

**Subject:** Wellspring Niagara Request for Property Tax Reduction

**Recommendation:**

**BE IT RESOLVED THAT Council receive Report # 2024-0125-Wellspring Niagara Request for Property Tax Reduction, for information;**

**AND THAT Council select option # \_\_\_\_\_ for property tax reduction to Wellspring Niagara or no change to the current property taxes method charged.**

**Background:**

On April 1, 2024, Wellspring Niagara submitted an email to Municipal Property Assessment Corporation (MPAC) requesting a review and reassessment of the property taxes for consideration of charitable exemption. On April 2nd, MPAC responded via email stating that Wellspring Niagara is not authorized to submit a request as the Town of Pelham owns the land. Wellspring Niagara has a charitable status; a lease agreement with the Town; it does not receive government funding and it is 100% reliant on community support.

Pelham's MPAC representative states that nothing would change of the assessment value based off a change in lease, as the *Assessment Act* is the legislative authority on property assessments. MPAC has advised Pelham of a potential reduction of property taxes through a Municipal Capital Facilities Agreement (MCFA). Pelham can pass a by-law stating that either a certain percentage of assessment be exempt or a square footage amount of the property, should it be desirous of so doing.

**Analysis:**

Currently the property has a commercial assessment value of \$2,341,000. The total 2024 taxes are \$75,689.70. Wellspring Niagara applies for the Charitable rebate, under the *Municipal Act, 2001* and the Niagara Region. The rebate is 40% of total commercial taxes on the property, therefore Wellspring would receive \$30,275.88 back in 2025 for the 2024 tax year. This amount already occurs and is independent of any further benefit Council might consider providing.

Original Assessment - Commercial		2,341,000
2024 Tax Rate (estimate)		0.03233221
Total 2024 Taxes		75,689.70
Town portion	24,749.33	
Region portion	30,339.57	
SB portion	20,600.80	75,689.70
Wellspring receives a charitable rebate @ 40% in 2025 for the 2024 tax year <sup>1</sup>		(30,275.88)
Town portion	(9,899.73)	
Region portion	(12,135.83)	
SB portion	(8,240.32)	
<b>Taxes after rebate</b>		<b>45,413.82</b>

The total taxes after the charitable rebate for Wellspring Niagara is \$45,413.82.

The Town of Pelham's portion of taxes currently received is \$14,849.60 (\$24,749.33- 9,899.73)

If a portion of assessment does become exempt, the total taxes and charitable rebate would be reduced. Here is a chart of assessment breaks and the financial impact.

Potential write-off of Assessment Values:					
Options	Exempt portion Assessment value	\$ Value of exempt portion	Total Taxes After w/o (\$75,689.70 - Column B)	Charitable Rebate Amount	Total Taxes after Assessment w/o & Charitable rebate
1	(300,000)	(9,699.66)	65,990.04	(26,396.02)	39,594.02
2	(400,000)	(12,932.88)	62,756.82	(25,102.73)	37,654.09
3	(500,000)	(16,166.11)	59,523.60	(23,809.44)	35,714.16
4	(600,000)	(19,399.33)	56,290.38	(22,516.15)	33,774.23
5	(700,000)	(22,632.55)	53,057.16	(21,222.86)	31,834.29
6	(800,000)	(25,865.77)	49,823.94	(19,929.57)	29,894.36
7	(900,000)	(29,098.99)	46,590.71	(18,636.29)	27,954.43
8	(1,000,000)	(32,332.21)	43,357.49	(17,343.00)	26,014.50
9	(2,341,000)	(75,689.70)	0.00	0.00	0.00

In the chart below, shows how much taxes after reduction and charitable rebate would be collected broken down by Town, Region, and School Board.

Total taxes breakdown from Assessment write-off & Charitable Rebate					
Options	Exempt portion Assessment value	Total	Town	Region	School Board
1	(300,000)	39,594.02	12,946.62	15,870.93	10,776.48
2	(400,000)	37,654.09	12,312.29	15,093.32	10,248.48
3	(500,000)	35,714.16	11,677.96	14,315.72	9,720.48
4	(600,000)	33,774.23	11,043.64	13,538.11	9,192.48
5	(700,000)	31,834.29	10,409.31	12,760.50	8,664.48
6	(800,000)	29,894.36	9,774.98	11,982.90	8,136.48
7	(900,000)	27,954.43	9,140.65	11,205.29	7,608.48
8	(1,000,000)	26,014.50	8,506.33	10,427.69	7,080.48
9	(2,341,000)	0.00	0.00	0.00	0.00

### **Financial Considerations:**

The Town is currently receiving \$14,849.60 in property taxes from Wellspring Niagara after the Charitable Rebate. Wellspring Niagara is requesting 100% write-off of taxes which would save them in total \$45,413.82 in property taxes between the Town, Niagara Region and School Boards.

### **Alternatives Reviewed:**

There are various exempt portion assessments that the Town can approve which would be able to lower the property taxes for Wellspring Niagara. If Council wishes to pursue this option, please direct staff for a subsequent report.

### **Strategic Plan Relationship: Community Development and Growth**

Wellspring Niagara is a charitable organization providing cancer related support to the residents in the Niagara Region. The Town currently receives almost \$15k in property taxes from their property. Their request is to be tax exempt so they can use these funds to provide more cancer related programs to the community.

### **Consultation:**

Municipal Property Assessment Corporation (MPAC)

### **Other Pertinent Reports/Attachments:**

N/A

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