property taxes have been owing for more than one full year.

Under the Planning Act Section 28 (7.2), the Region is able to provide funding in the form of TIGs for the purpose of supporting a local area municipality's CIP. It is the Region's practice to match TIGs provided by the local area municipalities. In providing this matching funding the Region is reliant on the terms of conditions as outlined in any original CIP documents and agreements with the local area municipality when considering approval of matching TIG funding.

On May 29, 2024 Regional Staff received a letter from the City of Niagara Falls requesting Regional participation through Historic Drummondville CIP related to 5698 Main Street, Niagara Falls. In this letter, the City of Niagara Falls noted that although the project is now complete, the property has been in tax arrears since December 2021. A copy of the letter is attached as Appendix 1. As the property was in tax arrears the

owner is in non-compliance with the original CIP agreement with the City. Despite this non-compliance, the City has decided to grant some relief stating that the intent of the Revitalization Grant was to support the construction of the 102-unit retirement home and that this construction has been completed and improved the Main/Ferry Street area. The City has chosen rather than proceed with annual TIG payments that they will use their allocated grant budget to cover the outstanding tax arrears on the property to the end of 2024 in a one-time grant payment.

The City has noted that they have received support from the property owner in proceeding with this grant payment option. As of January 1, 2025, the CIP Grant will be considered completed. The owner will be responsible for property taxes on a go forward basis.

The City of Niagara Falls has asked that the Region consider matching their approach and consider repurposing the Regional portion of the TIG to a one-time payment of outstanding property taxes to the end of 2024. After reviewing the request and related documents Regional Staff issued a letter on June 25, 2024 indicating that they are unable to approve this request.

As the requested one-time grant payment is no longer a TIG, this grant falls outside of the ability of Regional Staff to provide matching funding through a CIP. As the applicant no longer meets the criteria set out by the TIG agreement and the City of Niagara Falls is not moving forward with a TIG, Regional Staff is unable to approve any funding.

Regional Staff note that the option of providing a one-time grant payment results in the applicant receiving less than the original grant amount identified in the Agreement. Overall, the alternative of Council approving the one-time grant payment in lieu of the annual TIG payment results in overall savings to the Regional taxpayer. The proposed grant may also be viewed, as suggested by the City, as supporting the furtherance of the City's CIP, in that the completed development has resulted in a benefit to the community.

Alternatives Reviewed

Council may choose to deny the request and not provide the one-time grant payment to the owner. This is not recommended as the proposed grant results in a reduction to the overall commitment related to revitalization of areas identified in a CIP. Although the terms of the payment arrangement differ, the overall purpose of the CIP has been achieved by improving the identified area. This property is also contributing to the

housing supply in the Niagara Region which is in alignment with Council's strategic priorities.

Should the property owner become up to date on their tax payments related to the property they could be eligible to receive the full amount of their original TIG request. This would result in a higher financial impact to the Region through the annual commitment over the 10-year period.

Relationship to Council Strategic Priorities

This report relates to Council's Strategic Priorities of an Effective and Equitable Region by providing an alternative approach to supporting growth and development and exploring and implementing opportunities through shared grants with our local municipalities.

Other Pertinent Reports

None.

Prepared by:

Blair Hutchings, MBA, CPA
Manager, Revenue Planning & Strategy
Corporate Services

Recommended by:

Dan Carnegie
Acting Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Beth Brens, Associate Director, Budget Planning & Strategy/Acting Deputy Treasurer and reviewed by Donna Gibbs, Director, Legal Services.

Appendices

Appendix 1 5698 Main Street Niagara Falls - Regional Participation Request
Letter from the City of Niagara Falls dated May 29, 2024



May 29, 2024

Julianna Vanderlinde
Program Manager, Grants and Incentives
Growth Strategy and Economic Development
Niagara Region
1815 Sir Isaac Brock Way, P.O. Box 1042
Thorold, ON L2V 4T7

VIA EMAIL

Dear Ms. Vanderlinde:

**RE: Revitalization Grant, Historic Drummondville CIP Incentive Program
DRU-2009-001, 5698 Main Street (Wellness Suites)
Applicant: 753049 Ontario Ltd. (Nick Vacarro)**

On August 10, 2009, Niagara Falls City Council originally approved a request for a Revitalization Grant and Residential Loan under the Historic Drummondville Community Improvement Plan for 5698 Main Street known as the Wellness Suites. Since that time the following has occurred:

- In 2016 the Owner requested an extension to these agreements which was granted by Council.
- In 2020, the Owner notified the City that they would no longer be pursuing the Residential Loan portion of the application and that Agreement was removed from title. The Revitalization Grant Agreement was extended and amended to impose timelines for the commencement and completion of construction of the project as well as to reflect the condominium ownership of units within the building.
- In 2021, the Owner requested an additional extension which was granted by City Council, as the 102-unit retirement home was completed but the rooftop patio and back terrace remained outstanding due to construction delays.

The project is now complete, and invoices have been submitted. However, taxes have been in arrears for this property since approximately December 2021, when the 2021 supplemental tax bill was issued following the City's receipt of the revised assessment value from MPAC. As the condominium units now have occupancy, many of the outstanding tax arrears have transferred to the new condominium owners.

In accordance with Section 4.2 of the Historic Drummondville Revitalization Grant Agreement dated August 11, 2009, between the City and 753049 Ontario Ltd., as amended by Agreements dated June 14, 2016, and November 16, 2021 (attached), the City has the option to terminate grant payments as property taxes have been owing for more than one full year.

Section 7.8 of the Agreement permits the City to have discretion related to all or a portion of grant payments where the City deems that there is non-compliance by the Owner with this Agreement.

Accordingly, the City has decided to uphold our original commitment to the intent of the Revitalization Grant as the construction of the 102-unit retirement home has improved the Main/Ferry Street area and rather than proceed with annual grant payments, is proposing to use the allocated grant budget to cover the outstanding tax arrears on the property to the end of 2024 in a one-time grant payment. The calculated grant amount based on the increased property reassessment and outstanding property taxes can be seen in the table below.

5698 MAIN STREET	City	Region	Total
Eligible Grant Amount*	\$923,663.43	\$1,061,881.47	\$1,985,544.90
<i>*Based on Assessment Increase, post development</i>			
Outstanding Property Taxes (2021-2024)	\$424,279.35	\$276,621.79	\$700,901.14

A copy of the financial calculations are attached.

This option results in the applicant receiving less than the original grant amount identified in the Agreement. The City has received support from the Owner in proceeding with this grant payment option.

The Region has expressed a continued commitment to this project with a committed contribution to the original application as well as the most recent amendment in 2021. As such, the City of Niagara Falls respectfully requests that the Niagara Region consider contributing the Regional portion of outstanding property taxes to the end of 2024 in a one-time grant payment as an alternative to annual tax increment grant payments for this application. Please contact the undersigned if you have any questions or would like to discuss further.

Respectfully,

Danielle Foley
Senior Planner, Long Range Planning Initiatives

- cc Todd Harrison, Commissioner Corporate Services, Niagara Region
- Jason Burgess, Chief Administrative Officer
- Serge Felicetti, Director of Business Development
- Kira Dolch, General Manager of Planning, Building and Development
- Signe Hansen, Director of Planning
- Nidhi Punyarthi, City Solicitor and Director of Legal Services
- Bonnie Critelli, Office and Law Clerks Supervisor of Legal Services
- Tiffany Clark, Director of Finance
- Amber Ferguson, Senior Manager of Revenue