

Developing Niagara Falls

2020

Niagara Falls Gateway District
REDEVELOPMENT STRATEGY

NIAGARA FALLS URBAN RENEWAL AGENCY
MAY 2020

IN PARTNERSHIP WITH



**Empire State
Development**



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Developing Niagara Falls 2020

It is a new era for development in the City of Niagara Falls, NY. Entering 2020, the city's landscape is dramatically different today than it was just a few short years ago. Niagara Falls is investing in game-changing projects that will enhance the development market of the city. Today, the city and State are completing the removal of more than 3 miles of highway along the Niagara River. In its place will be an expanded State Park and world-class riverfront, crisscrossed with recreational trails, observation lookouts, a cycling network and cultural attractions stretching nearly the entire length of the city's western edge. This is a once-in-a-generation project that will return neighborhoods, commercial districts and the visitor community to the water and truly re-establish Niagara Falls as the City in a Park. In 2019, the Niagara Falls Urban Renewal Agency released Developing Niagara Falls 2020, a prospectus on the opportunities for new investment throughout the city, aiming to attract new projects from local, national and international development companies.

The City of Niagara Falls and the Urban Renewal Agency have designated the Niagara Street Gateway District as an urban renewal and strategic investment area, allocating heightened planning attention, resources and promotion for sites, buildings and blocks along and proximate to Niagara Street along the northern extent of the downtown tourism district.

1. A Vision for the Niagara Street Gateway District

Situated on the edge of the Niagara Gorge Corridor and the Downtown Niagara Falls Tourism, Entertainment, and Casino areas, The Gateway District is a 20-block mixed-use neighborhood with a substantial residential base with substantial commercial, retail, and infill development opportunities. It is anchored by Third Street, an historic, mixed use, urban strip of retail, restaurants and nightlife along walkable infrastructure and public spaces.

The district is a key entryway into the City for visitors, tourists, workers and residents as well as the gateway to and from Canada. Its geography sits at the nexus of where the large-scale downtown tourism and entertainment area blends into the traditional, living urban fabric of Niagara Falls.

This location is primed for new infill development along its primary thoroughfares. More than \$10 Million in streetscape improvements are slated for the next three years to support new growth. In 2021, a major public works project will transform ten blocks of Niagara Street, the length of this district from John B. Daly Boulevard to the Rainbow Bridge, into a walkable, urban strip, reducing traffic lanes while enhancing the pedestrian and bicycle experience with designed crosswalks and a protected multi-use bicycle path. On the south side of the street, a new linear park will be introduced, directly connecting to both the upper river greenway and the Niagara Gorge Rim to the north. The following year, John B. Daly Boulevard will be extended north, connecting the district directly to Pine Street and the Business District.



Several developments are planned or under construction in the district, gradually building towards a critical mass. These projects are also introducing exciting new businesses to the local brand. The Niagara Global Tourism Institute opened TReC at 616 Niagara St., in November 2019, a high-tech incubator and co-working facility for companies innovating in the tourism technology space. Just down the street, the city's first Brewpub is expected to open. The 2025 vision for Gateway District is a bustling urban center mixing businesses that both serve the local community as well as the 8 million visitors that arrive every year, and the above projects are just two examples.

The redevelopment vision remains consistent with the Core City strategy which calls for a vibrant, mixed use commercial and residential 'main street' with regionally significant retail uses, to attract residents and visitors throughout the year. Responding to the city's strategy, plans are already in place to redesign Niagara Street, creating an active pedestrian environment that can encourage traditional cross-street retail shopping. This will reduce the width of the street, ultimately opening up new land on the south side for a linear park stretching the length of the corridor. On the north side of the street, commercial lot depth and development density must be sufficient to allow for structure parking solutions with minimal impacts to adjacent residential uses. Improvements to Niagara Street should extend into downtown, to the gorge, and the tourism district.

The City is supporting a mix of uses, including retail and commercial, office and upper-story residential uses to encourage activity at all times of the day. Along with the tourism district, tall downtown buildings are appropriate, with opportunities for signature developments at key locations. Associated design guidelines will

ensure appropriate built form and contribution to the creation of a vibrant mixed-use neighborhood. Guidelines including transitions in building height and massing at the interface with residential neighborhoods are important. A combination of commercial uses at-grade as well as office and residential uses above will redefine the image of the street as an active and interesting place, creating new opportunities for a more diverse range of housing options in the Core City that can also support local business growth.



Infrastructure & Public Realm Improvements

The is a fundamental re-structuring of the City of Niagara Falls' public realm, with projects in planning or underway that will be completed by 2023. In addition, the City is positioned to advance additional measures to complement new private and public sector developments.

Expansion of Niagara Falls State Park

The 140-acre expansion of the Country's oldest State Park is creating a cultural campus along the Gorge, on the district's western edge, that includes the historic Schoellkopf Power Station and the Aquarium of Niagara. This project will connect the Niagara Gorge into the Gateway District, creating a safer, seamless pedestrian connection to the neighborhoods and commercial corridors.

Niagara St. Redevelopment

\$4.35 Million streetscape redesign of Niagara Street on the district's southern edge to enhance pedestrian connections to the Niagara Gorge and reduce the width of the street. This project will create a multi-modal street, linear park and multi-use pathway on the south side of the street, adding enhanced landscaping, public art and cultural amenities.

John B. Daly Blvd Extension

\$5.3 Million extension of John B. Daly Blvd to connect the Gateway District to the Pine Ave. Business District. This project will establish new sites for redevelopment through the center of the district.

Proposed new private-sector development should expect companion infrastructure investments, which are recommended to raise the value of the district as a walkable, urban destination and residential community of choice:

| Project | Description | Priority | Cost | Year |
|---|---|----------------------------|-----------------------|--------------------|
| Mid-block Neighborhood Paseo | Construction of Mid-block, east/west pedestrian connections from John B. Daly boulevard to Third Street, providing greenspace, recreation and access within the neighborhood | Moderate (3-4 years) | \$1,500,000 | 2-3 |
| Sidewalk Improvements | Ongoing maintenance and improvement throughout the neighborhood | High (1 year & ongoing) | \$25,000 /annually | 1, 2, 3, 4, 5 + |
| Public Arts Investment | Partnering with local arts institutions, implement a series of public arts investments throughout the district to include murals, sculptural art and sidewalk art to enhance the image, brand and recognition | Low (3-4 years & ongoing) | \$200,000 | 4-5 |
| Complete Street Improvements | Bicycle lane Striping along Main Street and Sharrows on secondary collector streets such as Walnut, Ferry and Fourth Street | High (2 years) | \$25,000 | 2 |
| Niagara Gorge Pedestrian Linkage | Diagonal pedestrian connection from the intersection of Niagara Street and Third Street, across Second Street to the redeveloped Niagara Gorge Park | Moderate (2-3 years) | \$1.5 Million | 2-3 |
| Niagara Gorge Gateway signage & pedestrian improvements | Pedestrian enhancements and gateway signage linking the district and the Niagara Gorge at Main and First Streets | Low (3-4 years) | \$250,000 | 4-5 |
| Niagara Street Gateway Signage | Gateway signage at Niagara Street and John B. Daly Boulevard to introduce visitors to the district | Moderate (2-3 years) | \$150,000 | 2-3 |
| Third Street Gateway Signage | Gateway signage at Third and Niagara Street to draw pedestrian traffic north across Niagara into the mixed use district | Low (3-4 years) | \$150,000 | 4-5 |
| Integrated Development Parking Facilities | Participation with private development to assist in the construction of parking & access facilities, on site to support | Moderate (2-3 years +) | \$5,000,000 | 2-3 |

2. Market Analysis

To provide real estate and economic development analysis (market study) in support of the Niagara Falls Gateway District Redevelopment Strategy, the City of Niagara Falls engaged Willdan Financial Service (“Willdan”) on behalf of the Wendel project team.

The Project Team conducted site visits and stakeholder interviews of key regional developers, investors, and strategic partners. The Project Team further collected subscription-based and proprietary market data from ESRI Business Analyst (www.ESRI.com), Emsi Workforce Analytics (www.economicmodeling.com), and The Retail Coach (www.theretailcoach.net). This research and analysis are assembled into the following summary of key demographic and real estate market trends, assets and opportunities related to the City of Niagara Falls and the Gateway District.

The objective of this market study and investment strategy is to build upon prior planning studies and focus on regional market shifts to identify near-term, tactical steps that may be undertaken by the City to catalyze private redevelopment and investment activity.

Following our review of Downtown’s anchor redevelopment projects under construction, employment trends, and purchasing power data provided by The Retail Coach, there are near-term opportunities to attract private real estate investment and redevelopment.

As population growth continues to accelerate in the Bi-National Golden Horseshoe Region, housing prices are on the rise and available “move-in” office space is constrained. The City of Buffalo has experienced a resurgence and downtown revitalization is actively underway, pointing to increasing land values and fewer financially feasible urban infill sites to accommodate the continuing demand for

mixed-use residential and commercial. The City of Niagara Falls can capture a greater “fair share” of regional real estate investment and development for residential, retail, commercial, industrial and cultural/tourism uses. The following market trends can be seen as opportunities for the City of Niagara Falls:

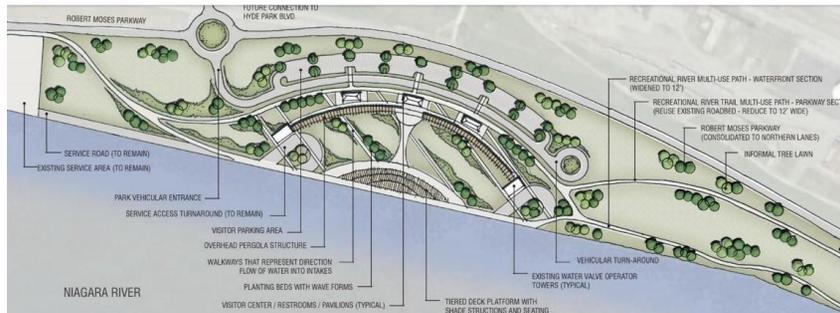
1. There is demand in WNY for urban mixed-use projects
2. Adaptive reuse building supply in Buffalo has reduced while price points for acquisition have significantly increased, prompting developers to seek other, similar market opportunities
3. There is exponential growth in all sectors across the river in Ontario – and Niagara Falls is the best positioned urban area to take advantage of that growth
4. In addition to traditional real estate plays and international opportunity, Niagara Falls NY has a global tourist brand and represents a growing sector with unique opportunities unavailable in competing markets outside of “capital cities” and larger metro areas

To position the City of Niagara Falls to step in to the market and change perceptions about the Downtown as a compelling real estate investment opportunity, the market study provided the context for the formulation of a coordinated investment strategy including key economic development policies, programs, and/or public investments that could be undertaken to achieve the City’s Downtown revitalization objectives. The market study, incorporated into this document, is followed by a proposed investment strategy including an overview of the sources and uses of capital and operating funds over the next five years to define the strategic partnerships that will be required to fully fund the proposed revitalization plan.

3. Market Assets & Opportunities

The City of Niagara Falls, NY real estate market is changing. Analysis of regional population and employment growth trends, housing prices, commuting patterns point to pent-up demand for new housing construction in high quality, amenity-rich environments offering quality of life to residents, workers and visitors.

The City of Niagara Falls is actively engaged in substantial investment in transformative public realm and infrastructure improvements that will serve to reconnect the waterfront to the urban core.



Niagara Gorge Corridor Project Plan

These targeted investments will directly influence the transformation of the Downtown Niagara Falls pedestrian through improvements in public space, walkability, recreation, and connection to the incredible Gorge. The City of Niagara Falls is responding to what the consumer and real estate markets are seeking in high quality lifestyle development opportunities.

Niagara Falls is faced with an unprecedented opportunity to leverage this public investment to attract private investment and

redevelopment activity within the Bi-National Golden Horseshoe Region through targeted marketing, branding and investor/developer outreach as delineated in the recent prospectus titled “Developing Niagara Falls 2020: New Opportunities in a World-Renowned Waterfront City”. The City of Niagara Falls is poised to capture a greater “fair share” of the regional redevelopment activity based on the following characteristics of the market shifts identified in this document:

- Niagara Falls has created a successful pro-development culture in delivering city programs and services as well as public realm transformations.
- Tourism demand generated by the unique natural destination of Niagara Falls continues to drive growth in hotel, retail, dining, and entertainment demand
- Location at the border of Canada in the middle of the Bi-National Golden Horseshoe Region offers a logistically superior bi-national business location opportunity;
- The Metrolinx GO Transit regional public transit system is expanding service for commuters in Niagara Falls, Ontario to offer regular weekday service in the near term;



Metrolinx GO Transit Line Extension

- Population growth in Greater Toronto Area (GTA) is projected to grow from 6.9 million to 9.7 million by 2041 (40.6% increase); and
- City Economic Development is fostering valuable regional business innovation and incubation partnerships that will serve to drive continued demand for office, residential, retail, dining, and entertainment uses.

Implementation of this proposed strategy will require sustained coordination with the City of Niagara Department of Economic Development and local and regional stakeholders:

- Invest Buffalo Niagara
- Empire State Development Corporation
- Niagara County Center for Economic Development
- Niagara Falls Urban Renewal Agency
- USA Niagara Development Corporation
- NFC Development Corp.

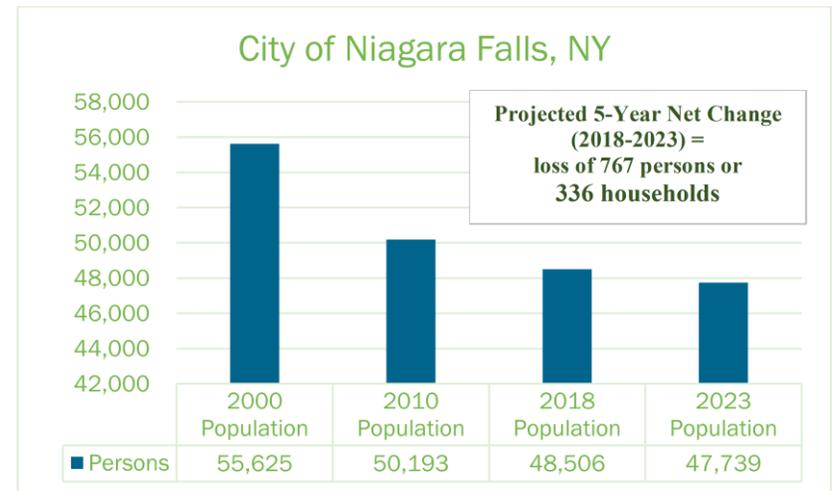
The following overview of residential, commercial/industrial, tourism, and retail/dining/entertainment market indicators provides the basis for formulating the investment strategy for the Gateway District.

Residential Market Indicators

Assessment of the residential market in the City of Niagara Falls is challenged by the current condition of blighted and abandoned units. While household income growth is relatively lower than the region, there is also a relatively higher share of vacant & derelict housing stock.

The population of the City of Niagara Falls, New York was estimated by ESRI Business Analyst at 48,506 persons in 2018, projected to

decrease by 767 persons (336 households) over the next five years (2023 estimate).



City of Niagara Falls, NY Population Growth Trends (2000-2023)

The ESRI data is based on historical trends of a compilation of multiple data sets, including housing starts. While this data reflects a net negative household growth pattern, this must be taken in the context of historical residential construction activity. ESRI projections do not take into account the impact of public investment and policy interventions designed to attract multifamily housing development activity. Taking a look at regional population growth trends and employment patterns indicates an opportunity to reverse population decline in the City of Niagara Falls by implementing a tactical plan, catalyzing investments in the Downtown Core.

Notably, a regional view reveals that the population of the Buffalo-Cheektowaga-Niagara Falls, NY Metropolitan Statistical Area (the "Buffalo-Niagara MSA") is projected by ESRI to grow from 478,342

households to 481,107 households in the same timeframe. This projected regional growth of 2,765 net new households represents the total pool of potential new homebuyers and renters seeking lodging in the market area.

Current median household income is \$33,388 in the City of Niagara Falls, compared to \$52,797 in the Buffalo-Niagara MSA, and \$58,100 for all U.S. households. Median household income in the Buffalo-Niagara MSA is projected grow by approximately \$5,000 per household to \$57,834, compared to \$36,730 in the City of Niagara Falls and \$65,727 for all U.S. households.

The household income projections suggest that the City of Niagara Falls has the opportunity to capture a greater fair share of regional income growth as well through increased residential and commercial development activity. This is further illustrated when analyzing the relative housing affordability in the City of Niagara Falls, New York versus other locations in the region.

The City of Niagara benefits from a significant concentration of employment in the Downtown Core that would support residential development if the supply were available at a variety of price points. The Niagara Falls Medical Center, Seneca Niagara Casino, area hotels, retail/dining/entertainment, government support approximately 22,000 employees within the City of Niagara Falls. If the supply of quality housing was increased, then existing employees would be more inclined to stay and live in the City.

According to the CBRE Buffalo Multifamily Market Report, Q4 2018, investor appetite remains strong in Western New York. CBRE Buffalo has tracked multifamily property sales results in Western New York for 14 years, and 2018 saw a continuation of the strong historical

City of Niagara Falls, NY Employment, 2018

| | |
|---|--------|
| Total Businesses: | 1,532 |
| Total Employees: | 21,593 |
| Total Residential Population: | 48,516 |
| Employee/Residential Population Ratio (per 100 Residents) | 45 |

| | Employees | % of Total |
|---|---------------|---------------|
| Retail Trade Summary | 5,149 | 23.8% |
| Finance, Insurance, Real Estate Summary | 699 | 3.2% |
| Services Summary | 10,530 | 48.8% |
| Government | 1,325 | 6.1% |
| Unclassified Establishments | 3,890 | 18.0% |
| Total | 21,593 | 100.0% |

Source: Esri Business Analyst; Willdan, 2019
City of Niagara Falls Employment, 2018

trend of per unit sale price points and volume of units sold. There were 181 transactions in 2018 representing 2,325 apartment units sold for a total consideration of \$170,598,710. Interest rates and demographics continue to spur investment in the region. According to CBRE and stakeholder interviews with mixed-use developers active in the market, multifamily product demand continues to outpace current supply in the City of Buffalo. This creates an opportunity in the City of Niagara Falls to attract and provide for future growth in the downtown area.

According to Invest Buffalo Niagara, more than 1,200 new downtown Buffalo residential units were constructed between 2006 and 2016 to meet an increased demand for housing. Buffalo Mayor Byron Brown set a goal to produce an additional 2,000 units of new

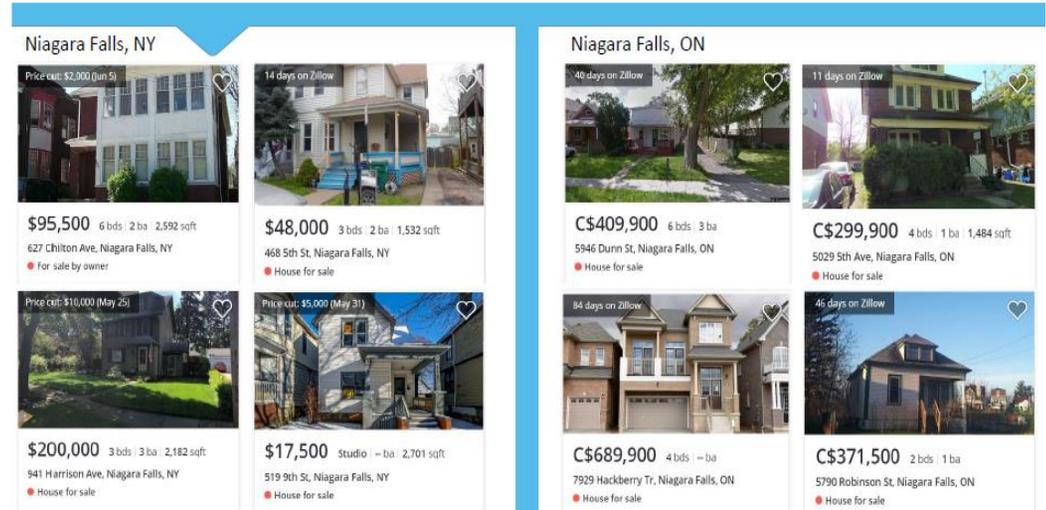
downtown housing between 2016 and 2018.¹ Consequently, developable sites at financially feasible land acquisition costs in Buffalo have diminished to the point that investors are seeking sites outside of Downtown Buffalo.

These strong multifamily market trends in Buffalo are also reflected in real estate appreciation rates. Buffalo real estate appreciated 55.05% over the last decade, which is an average annual home appreciation rate of 4.48%, putting Buffalo in the top 10% nationally for real estate appreciation. From June 2018 to June 2019, Buffalo real estate appreciation rates has continued to be some of the highest in the nation, at 8.07%, which is higher than real estate appreciation rates in 79.60% of the cities and towns in the nation.²

Buffalo real estate appreciation rates in the latest quarter were at 2.66%, which equates to an annual appreciation rate of 11.09%. This makes Buffalo one of the highest appreciating communities in the nation for the latest quarter and may signal the city’s near-future real estate investment strength.

According to the Buffalo Niagara Association of Realtors home prices in Buffalo have been trending up 10.4% year-over-year and are predicted to rise by 7% in 2020. The index has fallen by nearly 10 percent compared to August 2018. Rising home prices, higher interest rates and increased building material costs have pressured housing affordability to a 10-year low in Buffalo.³ Builders continue to struggle with rising construction and development costs stemming from excessive regulations, a lack of buildable lots and a shortage of construction workers.

¹ <https://buffaloniagara.org/wp-content/uploads/2018/05/DowntownBuffalo2016DevelopmentGuide.pdf>



Housing Price Comparison - Niagara Falls, NY vs. Niagara Falls, ON
Source: Zillow; Wendel, 2019

Contrasting Markets: Niagara Falls, NY vs. Niagara Falls, ON

Single family home sale listings in May 2019 illustrate the opportunity for the City of Niagara Falls, New York to market the community’s relatively higher housing affordability in comparison to the Greater Toronto Area (“GTA”). The examples in the following figure related to single family homes in Niagara Falls, NY indicate sales listing prices of \$17,500 to \$200,000 versus between C\$299,900 to C\$689,900 for comparable housing stock.

Five-year projections related to housing tenure suggest a shift from renter occupied units to a mix of owner occupied and vacant (in some cases, abandoned) housing stock.

² Neighborhoodscout.com

³ National Association of Home Builders

While ESRI Business Analysts currently projects the City of Niagara Falls will add 325 units of owner occupied units while losing 661 renter occupied units (along with 450 units – 18% – of vacant housing stock) these projections are based on historical trends in the absence of planning interventions and public investments in targeted urban revitalization. A comparative review of regional housing price escalations suggests that if additional units are built, the City of Niagara has the opportunity to capture residential renters and buyers seeking better relative housing affordability.

| City of Niagara Falls | 2018 | 2023 | % of Total | Net Change |
|-------------------------------|--------|--------|------------|------------|
| Total Housing Units | 26,248 | 26,362 | 100% | 114 |
| Owner Occupied Housing Units | 12,513 | 12,838 | 49% | 325 |
| Renter Occupied Housing Units | 9,356 | 8,695 | 33% | -661 |
| Vacant Housing Units | 4,379 | 4,829 | 18% | 450 |

City of Niagara Falls, NY Housing Tenure (208-2023)
Source: ESRI Business Analyst; Willdan, 2019

Based on residential market trends, it is recommended that the City of Niagara Falls implements a two-pronged housing development strategy targeting both new multifamily construction and single family renovations for both owner-occupied and rental investment properties.

Tourism Market Indicators

The City of Niagara Falls, NY is a world-renowned natural destination, located at the top of Niagara Falls. According to Niagara Falls USA⁴, tourism activity generated by “Niagara Falls USA” destination programming continues to break records in terms of unique visitors and visitor spending. From 2015 to 2016, travelers in Niagara County spent approximately \$708.3 million, an increase of 8.8% over 2016.

Visitation to Niagara Falls, NY broke all-time records in summer 2017, as Niagara Falls State Park celebrated 130 years, and new businesses and amenities continue to open in Downtown Niagara Falls.

From 2016 to 2017, visitors generated approximately \$45.5 million in local taxes, a 3.5% increase over 2016. Based on preliminary research, Niagara Falls, ON captures approximately 8.0 million visitors annually while Niagara Falls, NY captures approximately 4.0 million visitors annually (sources pending).



⁴ <https://www.niagarafallsusa.com/about-us/annual-reports/>

The growth of visitor, or “site-seeing tourism” is coupled with new redevelopment activity in the hotel sector. The state-run USA Niagara Development Corp selected Brine Wells Development, LLC as the preferred

developer for the Hotel Niagara in downtown Niagara Falls. The property is currently planned to enter into an operating agreement with the “Autograph” brand (Marriott flag). The company’s \$42 million plan for



Hotel Niagara Redevelopment Project, 2019

the oldest standing hotel in the Falls calls for its redevelopment into a full-service, 160-room “upper-upscale” accommodation with restaurants, lounges, banquet facilities, sports bar, restaurant, and rooftop bar/lounge. Construction is expected to begin in August 2019, opening in 2021.

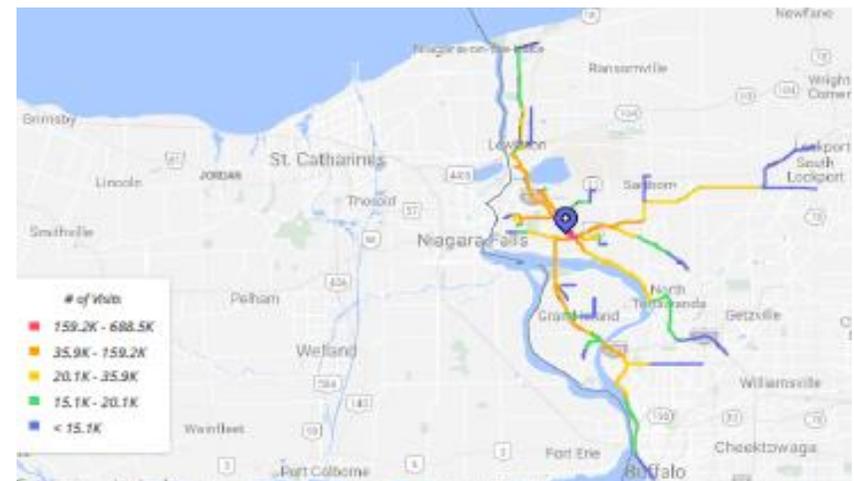
Public-private support for hotel and other tourism-related infrastructure and amenities is tied to a targeted strategy to extend the area’s tourism season deeper into “shoulder” seasons in late fall and early spring. These policies and programs will lend further support for retail/dining/entertainment investment through increased hotel nights and daytime foot traffic. These incremental steps to further achieve revitalization of the Downtown Niagara Falls

Core will ultimately create more “places for people,” drawing tourists from the water’s edge to new businesses in the downtown.

Retail/Dining/Entertainment Market Indicators

Analysis of typical retail/dining/entertainment supply and demand statistics in the City of Niagara Falls do not provide an accurate measurement of the pent-up demand for these uses and the opportunity for the City to execute a tactical revitalization plan that will support expanding area amenities. This revitalization can focus on the local market as well as the trend of “retail tourism”.

To illustrate the potential retail spending power that would serve to meet the City’s objectives to attract a greater diversity and critical mass of retailers to the Niagara Downtown Core, the Project Team procured proprietary market data from The Retail Coach. Following is a summary of cell phone data related to the Wal-Mart Super Center located at 1540 Military Rd, Niagara Falls, NY 14304.

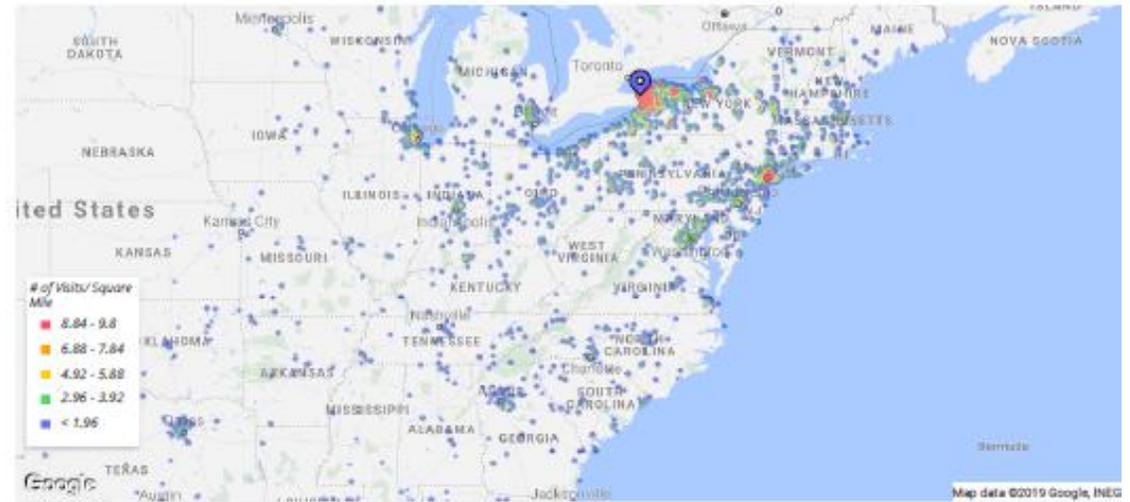


Customer Journey Routes from Prior Locations

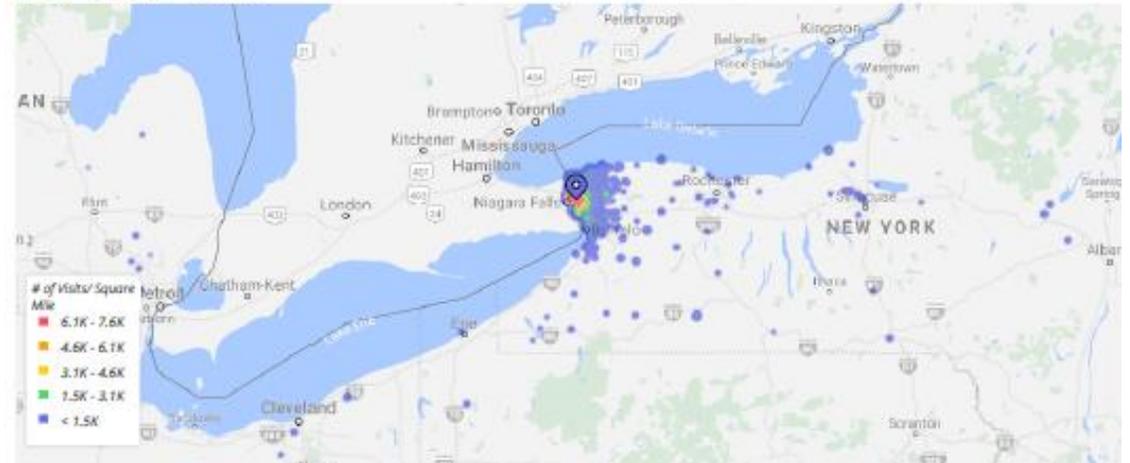
This data provides a snapshot of the sale volume and number of inbound visits: estimated annual revenue is \$64.14 million; 244.7K annual customers; and 2.4 million annual visits.

More compelling is a snapshot of customer journey routes from prior locations, demonstrating that the Niagara Falls Wal-Mart pulls customers from as far as Canada and Buffalo. Stakeholder interviews with area real estate developers and tourism industry professionals centered around the consensus that the City of Niagara Falls lack of competitive retail/dining/entertainment uses is not due insufficient demand but, rather, a lack of competitive supply. Investment in Niagara Falls is supported by both the captive tourism market and a growing regional population.

1 or More Visits



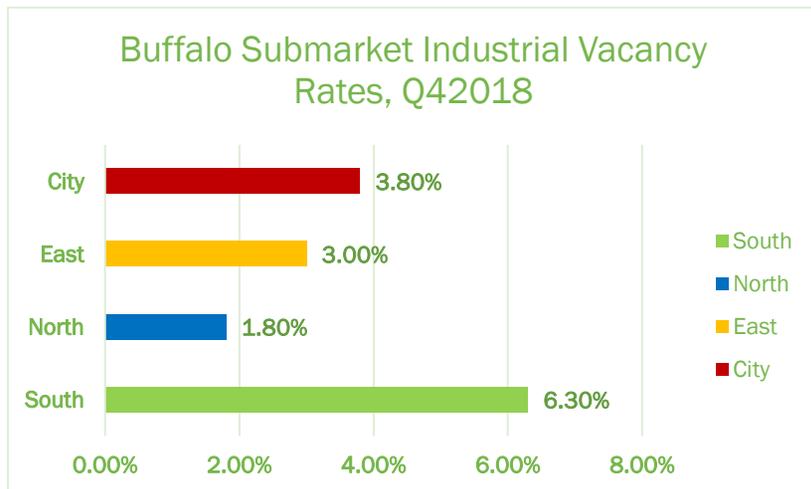
2 or More Visits



WalMart Visitor Data

Commercial & Industrial Market Indicators

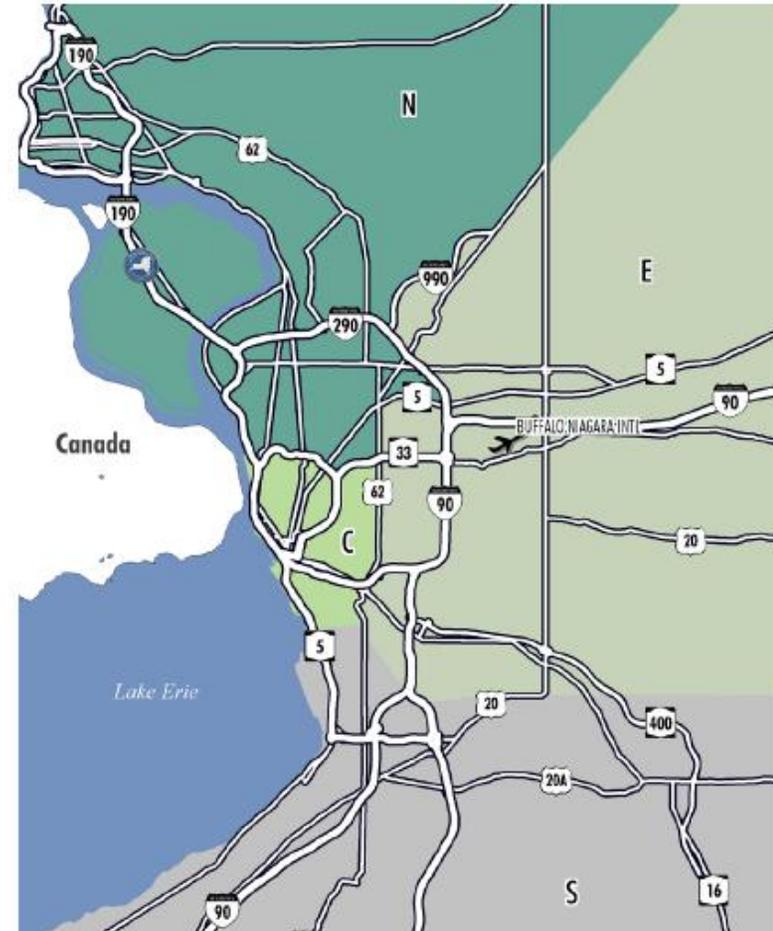
The CBRE Buffalo Industrial Market Report Q42018 indicates that record low industrial availability rates continue to drive high lease rates and appetite for rehab projects. The driver of this demand in the Buffalo market area is tied to e-commerce sales continuing to put pressure on retailers to shift goods from retail shelves to warehouse racks, increasing industrial warehouse demand. For every \$1 million increase in e-commerce sales, an estimated 1,250 square feet of warehouse space is needed to keep up with demand. Consequently, lease rates continue to climb as the market continues to await more inventory to arrive.



Buffalo Submarket Industrial Vacancy Rates Q42018
Source: CBRE Buffalo, Q42018

According to Invest Buffalo Niagara⁵, the region offers several key regional advantages to commercial and industrial users seeking to relocate or start a new business:

⁵ <https://buffaloniagara.org/>



Buffalo Submarkets – Industrial, Q42018
Source: CBRE Buffalo, Q42018

- \$20.5+ billion in recent public/private investments in the region (2017 Buffalo Business First - Core Strength)
- Proximity to major eastern and mid-western U.S. cities as well as a border with our country's leading trade partner, Canada;
- Low-cost and reliable energy available to power high-tech manufacturing and computing;
- A vibrant cluster of 21 colleges and universities throughout the region with enrollment of more than 105,000 students;
- Cities within the Buffalo Niagara region, and especially the City of Niagara Falls are easily accessible, with one of the lowest costs of living and easiest commutes of similarly sized metropolitan areas in the U.S.;
- Affordable commercial and residential real estate;
- A unique collection of historic and natural resources

These characteristics are further supportive of demand for new commercial/industrial real estate development by Canadian space users. According to Invest Buffalo Niagara, the primary Canadian business relocation/expansion decision drivers include:

- Proximity to the border (3 international bridges)
- Real estate availability (supply)
- Cost

These indicators suggest the following market opportunities in the City of Niagara Falls, NY submarket:

- Opportunity for new Class A-B commercial/industrial construction (spec) and rehab;
- Opportunity to attract small to medium sized manufacturers;
- Canadians demonstrate appetite for adaptive reuse ("fixer upper") properties vs. US businesses seeking turnkey properties).

EXISTING SUPPLY IS NOT MEETING DEMAND

Buffalo Q42018 Industrial Market Vacancy Rate = 3.4%

Market Opportunities:

- Commercial/Industrial Product Target
- Existing & Class B/C Rehab Space
- Lease or purchase
- 5,000 to 10,000 SF flex space
- 20,000 to 50,000 SF
- \$4.00-\$8.00/sq ft target lease rate

Source: CBRE Buffalo Industrial Market Report, Q42018

The demand for commercial and industrial space is further supported by regional entrepreneurial development trends including incubators, accelerators, and co-working spaces.

Thanks to a flood of new technology and e-commerce tenants, commercial space has reached a premium in Toronto, with the average Class A net asking rent in the financial core crossing the \$40 per sq. ft. threshold for the first time in the second quarter due to all-time vacancy lows. These low vacancy rates are driven by the emergence of the tech sector in Canada "as a true economic Goliath, and in particular the emergence of Toronto as a global tech

powerhouse.”⁶ These factors are rippling through every segment of the regional real estate market: housing, industrial, retail and office are all impacted by both the technology itself and technology tenancy.

From innovative medical devices to cutting-edge research and testing services, Buffalo Niagara is expanding the places and people needed to support entrepreneurial business development. Emerging examples of entrepreneurial business activity throughout the region include:

- TReC Incubator run by the Niagara Global Tourism Institute
- LAUNCH NY Virtual Incubator
- Niagara University
- Niagara Culinary Institute & Niagara County Community College
- Harrison Place Business Center Western New York Incubator Network
- UB Innovation Hub
- 43 North Buffalo Niagara Medical Campus Innovation Center
- DIG Buffalo
- Innovation Zone at the MedTech Commercialization Centre
- IncubatorWorks
- Fredonia Technology Incubator
- UB Technology Incubator at Baird Research Park
- UB Biosciences Incubator at Buffalo Clinical & Translational Research Center
- Z80 Labs

A key example of the City of Niagara Falls’ redevelopment potential is the expansion of the Niagara Global Tourism Institute’s “TReC @

616 Niagara,” a co-working and business incubation space currently under construction in downtown Niagara Falls. TReC will have a concentration on tourism technology and serve as a catalyst for density and economic activity, providing innovative workspace and programming for local entrepreneurs, startup companies, and independent businesses from all industries.

The 616 Niagara project, a historic preservation of five vacant buildings, is being developed through TM Montante Development with grant funding from Empire State Development.

The City of Niagara Falls, NY has the opportunity to establish itself as a top regional location for new investment and revitalization. The city needs to establish its brand as the front door to the exploding Southern Ontario market with affordable real estate, a vibrant visitor economy and a breathtaking setting for businesses and projects to locate. Niagara Falls can market sites in the surrounding area to draw a higher concentration of daytime foot traffic year-round to the Downtown Core. This will serve to support both urban infill residential development as well as enhanced retail, dining and entertainment uses. The time is now to re-establish Niagara Falls as an innovative hub for new investment and growth in the bi-national region.

⁶ <https://www.thestar.com/business/2019/07/16/cbre-ltds-paul-morassutti-how-tech-has-fueled-torontos-record-low-office-vacancy-rate.html>

4. Developer Engagement

The Redevelopment Strategy was drafted in conjunction with an exhaustive developer and investor engagement process. The resulting conceptual design plan, infrastructure recommendations and strategic sites identified for new investment have been developed and vetted through this process.

The project team was focused on the following objectives in working with the development and investment community:

Education

- The engagement process began with presentations on the City of Niagara Falls, including projects completed in recent years. Developers were introduced to the significant new progress that has been made in the city, including the removal of the Robert Moses Parkway, new developments, placemaking efforts and planned improvements, including the planned redevelopment of Niagara St. and the extension of John B. Daly Boulevard.

Commentary & Design Review Feedback

- Development entities were asked for their feedback on Niagara Falls, the development environment, the market and the potential of sites within the project area. The engagement covered potential design interventions and site assemblies to develop recommendations for the plan.

Cultivation

- The ultimate purpose of the project is to set up the Gateway District to attract redevelopment. As a part of the process, the project team engaged sketch strategies to assist participants with conceptualizing projects along the corridor, illustrating site layout, building scale and possible

programming. Developers expressing interest were followed-up with to progress concepts and continue to cultivate their interest in ultimately leveraging a project.

During this project, our team met with 11 development companies to engage and solicit feedback on the Niagara Falls market and the proper course for the redevelopment strategy. Additionally, a Developers Forum, was held in September 2019 in the district where more than 50 representatives attended for a presentation and Q&A on the Gateway District. For the purposes of the project, these companies and their commentary are kept anonymous. Details provided here are general in nature, meant to inform the overall strategy development.

General Commentary

The City of Niagara Falls is an intriguing market for the WNY and Southern Ontario Development community. Many companies have an aged history in pursuing projects in the city with mixed results. Certainly the unique strength of Niagara Falls as a world-renowned tourism destination, natural amenities and historic setting provide an appeal to potential investments. However, across the board, concern was expressed regarding the questionable strength of the city's real estate market, considering a declining population and an economy disproportionately dependent upon seasonal tourism dollars. Some participants also expressed concern about uncertain political environments and the predictability of development projects, however it is important to note that these comments were often acknowledged to be based upon perception and not recent experience.

Participants noted several strengths that the neighborhood contains, including the district's proximity to the downtown tourism area, Niagara Falls State Park and the Niagara Gorge. Notably, there is general sentiment that the removal of the Robert Moses Parkway is

a game-changer for the city and the Gateway District. Participants urged that making direct, multi-modal connections to the gorge by improving pedestrian amenities and bicycle access should be prioritized. The planning improvements to Niagara Street, incorporating a linear park along the southern side, with a protected multi-use path, was seen as a significant step towards improving the walkability of the neighborhood and better integrating the district into downtown.

Concern was expressed regarding the general condition of the neighborhood, including vacant properties fronting Niagara St., derelict housing throughout the neighborhood and unkempt lots. While most larger scale development is envisioned to occur on properties fronting major thoroughfares like Niagara St., it was stressed that the redevelopment of the neighborhood must include ancillary programs designed to improve conditions throughout the residential streets as a means of improving land values and mitigating risk.

The City of Niagara Falls has already been working on several complementary programs that would address some of the concerns laid out by the developers. They are working hard to build a strong foundation of programs to support efforts by the private development community.

Potential Uses

Developer and investor participants eyed a number of potential uses for sites throughout the district, however most conversation centered on traditional mixed-use developments combining commercial and residential spaces, a model familiar to investment throughout WNY. Some interest was exhibited for hotel developments as well as complementary hospitality uses, such as restaurants and smaller attractions to leverage the tourism crowd. However, much concern was expressed about the market. Office space, for example, was not

seen as a particularly strong future use given existing vacancy in the market. Residential development will continue to be a challenge, however, it is a challenge that can be met through partnership. Currently, new units in the area are garnering approximately \$1.30/square foot for residential space. According to two participants, for projects to reach feasibility, rents need to extend into the \$1.50 to \$1.70/square foot. This offers the opportunity to bridge a definable gap by either reducing project costs or allocating subsidy to make the numbers work. As critical mass emerges, the area will become more desirable and drive attainable rents up. Within this largely untested market, it should be noted that empty spaces and vacancy exist more as a result of unusable space that cannot be rented. In many cases the space is available, it is just in need of an injection of funds and creativity.

Priority Development Sites

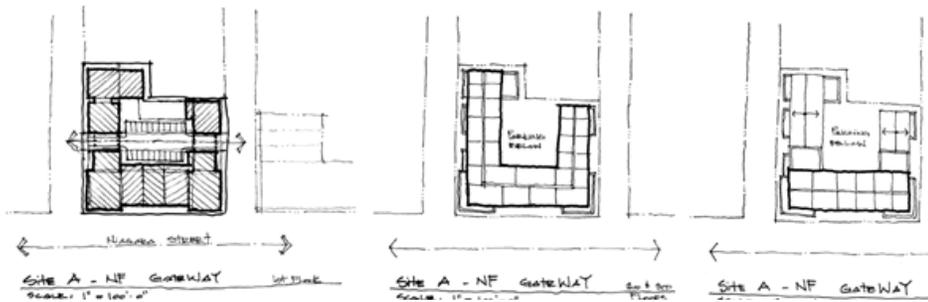
Participants were shown maps of the Gateway District area, including sites currently under public control; owned by either the City of Niagara Falls, the Niagara Falls Urban Renewal Agency or Empire State Development and asked for feedback on optimal sites for new projects. It was understood that there is the potential for public and or private acquisition of additional properties to enlarge development sites to suit the needs of prospective projects.

The general preference was for larger sites, in high visibility locations along Niagara Street. Developers would prioritize locations in closer proximity to the emerging Third Street district. Some developers preferred locations with 2-3 acres of available land while at least one expressed that a minimum site size of four acres was necessary to attract a quality project in the area. Corner locations with signalized intersections and quality pedestrian connectivity to downtown are critical. Historic buildings that can qualify for tax credits are also attractive as a significant financial tool to help 'pencil out' a project.

Developers do not want to perceive that they are “first in” to a market, but rather a part of a larger base of activity investing in the community.

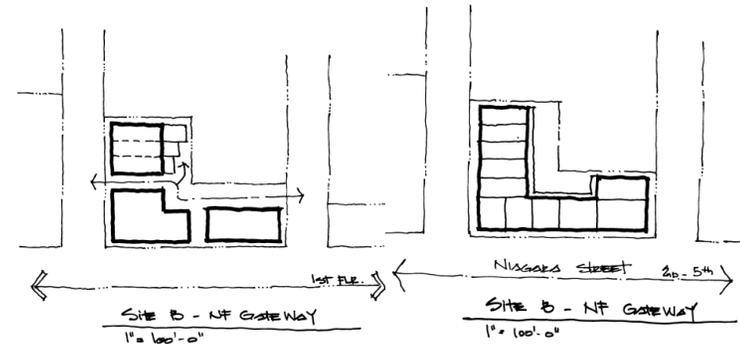
A number of potential redevelopment sites were ‘test fit’ with developers to demonstrate potential redevelopment programs.

Development Test Site A

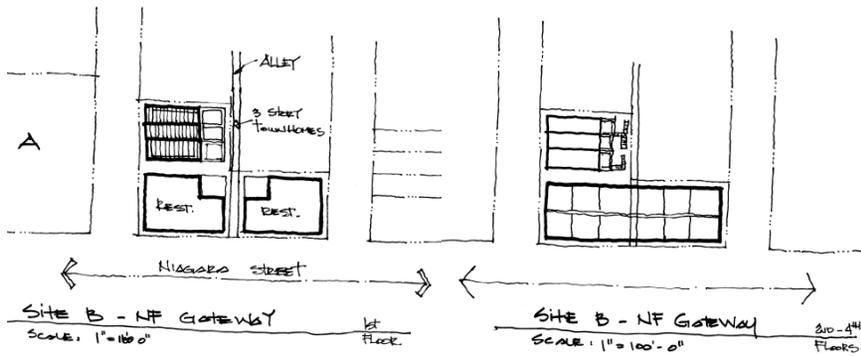


Site A is among the larger groups of parcels fronting Niagara Street, potentially measuring 1.6 acres over 17 properties. A test fit of the site illustrates a number of development possibilities. Each scenario, utilizes the principles of good urban design, pulling the building up to the primary thoroughfare, active uses on the first floor and leveraging density throughout the site. Site A could accommodate approximately 7,500 square feet of commercial space on the ground level, interior parking and common access to the upper floors. As depicted above, a substantial amount of residential units could be accommodated on floors above, including 54 units on the 2nd and third floors and an additional 12 units per floor on a tower fronting Niagara St. above that. A basic building, constructed above could accommodate more than 80 units and commercial space across 5 floors.

Development Test Site B



Site B is another collection of parcels deemed desirable by developers consulted throughout the process. Eight parcels and just under one acre of land, the site can accommodate a significant new project, however, it may be wise to introduce additional parcels to further expand the site. This assembly combines city-owned property with those neighboring properties deemed most ready for acquisition and redevelopment. Approximately 3,000 square feet of retail frontage can be accommodated on the first floor, potentially along with row-housing units or parking beneath the building on side streets. Above the first floor, 11-12 units can be accommodated on each floor above. A five story building could incorporate up to 50 units in this configuration, above the first floor.

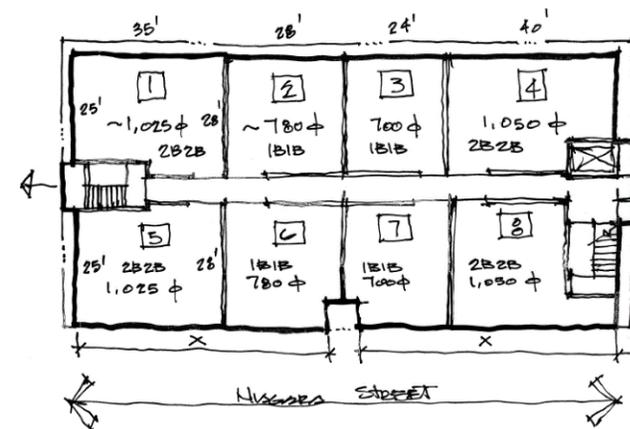
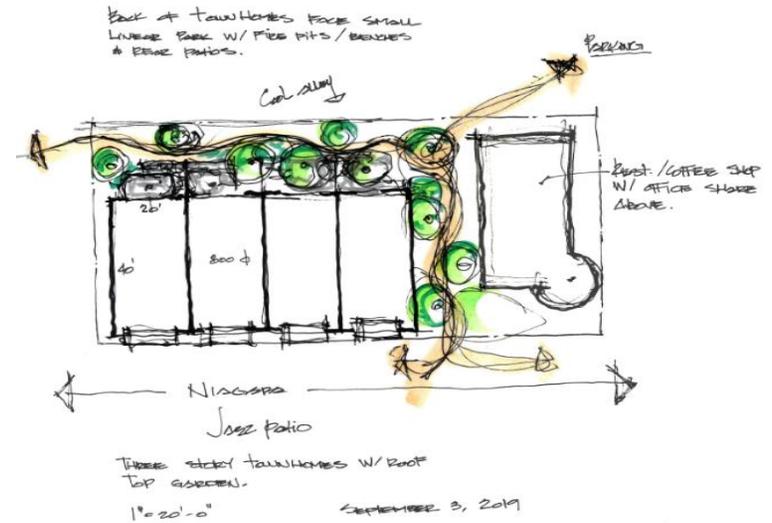


An alternative test-fit on Site B shows essentially two developments on the same site. The front building accommodates the same amount of retail space, with a 12-unit per floor tower above. A 5-story building will incorporate approximately 50 units. On the side street, three row townhouses are developed, stepping down the scale of building into the residential neighborhood.

Development Test Site C

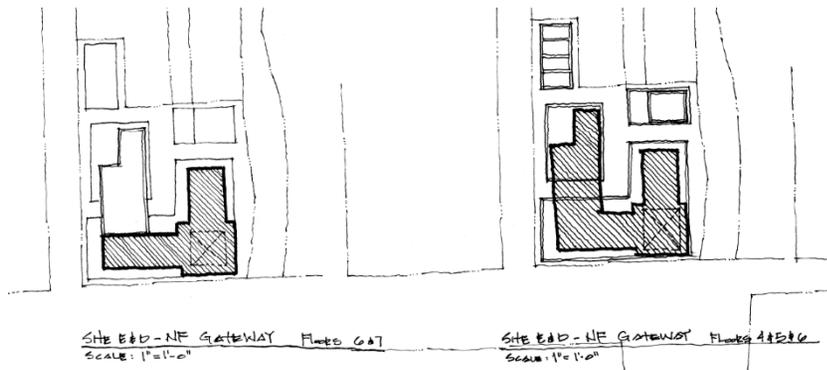
Site C is the smallest of the sites that received the highest priority from the development community, primarily due to its location along Niagara Street and adjacency to existing new investment. Four parcels and a third of an acre, this location offers the opportunity for a different kind of project. An existing Victorian house on one side presents a potential adaptive reuse project. Preserving this property, limits development of the remainder of the site to row housing or a small apartment building of 4-5 units per floor. In most scenarios, parking would need to be accommodated elsewhere for the project to be successful.

Removing all structures on the site for a new project with 100% lot coverage could allow for the incorporation of a structure that could house eight one and two bedroom apartments on each floor. A small, three-story building could bring 24 units to market.



Development Test Site D & E

Sites D & E look at the potential of combining more than one parcel group, as well as public right of ways to create a significantly larger development opportunity. Given the extension of John B. Daly Boulevard, Site D & E are the largest of the potential redevelopment sites along Niagara St., outside of properties owned by Empire State



Development. This site sits at the corner of Niagara and the future extension of the John B. Daly Boulevard, incorporating a former gas station that would qualify redevelopment projects for the New York State Brownfield Cleanup Program tax credits. Interests here with developers are more in line with larger commercial and hospitality projects. It is a potential location for a hotel development, across from the Casino and on a major entry route into the city. The parcel could accommodate a multitude of structures, with the potential for a more towering development at the corner location to welcome visitors. This is a more complicated site to combine as it includes the abandonment of the southern extent of 8th street, deemed redundant with the extension of John B. Daly Boulevard.

Conversations and test fits conducted with the development community have informed the overall strategy, including the urban design vision for the area as well as the strategy for assembling

property. It should be noted that potential new development is not strictly limited to these sites, but that they have been identified as more likely to accommodate new projects.

5. Site Assembly Recommendations

A critical component of stimulating redevelopment in the Niagara Falls Gateway District is to identify a strategic approach to the acquisition of sites. Through the project's planning review, urban design process and engagement with the developer community, a thorough assessment of potential development sites was conducted within the Gateway District, evaluating their ability to attract new development project(s).

From this analysis, the project team is making recommendations to the Niagara Falls Urban Renewal Agency (NFURA) of which parcels should be priorities for public acquisition/assembly, proactively or reactively when an opportunity arises. This will also inform the NFURA of properties that may benefit from proactive due diligence so that when needed, the agency is prepared to act quickly to assemble properties and ready them for development.

Methodology

This analysis was a progressive nomination, review and selection of sites based upon a set criterion. As noted in the previous section, the nominated site assemblies were test fit with the development community to ensure that they are appropriate for a variety of potentially feasible development projects. These initial recommendations are based upon that process. Development community conversations will continue as a part of cultivating potential new projects. These conversations are likely to moderately adjust priorities and site assembly based upon specific needs of each party.

The team began with an initial inventory of more than 200 individual properties that were identified as being vacant, underutilized and/or publicly controlled within the project area. These properties were

then grouped based upon adjacency and relative adjacency in order to form larger, prospectively assembled development sites. Initially, 31 parcel group sites were identified for an evaluation based upon the following criteria:

- Public Ownership/Control
- Anticipated Public Control (Road right of way acquisition)
- Location & access (priorities given to adjacency to primary thoroughfares and corner sites)
- Size (generally seeking 1acre+, with a preference for larger sites)
- Presence of existing structures that can be adaptively reused
- Presence of existing structures that are likely to be removed
- Potential to implement the urban design plan
- Feedback from the development community

Following an evaluation based upon this criteria, 11 parcel group sites were eliminated as not likely to attract new development. The remaining 20 sites were placed into a hierarchy based upon their likelihood to attract development. However, it must be noted that this exercise is conducted to develop priorities, but it does not officially eliminate any property within the district as a potential development site.

Priority Site Assemblies

Reflective of the evaluation process, the parcel groups were rated as high, medium and low priority. Properties owned by Empire State Development, already assembled, were maintained separately, anticipating an independent RFP process for their redevelopment.

High Priority sites are largely concentrated along the Niagara Street frontage, taking advantage of their visibility and access. Also, importantly, they are critical to fulfilling the vision of reestablishing the street as a mixed use and commercial development corridor, extending from Third Street to John B. Daly Boulevard. The team also recommends that the City consider the abandonment of public alleyways that divide several of these sites, should an acceptable development project be proposed that would require to extend across the alleyway. New developments can alternatively provide rear access to the alleyways for neighborhood use. Similarly, some consideration for the partial abandonment of 8th Street to allow assembly of a larger site may be considered.

Medium priority sites include those internal to the neighborhood residential areas and those along Third Street. These groups represent sites that are also attractive to development but are behind the primary focus area of this development along Niagara Street and John B. Daly Boulevard. They also represent greater obstacles to acquisition given likely property value. Additionally, while some development is encouraged within the residential area, a greater priority is placed upon mixed-use projects on the primary thoroughfares.

Low priority sites are those in which we have received feedback that they would still be of interest to the development community,

however, they are initially less desirable than others, predominantly due to location and size.

The chart on the following page details the site profiles for each potential assembled development site. The City of Niagara Falls and the Urban Renewal Agency should use the chart to set priorities and assist in conversations regarding future development.

| Parcel Group | Number of Parcels | Publicly Controlled Parcels | % Unimproved | Structures for Adaptive Reuse | Gross Size | Frontage | Corner Site | Intersection Control | Environmental Contamination | Zoning District | Combined Assessed Value | General Uses | Height Limit | Preferred Future Uses | Potential for Combination | Priority |
|--------------|-------------------|-----------------------------|--------------|-------------------------------|------------|-----------------------------|-------------|----------------------|-----------------------------|--|-------------------------|----------------------------------|---------------------------------|--|---------------------------|----------|
| A | 17 | 6 | 67% | 0 | 1.6 Acres | Niagara St. | Yes | Signalized @ 4th | None/Unknown | Downtown-1B Gorge View Transition | \$354,000 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | | High |
| B | 8 | 0 | 70% | 0 | 0.9 Acres | Niagara St. | Yes | Unsignalized | None/Unknown | Downtown-1B Gorge View Transition | \$185,900 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | | High |
| C | 4 | 2 | 50% | 0 | 0.3 Acres | Niagara St. | Yes | Unsignalized | None/Unknown | Downtown-1B Gorge View Transition | \$98,600 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | | High |
| D | 21 | 8 | 70% | 0 | 1.1 Acres | Niagara St. | Yes | Unsignalized | Former Fuel Station | Downtown-1B Gorge View Transition | \$218,900 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | | High |
| E | 8 | 8 (Future) | 85% | 0 | 1.9 Acres | Niagara St. John Daly Blvd. | Yes | Signalized | None/Unknown | Downtown-1B Gorge View Transition Residential-3C Multi Family High Density | \$287,900 | Commercial Residential Mixed Use | 160' (304' w/bonus) 60' in R-3C | Mixed Use Auto Commercial Multi-Family | Site D Site G | High |
| F | 4 | 3 (Future) | 100% | 0 | 3.1 Acres | Niagara St. John Daly Blvd. | Yes | Signalized | None/Unknown | Downtown-1B Gorge View Transition Residential-3C Multi Family High Density | \$196,000 | Commercial Residential Mixed Use | 160' (304' w/bonus) 60' in R-3C | Mixed Use Auto Commercial Multi-Family | | High |
| G | 7 | 2 | 80% | 1 | 0.9 Acres | Niagara St. | Yes | Signalized | None/Unknown | Downtown-1B Gorge View Transition Residential-3B Multi Family Urban | \$114,900 | Commercial Residential Mixed Use | 160' (304' w/bonus) 60' in R-3C | Mixed Use Auto Commercial Multi-Family | Site H | Moderate |
| H | 2 | 1 | 25% | 1 | 0.3 | Niagara St. | Yes | Signalized | None/Unknown | Downtown-1B Gorge View Transition | \$36,400 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Multi-Family | Site G | Low |
| I | 2 | 2 | 100% | 0 | 1.9 Acres | John Daly Blvd | Yes | Signalized (Future) | None/Unknown | Multi Family High Density | \$23,600 | Residential Some Commercial | 60' | Multi-Family | | Moderate |
| J | 1 | 1 (future) | 65% | 1 | 1.8 Acres | John Daly Blvd | Yes | Signalized (Future) | None/Unknown | Multi Family High Density | \$325,342 | Residential Some Commercial | 60' | Multi-Family | | Moderate |

| Parcel Group | Number of Parcels | Publicly Controlled Parcels | % Unimproved | Structures for Adaptive Reuse | Gross Size | Frontage | Corner Site | Intersection Control | Environmental Contamination | Zoning District | Combined Assessed Value | General Uses | Height Limit | Preferred Future Uses | Potential for Combination | Priority |
|--------------|-------------------|-----------------------------|--------------|-------------------------------|------------|--|-------------|---------------------------|-----------------------------|---|-------------------------|---|------------------------|---|---------------------------|----------|
| K | 19 | 9 | 80% | 0 | 1.8 Acres | Ferry Ave Sixth Seventh | Yes | No | None/ Unknown | Multi Family High Density | \$146,800 | Residential Some Commercial | 60' | Multi-Family | Site L | Moderate |
| L | 7 | 3 | 50% | 0 | 0.8 Acres | Sixth St. | No | No | None/ Unknown | Multi Family High Density | \$98,800 | Residential Some Commercial | 60' | Multi-Family | Site K | Low |
| M | 6 | 5 | 40% | 0 | 0.5 Acres | Sixth St. | No | No | None/ Unknown | Multi Family High Density | \$81,400 | Residential Some Commercial | 60' | Multi-Family | Site K | Low |
| N | 1 | 0 | 100% | 0 | 0.5 Acres | Main St. | No | Yes | None/ Unknown | Commercial-1A Neighborhood Commercial | \$57,800 | Commercial Mixed Use Multi-family | 35' | Mixed Use | | Moderate |
| O | 1 | 1 | 50% | 0 | 1.1 Acres | Main St. | No | Yes | None/ Unknown | Commercial-1A Neighborhood Commercial | \$640,400 | Commercial Mixed Use Multi-family | 35' | Historic Adaptive Reuse Mixed Use | | ESD |
| P | 8 | 0 | 90% | 0 | 0.9 Acres | Second St. | Yes | No | None/ Unknown | Commercial-1A Neighborhood Commercial | \$216,000 | Commercial Mixed Use Multi-family | 35' | Mixed Use | | Moderate |
| Q | 2 | 0 | 65% | 0 | 1.6 Acres | Third St. Second St. | No | No | None/ Unknown | Commercial-1A Neighborhood Commercial | \$325,500 | Commercial Mixed Use Multi-family | 35' | Mixed Use Active 1st floor | Site P Site R | Moderate |
| R | 2 | 0 | 65% | 0 | 0.7 Acres | Niagara St. Third St. | Yes | Yes | None/ Unknown | Downtown-1B Gorge View Transition | \$194,000 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | Site P Site Q | Moderate |
| S | 1 | 1 | 100% | 0 | 4.1 Acres | Niagara St. First St. Second St. Main St. | Yes | Yes | None/ Unknown | Downtown-1B Gorge View Transition | \$2,466,100 | Commercial Residential Mixed Use | 160' (304' w/bonus) | Mixed Use Active 1st floor | | ESD |
| T | 1 | 1 | 100% | 0 | 4.5 Acres | Niagara St. 1st St. 3rd St. | Yes | Signalized @ 1st & 3rd | None/ Unknown | Downtown-1A Near-Casino | \$2,500,000 | Commercial Residential Mixed Use | 320' (680' w/bonus) | Mixed Use Active 1st floor | | Moderate |

6. Coordinated Investment Strategy

The City of Niagara Falls is well positioned to achieve the Downtown Core Revitalization Initiative’s goals and objectives to catalyze redevelopment and reuse activity through successful Public-Private Partnerships.

What follows is a high-level investment strategy and implementation plan. This funding plan is structured to provide a Road Map for the City of Niagara Falls to adapt to market conditions and available public and private funding to implement the proposed Niagara Gateway public realm and infrastructure improvements and other catalytic economic development initiatives.

The total estimated cost of the Gateway Downtown Niagara Falls Revitalization Initiative is approximately \$39.25 million over five

years with funding to be provided by a combination of Empire State Development funding, City dollars, Seneca Niagara Casino revenue sharing and other sources.

It is possible that the City of Niagara Falls/Niagara Falls Urban Renewal Agency (URA) could generate a future revenue stream of up to approximately \$20.6 million from the sale of property assembled through Strategy 2: Strategic Land Acquisition Program (proposed land banking) as detailed by the below figure. However, it is more likely that the URA would use any potential land value not as revenue, but as incentive toward implementing private sector projects that achieve public goals

| Niagara Falls South End Gateway Redevelopment - Funding Strategy | | | | | | |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| | Year 1 FY2020 | Year 2 FY2021 | Year 3 FY2022 | Year 4 FY2023 | Year 5 FY2024 | Total |
| Strategy 1: Infrastructure & Public Realm Improvements | \$ 475,000 | \$ 5,500,000 | \$ 10,611,667 | \$ 3,341,667 | \$ 1,841,667 | \$ 21,770,000 |
| Strategy 2: Strategic Land Acquisition Program | \$ 1,367,300 | \$ 1,368,100 | \$ 1,368,900 | \$ 5,884,300 | \$ 5,885,200 | \$ 15,873,800 |
| Strategy 3: Retail Recruitment Subsidy Program | \$ 150,000 | \$ 120,000 | \$ 96,000 | \$ 76,800 | \$ 61,500 | \$ 504,300 |
| Strategy 4: City Pride/City Beautiful Program | \$ 290,000 | \$ 330,000 | \$ 330,000 | \$ 330,000 | \$ 330,000 | \$ 1,470,000 |
| Strategy 5: Developer Outreach Program | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 100,000 |
| Total | \$ 2,302,300 | \$ 7,338,100 | \$ 12,426,567 | \$ 9,652,767 | \$ 8,138,367 | \$ 39,718,100 |

¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls.

²Total investment excludes the potential revenue from developer acquisition of property acquired by the Niagara Falls Urban Renewal Agency (estimated to be up to \$20.6 million assuming 80% developer contribution/20% public contribution).

Source: City of Niagara Falls, NY; Wendel Companies; Willdan, 2019

City of Niagara Falls Downtown Core Investment Strategy

Strategy 1: Infrastructure and Public Realm Improvements

The “City in a Park” concept to remove Robert Moses Parkway and reconnect the Niagara Falls waterfront to the Downtown core will serve to change perceptions of the City of Niagara as a place for private investment and redevelopment.

Through the implementation of the planned public realm/infrastructure improvements to reconnect the waterfront to the Downtown Core, the City of Niagara Falls is positioned to

capture a greater fair share of tourism visitation and associated local tax revenue.

It is recommended that the City of Niagara Falls proceed with the investment of approximately \$20.55 million in 12 key public realm/infrastructure projects detailed in the following funding strategy (Figure 13). The objective of this program is to implement targeted urban infill public realm and infrastructure improvements to catalyze 1-2 mid-/large-scale private redevelopment sites/projects in the Downtown Gateway Area.

| Strategy 1: Infrastructure & Public Realm Improvements | | | | | | | |
|--|---|---------------------|----------------------|---------------------|---------------------|----------------------|--|
| Project 1.1: Gateway Design & Engineering | | | | | | | |
| Program Description/ Target Outcomes: | Targeted urban infill public realm & infrastructure improvements to catalyze 1-2 mid-/large-scale private redevelopment sites/projects in the Downtown Gateway Area | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding |
| 1.1 Niagara St. Improvements Road Diet & multi-modal amenities, Linear Park Enhancements | | \$ 5,200,000 | | | | \$ 5,200,000 | NYS DOT (Funded - 80%-20%) State & Local Tax/Grant Funds ¹ |
| 1.3 John B. Daly Extension | | | \$ 6,920,000 | | | \$ 6,920,000 | NYS DOT (Funded - 80%/20%) |
| 1.4 Mid-block Neighborhood Paseo | | | | \$ 1,500,000 | | \$ 1,500,000 | State & Local Tax/Grant Funds/Private funds |
| 1.5 Sidewalk Improvements | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 125,000 | State & Local Tax/Grant Funds |
| 1.6 Public Arts Investment | | \$ 100,000 | \$ 100,000 | | | \$ 200,000 | State & Local Tax/Grant Funds |
| 1.7 Bicycle Lane Striping & Sharrows | | \$ 25,000 | | | | \$ 25,000 | State & Local Tax/Grant Funds |
| 1.8 Niagara Gorge Pedestrian Linkage | | | \$ 1,500,000 | | | \$ 1,500,000 | State & Local Tax/Grant Funds |
| 1.9 Niagara Gorge Gateway Signage & Pedestrian | | | \$ 250,000 | | | \$ 250,000 | State & Local Tax/Grant Funds |
| 1.10 Niagara Street Gateway Signage | \$ 150,000 | | | | | \$ 150,000 | State & Local Tax/Grant Funds |
| 1.11 Third Street Gateway Signage | \$ 150,000 | | | | | \$ 150,000 | |
| 1.12 Parking Structures ² | | | \$ 1,666,667 | \$ 1,666,667 | \$ 1,666,667 | \$ 5,000,000 | State & Local Tax/Grant Funds |
| Subtotal - Capital Costs | \$ 325,000 | \$ 5,350,000 | \$ 10,461,667 | \$ 3,191,667 | \$ 1,691,667 | \$ 21,020,000 | |

¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls.

² Parking structure costs assume phased funding of \$25 million, with \$5M in Yr 3-Yr5 or approx annu \$ **1,666,667**

Source: City of Niagara Falls; Wendel; Willdan, 2019

Project 1.1 – Gateway Design & Engineering

| Project 1.2: Green Infrastructure/ Resiliency/Public Realm Incentive Fund | | | | | | | |
|--|--|--------------|--------------|--------------|--------------|---------------|--|
| Program Description/ Target Outcomes: | Investment in innovative biofilter rain garden/stormwater management infrastructure through retrofitting impervious surfaces to reduce stormwater impacts and increase public realm/parklet amenities in the Downtown Gateway Area | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding |
| Subtotal - Capital Costs | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 750,000 | State & Local Tax/Grant Funds ¹ |
| Strategy 1: Infrastructure & Public Realm Improvements - Total Capex+ OpEx Costs | | | | | | | |
| Capital Costs | \$ 475,000 | \$ 6,650,000 | \$ 8,991,667 | \$ 3,341,667 | \$ 1,841,667 | \$ 21,300,000 | State & Local Tax/Grant Funds |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Staffing Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | State & Local Tax/Grant Funds |
| Total | \$ 475,000 | \$ 6,650,000 | \$ 8,991,667 | \$ 3,341,667 | \$ 1,841,667 | \$ 21,300,000 | |

Source: City of Niagara Falls; Wendel; Willdan, 2019

Project 1.2 – Green Infrastructure/Resiliency/Public Realm Incentive Fund



Strategy 2: Strategic Land Acquisition Program

The City of Niagara has undertaken a forward-thinking large-scale program to acquire scattered vacant lots and blighted properties. Meanwhile, speculative land acquisition and holding is heating up. The City can leverage this publicly owned land as a form of subsidy to produce market rate workforce product in partnership with low-income/workforce housing developers.

Economic inclusivity is in the top five factors in economic vitality rankings. To attract a qualified workforce and the employers who are chasing the workers, you need a diverse array of quality housing serving a variety of price points. It is recommended that the City further formalize and expand the scale of prior residential renovation programs to establish a targeted “Housing Renovation/Construction Program” through a Master Developer RFP process wherein lots and blighted housing stock are packaged for redevelopment (five to ten lots at a time, for example) by a single developer. This program could be eligible for additional CDBG or other Social Impact Housing Fund investment (<http://www.lotuscampaign.org/>).

To prepare for the issuance of the RFP, the City should undertake these steps:

- Market the mapped inventory of lots and blighted housing units, focusing on the “Priority Redevelopment Area” of urban core and working back through interior neighborhoods produced as part of the Downtown Core Revitalization Initiative. The City of Niagara Falls should continue to prioritize targeted sites for larger-scale assemblage along Niagara Street to “prime the pump” for

the top three to five potential catalytic redevelopment sites for mixed-use urban infill.

- In addition to these larger-scale assembled parcels, the City should also continue to acquire scattered lots/buildings for the proposed housing construction/renovation program.
- Set targets for preservation/renovation/production of units to meet low-, mod-income / market rate workforce populations (establish recommended rental rate targets for each “batch” of lots to meet identified policy objectives).
- Continue to cultivate a network of strategic partners/funding sources to provide gap financing or below-market loans to qualified affordable/workforce housing developers.
- Leverage publicly owned land as a form of subsidy to produce market rate workforce product in partnership with low- to moderate-income residential developers.
- Market successes in renovation/construction of new housing stock from Toronto to Buffalo to attract more residents to the downtown core of Niagara Falls (stabilizing population decline, further supporting new retail/restaurants, and driving catalytic revitalization activity through the neighborhoods surrounding the Downtown Core).

If NFURA was to acquire approximately 20 targeted parcels for potential property assemblage and future redevelopment without assistance from the private sector, the cost would be \$15.87 million over five years (assuming approximately 30 acres of land). However, it is important to note that these dollars represent both public and private acquisition, over time. It is the intention of the

NFURA to not undertake this expense unassisted and with only public funds.

expect to generate up to \$20.56 million in revenue from future land banking sales.

As detailed in the following figure, the Strategy 2 – Strategic Land Acquisition Program includes the provision that the city owned land could be sold to a private developer (assuming a 20% discount to be provided by the City of Niagara Falls/Urban Renewal Agency as developer incentive). Based on current market conditions (subject to change based on subsequent property appraisals), and the Land Bank Strategy Property Acquisition Assumptions, the City could

| Strategy 2: Strategic Land Acquisition Program | | | | | | | |
|--|--|---------------------|---------------------|---------------------|---------------------|----------------------|--|
| Project 2.1: Strategic Land Acquisition & PPP Subsidy | | | | | | | |
| Program Description/ Target Outcomes: | Assemble 2-3 sites to prep for mixed-use development; sell to developer @ 80% of land value (assumes assessed value x 3; public costs 20% of value) as mechanism for future land revenue | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding |
| 2.1 Target Site Property Acquisition | \$ 1,341,300 | \$ 1,341,300 | \$ 1,341,300 | \$ 5,855,900 | \$ 5,855,900 | \$ 15,735,700 | State & Local Tax/Grant Funds ¹ |
| Subtotal - Capital Costs | \$ 1,341,300 | \$ 1,341,300 | \$ 1,341,300 | \$ 5,855,900 | \$ 5,855,900 | \$ 15,735,700 | |
| Strategy 2: Strategic Land Acquisition Program - Total Capex+ OpEx Costs | | | | | | | |
| Capital Costs | \$ 1,341,300 | \$ 1,341,300 | \$ 1,341,300 | \$ 5,855,900 | \$ 5,855,900 | \$ 15,735,700 | State & Local Tax/Grant Funds |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Staffing Costs² | \$ 26,000 | \$ 26,800 | \$ 27,600 | \$ 28,400 | \$ 29,300 | \$ 138,100 | General Fund |
| Total | \$ 1,367,300 | \$ 1,368,100 | \$ 1,368,900 | \$ 5,884,300 | \$ 5,885,200 | \$ 15,873,800 | |
| ¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls. | | | | | | | |
| ² Staffing assumes 0.5 full-time equivalent contract labor position (\$25/hour, no benefits, 3% annual COLA) | | | | | | | |
| ³ Land Bank Program assumes that Developer will reimburse the NFURA at 80% of land acquisition cost on a case by case basis subject to PPP Development Agreement. | | | | | | | |
| Hypothetical developer Land Bank property acquisition contribution | | | | | | | |
| Source: City of Niagara Falls; Wendel; Willdan, 2019 | | | | | | | |

Project 2.1 – Strategic Land Acquisition Program

| LAND BANK STRATEGY ASSUMPTIONS | | | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|------------------------------------|-------------|---------------------|----------------------------------|----------|-----------------------|-----------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Priority | Acres | Assessed Value | Market Value (AV*3) ² | Year Acq | # Years Acq (Phasing) | Annual Acq Cost | Potential Developer Reimbursement ³ | FY2020 | FY2021 | FY2022 | FY2023 | FY2023 | TOTAL |
| Empire State Dev Corp ¹ | 5.2 | \$ 3,106,500 | \$ 9,319,500 | 1, 2, 3 | 3 | N/A | \$ 7,455,600 | | | | | | \$ - |
| High | 8.9 | \$ 1,341,300 | \$ 4,023,900 | 1, 2, 3 | 3 | \$1,341,300 | \$ 3,219,120 | \$ 1,341,300 | \$ 1,341,300 | \$ 1,341,300 | | | \$ 4,023,900 |
| Moderate | 14.6 | \$ 3,903,942 | \$ 11,711,826 | 4, 5 | 2 | \$5,855,913 | \$ 9,369,461 | 0 | 0 | \$ - | \$ 5,855,913 | \$ 5,855,913 | \$11,711,826 |
| Low | 1.6 | \$ 216,600 | \$ 649,800 | 6 | 0 | \$ 216,600 | \$ 519,840 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total⁴ | 30.3 | \$ 8,568,342 | \$25,705,026 | | | | \$ 20,564,021 | \$ 1,341,300 | \$ 1,341,300 | \$ 1,341,300 | \$ 5,855,913 | \$ 5,855,913 | \$15,735,726 |

¹ESD land acquired in FY2019 and therefore excluded from FY2020-FY2023 Funding Strategy but included in total Niagara Gateway Revitalization Project Funding estimates for illustrative purposes.

²Land Bank Program property acquisition costs assume assessed value x **3**

³Assumes Public sector pays 20% of acquisition costs; Private sector pays: **80%**

⁴ Actual property acquisition cost will be dependent upon the specific parcel, location, and time of acquisition; Given limited and infrequent property sales activity in the Niagara Gateway submarket, data is inconsistent/lacking relevant comps. Funding strategy does not assume an average value per acre across all target properties and the Urban Renewal Agency will need to undertake market appraisals at the time of acquisition; property value estimates are subject to change.

Source: City of Niagara Falls; Wendel; Willdan, 2019

Figure 16: Land Bank Strategy Property Acquisition Assumptions

Strategy 3: Retail Recruitment Subsidy Program

To support retail uses in the targeted one to three catalytic mixed-use urban infill pilot projects, it is recommended that the City of Niagara expand its Commercial Assistance Programs to target retail tenancy. The program would be structured to provide a ground floor retail rent subsidy or financial assistance for upfront tenant improvements for three qualifying, catalytic mixed-use pilot projects.

recommended that retail subsidy program applications be facilitated through the City’s site planning process

The estimated total cost of the retail recruitment program is approximately \$504,300 over five years, assuming an average footprint of 5,000 square feet, \$10 per square foot, and a phased decreasing subsidy level (20 percent per year/sliding scale). It is

| Strategy 3: Retail Recruitment Subsidy Program | | | | | | | |
|---|---|-------------------|------------------|------------------|------------------|-------------------|--|
| Strategy 3.1: Ground Floor Retail Pilot Project | | | | | | | |
| Program Description/ Target Outcomes: | Program to offer a ground floor retail subsidy or tenant improvements assistance for three qualifying, catalytic mixed-use pilot projects. Assumes average footprint of 5,000 square feet, \$10 per square foot, phased out over 5 years per project (sliding scale). Program applications to be facilitated through site planning process. | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding |
| 3.1 Ground Floor Retail Pilot Project 1 | \$ 50,000 | \$ 40,000 | \$ 32,000 | \$ 25,600 | \$ 20,500 | \$ 168,100 | State & Local Tax/Grant Funds ¹ |
| 3.2 Ground Floor Retail Pilot Project 2 | \$ 50,000 | \$ 40,000 | \$ 32,000 | \$ 25,600 | \$ 20,500 | \$ 168,100 | State & Local Tax/Grant Funds |
| 3.3 Ground Floor Retail Pilot Project 3 | \$ 50,000 | \$ 40,000 | \$ 32,000 | \$ 25,600 | \$ 20,500 | \$ 168,100 | State & Local Tax/Grant Funds |
| Subtotal - Capital Costs | \$ 150,000 | \$ 120,000 | \$ 96,000 | \$ 76,800 | \$ 61,500 | \$ 504,300 | |
| Strategy 3: Retail Recruitment Subsidy Program - Total Capex+ OpEx Costs | | | | | | | |
| Capital Costs | \$ 150,000 | \$ 120,000 | \$ 96,000 | \$ 76,800 | \$ 61,500 | \$ 504,300 | State & Local Tax/Grant Funds |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Staffing Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Total | \$ 150,000 | \$ 120,000 | \$ 96,000 | \$ 76,800 | \$ 61,500 | \$ 504,300 | |
| ¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls. | | | | | | | |
| ² Ground floor retail subsidy assumes: 5,000 sq. ft per project; T.I. and/or rent subsidy/ sq. ft. = \$10 phased out/yr at: 20% | | | | | | | |
| Source: City of Niagara Falls; Wendel; Willdan, 2019 | | | | | | | |

Figure 27: Project 3.1 – Retail Recruitment Subsidy Program

Strategy 4: City Pride/City Beautiful Program

It is recommended that the City of Niagara Falls creates a City Pride/City Beautiful Program to respond to developer's concerns about the impact of visual blight on perceptions of living and working in the Downtown Core. This program should be marketed in coordination with the City's branding activities a developer outreach. Following is a case study from Redwood City, California to illustrate the potential scale, organization, and targeted outcomes of such a program. Industry research published by the International Economic Development Council indicates that small-scale funding of \$20,000 annually can have a significant positive impact on changing perceptions and catalyzing urban revitalization activity. The total estimated cost to implement the program is \$1.47 million over five years.

In the City of Redwood, California, they have created a "Pride and Beautification Committee". The mission of the Pride and Beautification program is to promote the quality of life in Redwood City by improving the physical and aesthetic environment of the community.

The Redwood City, CA Pride and Beautification Committee was established in February 1987 and consists of participants from the community, schools, businesses, and local organizations. Participants serve without compensation or term limits, and work performed by each participant is done on a voluntary basis.

The committee promotes the quality of life in Redwood City by creating, participating in, and supporting activities and programs that improve the physical and aesthetic environment of our community:

- Educating the community about Redwood City's environmental assets and how to enhance and protect them.
- Serving as liaison and resource for residents, schools, businesses, organizations and city government.
- Acting as advocates for the civic and natural environment.
- Advocating a high standard of community cleanliness, maintenance, and attractiveness.
- Encouraging and promoting partnerships and participation of residents in improving our community.
- Managing a variety of Pride and Beautification project including:
 - Graffiti Eradication, Neighborhood and Citywide Clean-ups
 - Earth Day Activities;
 - Mayor's Beautification Recognition Program;
 - Recycling and Household Hazardous Waste Program;
 - Tree City U.S.A., and other projects.

The Pride and Beautification Committee meets quarterly at the Redwood City Public Works Services office and the public is encouraged to attend. The program is funded by the Redwood City's General Fund (Public Works Services division).



| Strategy 4: City Pride/City Beautiful Program | | | | | | | |
|--|---|-------------------|-------------------|-------------------|-------------------|---------------------|--|
| Program Description/ Target Outcomes: | Program to catalyze private real estate investment and development activity in the Niagara Gateway core through targeted housing rehabilitation, blight removal, and 2-3 innovative Downtown marketing, branding & placemaking Pop-Up Events. | | | | | | |
| | FY2020 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding |
| Capital Costs | | | | | | | |
| Project 1: Residential Rehabilitation Program ² | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 625,000 | State & Local Tax/Grant Funds ¹ |
| Project 2: Neighborhood Building Program | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | General Fund/Dept of Public Works |
| Project 3: Neighborhood Placemaking/Public Arts Program | \$ - | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | State & Local Tax/Grant Funds |
| Subtotal - Capital | \$ 145,000 | \$ 165,000 | \$ 165,000 | \$ 165,000 | \$ 165,000 | \$ 665,000 | |
| Strategy 4: City Pride/City Beautiful Program - Total Capex+ OpEx Costs | | | | | | | |
| Capital Costs | \$ 145,000 | \$ 165,000 | \$ 165,000 | \$ 165,000 | \$ 165,000 | \$ 805,000 | State & Local Tax/Grant Funds |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Staffing Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A |
| Subtotal | \$ 290,000 | \$ 330,000 | \$ 330,000 | \$ 330,000 | \$ 330,000 | \$ 1,470,000 | |
| ¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls. | | | | | | | |
| ² Assumes preference to homeowners/historic preservation; 5 Dwelling Units/Year \$25,000 per Dwelling Unit | | | | | | | |
| Source: City of Niagara Falls; Wendel; Willdan, 2019 | | | | | | | |

Figure 38: City Pride/City Beautiful Program

Strategy 5: Developer Outreach Program

The City of Niagara Falls has several urban infill capacity advantages over the urban cores from Toronto to Buffalo that should be marketed to regional and national developers through a formal Developer Outreach Program. It is recommended that the City of Niagara Falls invest approximately \$100,000 over five years to expand the City's capacity to engage in local/national/regional events (ULI-the Urban Land Institute, International Council of Shopping Centers regional events, and others) and to fund one to three pilot popup Placemaking events (potentially to be organized by the Project for Public Spaces – www.pps.org).

Project 5.1 – Developer Consortium Events

City staff participation in a series of developer consortium events will serve to raise awareness of the substantial public realm and other infrastructure improvements currently underway in Niagara Falls. In fact, Niagara Falls has many attractive market conditions/characteristics to market to the development community.

In addition to unique historic building stock and the critical mass of a traditional downtown core in the City of Niagara Falls, the price points of land and buildings are still at a point where a typical mixed-use redevelopment project could be expected to be financially feasible with typical re-risking supports in place. The balancing act will be to market Downtown Niagara as an urban infill opportunity for new construction without inadvertently ramping up speculative land acquisition/holding behaviors.

The Metrolinx GO Transit regional public transit system serving the Greater Golden Horseshoe region of Ontario, Canada added

regular weekday GO train service for commuters in Niagara Falls, Ontario, connecting the purchasing power of the GTA's nearly 7.0 million residents by public transit to the Niagara Falls, Ontario/NY submarket.

The GTA receives most of the international migration and is projected to grow strongly in comparison to surrounding rural areas. The GTA is projected to be the fastest growing region of the Ontario province, with its population increasing by 6.9 million, or 40.8%, to reach almost 9.7 million by 2041. The GTA's share of provincial population is projected to rise from 48.3% in 2017 to 52.3% in 2041. Consequently, the Greater Toronto Area (GTA) increasingly is experiencing housing affordability pressures in the face of population growth pressures. According to Numbeo, the cost of rent in the GTA is 70.5% higher than in Buffalo, New York. Data provided by On-the-Map regarding commuter patterns suggests that an increasing share of workers are commuting more than one hour to reach employment centers in the GTA.

The City of Niagara is positioned to market itself as the “smart choice” for those seeking improvements to their cost of living and quality of life by increasing the supply of competitive, amenitized housing stock at achievable price points for a variety of buyers in the Bi-National Golden Horseshoe Region.

Taking these market shifts, assets and opportunities as the foundation for changing perceptions about the value proposition of investment in the City of Niagara's Downtown Core, we propose to assemble a “Downtown Niagara Revitalization Investment Prospectus” according to the following preliminary outline, subject to further review and refinement by the City of Niagara Client Team.

Market Valuable Business Incentives

According to Invest Buffalo Niagara⁷, incentive programs offered by New York State, local governments, and utilities provide a competitive edge, reducing costs for companies looking to locate in the City of Niagara Falls, including standard income and real property tax benefits, jobs programs, and targeted tax abatements. The City of Niagara Falls has the opportunity to aggressively partner with regional partners to market available sites and buildings in the context of a variety of existing competitive business incentives summarized in the following discussion.

Project 5.2 – Citywide Marketing and Branding Program

The City of Niagara Falls, NY is well positioned to leverage the capacity to execute successful public realm/infrastructure improvements to support Public Private Partnerships.

Following the core recommendations from the 2011 “Niagara Falls Core City Urban Renewal Area: Strategic Plan for the Downtown Gateway Area”, the City of Niagara Falls has successfully pioneered several transformative redevelopment projects (TM Montante’s mixed-use residential project at 616 Niagara, Savarino Development’s project at 324 Niagara Street, Brine Well’s redevelopment of the Hotel Niagara, Blue Cardinal Capital’s historic investment and Penn Terra’s Cannon Block project).

The developers of these projects all noted that the decision to invest in the City of Niagara’s Downtown Core is supported by the City’s demonstrated capacity to undertake large-scale, catalytic public realm/infrastructure investments (the “City in a Park” to be realized through the removal of the Robert Moses Parkway,

reconnection of the waterfront to the Downtown, and the recent completion of the Niagara Falls Station intermodal transit complex and Customhouse Interpretive Center as examples).

The City of Niagara has demonstrated the capacity to implement recommendations from prior planning strategies and serve as a reliable private redevelopment partner

⁷ <https://info.buffaloniagara.org/economicguide>

| Strategy 5: Developer Outreach Program | | | | | | | | | | | |
|---|--|-----------|-----------|-----------|-----------|------------|--|--|--|--|--|
| Program Description/ Target Outcomes: | Targeted outreach and promotion of the Niagara Gateway Revitalization Strategy to private real estate investment and development activity. | | | | | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | Sources of Funding | | | | |
| Capital Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | | | | |
| Strategy 5: Developer Outreach Program - Total Capex+ OpEx Costs | | | | | | | | | | | |
| Capital Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | | | | |
| Operating Costs | | | | | | | | | | | |
| Project 1: Developer Consortium | | | | | | | | | | | |
| Events | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 50,000 | State & Local Tax/Grant Funds ¹ | | | | |
| Project 2: Citywide Marketing/Branding | | | | | | | | | | | |
| Program | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 50,000 | Niagara Falls Urban Renewal Agency | | | | |
| Subtotal - Operating | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 100,000 | | | | | |
| Staffing Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | |
| Total | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 100,000 | | | | | |

¹ State & Local Tax/Grant Funds combined with reestablishment of Seneca Casino Gaming funding allocations to the City of Niagara Falls.

Source: City of Niagara Falls; Wendel; Willdan, 2019

Figure 49: Developer Outreach Program

7. Moving Forward

The Redevelopment Strategy is a roadmap for the Urban Renewal Agency's mission in cultivating new investment and development projects throughout the entire district. Collectively, a holistic approach is employed, address infrastructure, public space, blight, walkability and economic vitality in order to bolster the market, provide opportunity and mitigate risk to new projects.

It is recommended that the Urban Renewal Agency move forward on 'critical path' actions to stimulate redevelopment within the Gateway District. These include

1. Strategy Adoption
 - a. Adopt the Gateway District Redevelopment Strategy as an amendment to the Urban Renewal Plan.
2. Developer Cultivation & Solicitation
 - a. Execute a site marketing and developer solicitation process aimed to intensify interest in developing the Gateway District
 - b. Issue a 'call for projects' and, ultimately, a Request for Proposals for acquired development sites
3. Property Acquisition
 - a. Identify priority parcels and prepare for acquisition.
 - b. Based upon formalized interest from development groups, prepare a property acquisition plan.

Strategy Adoption

The first action the Urban Renewal Agency needs to take is adoption of the redevelopment strategy as a part of the urban renewal plan. Included within this action step is incorporation of

priority site assemblies that sets forth the roadmap for public acquisition of sites within the urban renewal area for development. This will require official action by the agency and approval by the New York State Commissioner of Homes and Community Renewal.

Property Acquisition

Upon acceptance and adoption of the strategy, the Urban Renewal Agency should start marketing through developer solicitation and proposals for projects. They should then begin the process of acquisition and assembly of properties, preferably with a development partner in place. A priority target would be development sites B & C. Property assemblage is a critical step to successful redevelopment. A progressive approach to assembly should be employed that ranges from an advisory relationship with private development to more intense public involvement in directly acquiring sites for redevelopment. The following are the roles appropriate for the urban renewal agency to play in the process of property assembly:

- A. Property Assembly Advisory Services
 - a. The urban renewal agency can work with prospective developers to aid in their efforts to acquire property with the purpose of redevelopment. Assistance provided can include:
 - i. Providing contact information for local owners and assisting with the outreach process.
 - ii. Providing property valuation data for the purposes of negotiation.
 - iii. Providing additional property already under the ownership of the city.
- B. Assembly Financial Assistance



- a. The urban renewal agency can support redevelopment projects through financial assistance, in the form of grant subsidies to alleviate the cost of private property acquisition to the developers.

C. Direct Assembly

- a. The urban renewal agency can directly engage in the assembly process through acquisition.
 - i. This process can include direct negotiation & transaction with the owner.
 - 1. URA purchases, assembles and holds these properties for sale to interested parties
 - ii. The urban renewal agency can also exercise powers of eminent domain for projects deemed to be in the best interest of the public good
 - 1. This process must include substantiation of the public good of a future project.

Development Solicitation Process

Immediately, the Urban Renewal Agency should pursue a stepped approach to supporting new developments within the Gateway District. This process should continue to cultivate development interest, strengthen relationships between the city investors and build certainty in the outcome of a quality urban development project for the district. The following process is recommended:

- 1. Establish an online intake presence for the Developing Niagara Falls 2020 document to function as a landing page and redirect for development and investment interests.

- 2. Ongoing developer outreach and cultivation activities.
 - a. Conduct a progressive communications plan consisting of mail, email, and phone calls, leveraging the 'Developing Niagara Falls 2020' document based upon the existing developer master list
 - b. Host developer meetings at chambers of commerce in neighboring target markets
 - i. St. Catharines, ON
 - ii. Hamilton, ON
 - iii. Toronto, ON
 - iv. Rochester, NY
 - c. SPRING 2020 UPDATE
 - i. Due to the ongoing COVID-19 health pandemic impacting global economies, preventing in-person meetings and temporarily restricting the international border, the project team has developed a revised cultivation and developer outreach program to include:
 - 1. Online Web Landing Page
 - 2. Viral Sales Pitch Presentation
 - 3. Direct Virtual Meeting Appointments
 - 4. In-person tours when regulations permit
- 3. Issue a general call for projects
 - a. The call for projects will be sent directly to the developer master list.
 - b. Follow-up calls with developers previously engaged.
 - c. Schedule regular district tours for interested parties.
 - d. Deadline will be Open Ended

-
4. Review expressions of interest as they are received.
(Ongoing)
 - a. Develop evaluation criteria for competing proposals
 - b. Outreach & meet with responding development teams
 - c. Refine proposals & property assembly priorities

 5. Assemble Additional Properties
 - a. Identify properties to be assembled based upon responses to the call for projects.
 - b. Priority sites should be amended as projects are developed.
 - c. Assemblage can then proceed through one of the above-referenced methods.

 6. Issue RFP for URA-owned properties
 - e. Establish evaluation criteria for competing proposals
 - f. Issue RFP for specific development sites already assembled
 - g. Interested parties respond with defined project proposals
 - h. URA would identify a winning approach, and work with developer to complete the project

This strategy should be considered a 'live' document, allowing recommendations and implementation items to be fluid as the market evolves, interest develops, and resources become available. The Niagara Falls Urban Renewal Agency should function as an ongoing caretaker for the Gateway District, regularly reviewing priorities and ensuring actions are continually moving the district forward to a more prosperous future.