

**Tompkins County Industrial Development Agency  
Board of Directors Meeting Final Minutes  
December 9, 2020 at 2:30 PM  
Via Zoom Conference Call and LiveStream**

**Present:** Rich John, Mike Sigler, Laura Lewis, Martha Robertson, Anne Koreman, John Guttridge, Jennifer Tavares

**Staff Present:** Heather McDaniel, Ina Arthur, Chuck Schwerin (IAED), Russ Gaenzle (Harris Beach), Rick Snyder (TC Finance)

**Guests Present:** Jeff Rimland, James Trasher, Jared Hutter, Brian Rosen (The Ithacan), Marissa Reilly, Peter Dugo, Ian Hunter (Arnot Ithaca 2, LLC)

**CALL TO ORDER**

Rich John called the meeting of the **Tompkins County IDA** to order at 2:31 pm.

**PRIVILEGE OF THE FLOOR**

Heather McDaniel read the following statements into the record for privilege of the floor:

**Theresa Alt**, 206 Eddy Street, Ithaca - Regarding The Ithacan at 215 East State Street, 10% is not 20%. The requirement is 20% workforce housing. And apparently the developer is trying to wiggle out of half of the very small fee in lieu of the missing 10%. I apologize for not bringing this to yesterday's public hearing. My own email failed for at least 12 crucial hours.

**Eveline Halpert** - I would like to submit a comment regarding the proposed tax abatement for the 430-444 W. State St. property. Through this abatement the Arnot Realty Corporation stands to deprive the city of \$5,000,000 tax dollars, by submitting a small donation to an affordable housing fund. Arnot will save \$5,000,000, while their small donation won't immediately create affordable housing, with no concrete future plans for actual affordable housing in Ithaca for working and poor people. I don't want a small donation and a vague promise. I want Ithaca to have \$5,000,000 more in tax revenue. I find this proposed abatement particularly alarming since Ithaca City has lost tax revenue this year due to COVID-19, meaning further budget cuts for important community programs and resources. This is not the time to give developers our tax dollars. Arnot Realty needs to pay into the community that it will profit from!

**Ethan Ritz** - Ithaca needs affordable housing, not another luxury development project. It's been extremely disappointing to see the luxury residential development around the commons, and equally disappointing to see the potential for it to spread to the west side. I have lived in this neighborhood for seven years, and the vibrant community that exists here has already been impacted by rising rent and cost of living, not to mention the additional burdens of the pandemic in terms of job and housing insecurity. Don't pay these developers to engage in "shock doctrine" opportunism during this crisis - this project does not take care of the people who actually live and work here.

Rich John commented that it is good to see this public engagement.

## **ADDITIONS TO THE AGENDA – None**

## **MINUTES**

**Martha Robertson made a motion to approve the minutes from the October 14, 2020 and November 11, 2020 TCIDA Board meeting. Mike Sigler seconded the motion. The motion was approved 7-0.**

*Martha Robertson expanded her comment on page 8 of the 1/11/20 minutes, which will be corrected.*

## **BUSINESS**

### Emergency COVID 19 Grants – Approval

Chuck Schwerin (IAED) and Heather McDaniel presented the five round 2 grant applications. It was noted that the total request from Heart and Home will be corrected to \$9,660 and that the recommended amount for Heart and Home will be increased to the full amount requested.

**Laura Lewis made a motion to approve the five round 2 Emergency COVID 19 grants as follows:**

- **Heart and Home Daycare - \$9,660**
- **Corner of the Sky - \$2,590**
- **Ithaca Montessori School - \$10,000**
- **Acorn Ithaca LLC - \$10,000**
- **Teachable Moments Daycare - \$9,615**

**John Guttridge seconded the motion. The motion was approved 7-0.**

Martha Robertson asked why only one professional cleaning session was approved for Corner of the Sky. The program is set up for one draw on funds after invoices are submitted so it was likely to eliminate carrying those costs over more months, which may be difficult for a small organization. The applicant can be encouraged to reapply for additional funds.

Laura Lewis thanked Mr. Schwerin for his work on this program. Daycare services are critical for local workers. She also asked how long the program would last and if more money could be added to the program. Heather McDaniel stated that the program would terminate with the end of the pandemic executive order and that more money could be added if the Board so wished.

### 2021 Memorandum of Understanding with IAED

Heather McDaniel gave an overview of the administrative management services for the TCIDA and economic development for the County that the MOU outlines. The funding requested of \$444,829 is the same as the last two years.

**Laura Lewis moved to approve the 2021 memorandum of understanding between the TCIDA and Ithaca Area Economic Development (IAED) for administrative support to the organization and economic development services to the County. John Guttridge seconded the motion. The motion was approved 7-0.**

Arnot Ithaca 2, LLC (430 – 444 W. State Street) – Final Approval

Heather McDaniel commented that the application and benefit memo for Arnot Ithaca 2, LLC have been revised to reflect the correct sales tax exemption amount. A public hearing for this project was held on December 8, 2020 and minutes for the hearing were provided the Board Directors.

Ian Hunter briefly outlined the project request to have the payment to the County Housing Development Fund (CHDF) of \$645,000 be spread over three years. The project is also requesting an additional year of 100% property tax abatement be added to the PILOT agreement.

Martha Robertson stated that, as the current chair of the CHDF, she is okay with spreading the payments out over three years. But she questions adding one more year to the PILOT agreement for an additional year of 100% abatement of property taxes and additional higher increments for the subsequent eight years of the PILOT. That would add \$362,613 to the overall benefit, which she does not support.

Mike Sigler commented that he is questioning why this project needs any abatement at all. He does not see how the project is challenged financially and questions why the project needs an abatement. If the project is not building affordable housing units on the site, where else would the housing fund build them?

John Guttridge echoed Martha Robertson's comments. He also commented that there are a few affordable housing projects being built in the City. He would also like to see the IDA stick to its housing policy.

**John Guttridge moved to amend the authorizing resolution for Arnot Ithaca 2, LLC and change page 6 section 8 by removing the request to add an additional year of one-hundred percent (100%) abatement of real property taxes and only approve the standard incentive for CIITAP financial need with enhanced energy for large multi-family projects. Martha Robertson seconded the motion.**

Ian Hunter explained the request for the both the additional years of higher abatement of property taxes and the multi-year payment of the housing fee. Low rate of return makes the project not financially feasible without the requested items.

Anne Koreman commented that she is in agreement with John Guttridge's proposal. She feels that changing the abatement schedule to help pay the housing fee would be akin to taking money from the taxpayer. She also asked about the cost of rents in the units.

Rich John stated that he feels the project has a nice design and is a great connector between the Commons and the West End of Ithaca. It could be a significant anchor project and fits into the City's development plan for the area. He is okay with the three year spread for paying the housing fee. Making changes to the PILOT schedule could be a compromise as there are slim margins for this project. He reminded all that the IDA does not pay developers. Incentives are abatements on future taxes.

Laura Lewis stated that would like to see the project move forward. She addressed the concerns that the project will gentrify the area. She reminded all of the other existing projects in the City of Ithaca that are affordable housing projects – Ithaca Arthaus, 327 W. Seneca (Visum), and Asteri.

Ian Hunter stated that he can give estimates for rents but the figures are about 18 months out and subject to change. The rents for this project would be about 5% less than those in downtown Ithaca. He quoted

\$1,200 – \$2,000/month for a 1-2 person unit. Rents for the commercial space are further out and there is a need to understand the market more. Peter Dugo stated that the Ithaca market has a surplus of commercial space for rent and it will be hard to project who will be looking for space when the project is finished.

Jennifer Tavares stated that she likes the project – it has a fantastic design. Comments from the public are valid and should be listened to as we move forward with this project.

Martha Robertson stated that the comments from the public about affordable housing are good and important but not well informed. Projects that go through the housing fund commit to 49 years of affordable housing.

Laura Lewis stated that having housing near jobs is important.

Ian Hunter mentioned the significant cost for dealing with the soil and other mitigation needs of the project. The project is also applying for the enhanced energy abatement.

Mike Sigler stated that all should not take his no vote as a black mark on the project. If this passes all other projects will see the CDHF as a “surcharge.”

**A vote was called on the motion on the table to amend the authorizing resolution. The motion passed 6-1 (Sigler voting no).**

**John Guttridge moved to approve the authorizing resolution as amended to remove the additional year of one-hundred percent (100%) abatement of real property taxes for Arnot Ithaca 2, LLC. Martha Robertson seconded the motion. The motion passed 5 (Rich, Robertson, Lewis, Tavares, Guttridge) – 2 (Sigler, Koreman).**

#### The Ithacan (Green Street Development Partners, LLC) – Final Approval

Heather McDaniel reported that the original application had an error in the name of the developer – the correct name is Green Street Development Partners, LLC. A correction letter will be submitted for the files. A public hearing for the project was held on December 8, 2020 and minutes from the hearing were forwarded to the Board. The PILOT agreement requested deviates from the standard UTEP of the IDA in that the PILOT will eliminate taxes on the part of the garage that will be leased back to the City of Ithaca. The applicant will build affordable housing units will amount to 10% of the total number of units for the project. The applicant is also requesting a waiver for the remaining CHDF fee.

Jared Hutter spoke about the increase of construction costs since the original development of the project. Lenders are also increasing their leverage costs. During their negotiations from the City of Ithaca, the requirement for affordable housing units went from 10% to 20%. The project will rebuild a crumbling garage for the City and will also be partnering with Ithaca College and their physician’s assistant program.

John Guttridge applauded the projects partnering with IC and the physician’s assistant program.

Mr. Hutter stated that the developer would now be willing to pay the \$500,000 CHDF fee if it could be paid over three years once the PILOT is in force. They would like to keep the 10% limit on affordable housing as this was part of the agreement with the IURA.

Martha Robertson stated that she would ask that the first installment of the housing fee be paid when the project “closed” on the legal paperwork. Mr. Hutter asked that the 1<sup>st</sup> payment be tied to when the building opens – they are looking at 20-24 months of construction.

Jennifer Tavares stated that it makes sense to be cautious as there are a lot of housing units being built that will come onto the market in the future.

**John Guttridge moved to strike out point one under section 8 of the authorizing resolution waiving fifty percent (50%) of the Company's payment payable to the Tompkins County Community Housing Development Fund and also moved to require the payment of the housing fund fee up front. Martha Robertson seconded the motion but requested allowing the housing fee to be paid in three payments starting with the beginning of the PILOT abatement. John Guttridge was agreeable to the amendment to the amendment. The motion was approved 6-1 (Sigler voting no).**

**John Guttridge made a motion to approve the authorizing resolution for The Ithacan project as amended. Martha Robertson seconded the motion. The motion was approved 7-0.**

#### Workforce Housing Policy Modification – Approval

Heather McDaniel commented that the modified Workforce Housing Policy here presented provides clarification and more constancy to the policy. The change addresses a project that has multiple property parcels and affordable housing requirements for those types of development projects.

Laura Lewis thanked all who worked on this and reminded all that the policy will be reviewed annually.

John Guttridge stated the he does not feel he can support the proposed changes. He was not at the housing committee meeting and has other concerns that were not considered.

Rich John suggested sending the policy back to committee.

Martha Robertson suggested approving the proposed changes as a stop gap and also revisiting the policy in the near future.

**Martha Robertson made a motion to approve the proposed amendments to the IDA Workforce Housing Policy as presented. Laura Lewis seconded the motion. The motion passed 6-1 (Guttridge vote no).**

Heather McDaniel commented that she is also working on incorporating the City’s CIITAP requirements into the IDA’s standard policy. This will be sent to the committee to get feed back before final approval.

#### 2021 IAED Work Plan Presentation

In the interest of time, the 2021 IAED Work Plan was not presented. Board members were encouraged to review the plan and to send any questions to Heather McDaniel.

**CHAIRS REPORT – None**

**STAFF REPORT** – Heather McDaniel reported that she has received an update on the Arrowhead housing project from the developer. The outside of the buildings are complete and there have been HVAC delays and other utility set up delays due to COVID 19. The project is moving to completion.

The 2020 Annual Audit process is beginning and as part of that process the Board is asked to fill out and return the annual Board Self Evaluation forms.

Heather McDaniel presented the IDA’s Enhanced Energy Policy success to the County HED Committee.

The College-town Innovation project will most likely come to the IDA for a structured real estate tax deal in the future. The planning process has started and may 12 to 18 months.

Jennifer Tavares who is the IAED representative to the IDA Board has served there three consecutive terms and will be going off the Board. The IAED Board has approved a new representative who will be Jeff Gorsky of Sciarabba Walker & Co. Heather thanked Jennifer for her service to the IDA Board. The Legislature also recommended reappointing John Guttridge for another 2 year term.

Heather McDaniel also reported that the TC Legislature would be considering a resolution to reduce the number of Legislators on the IDA board from 4 to 3 and to add a labor representative to the Board.

John Guttridge commented on a few things – he does remember the presentation from the Collegetown Innovation project and feels that it was a bit “fuzzy.” He recalls that the other two times that the IDA considered a structured tax deal was when the deal included a not for profit that would normally take the property off the tax rolls.

John also asked if there was a way to abate only the state portion of sales tax on future projects. Russ Gaenzle stated that it certainly is up to the Board if they would like to implement a change to sale tax exemptions. These could also be done on a case by case basis.

**COMMITTEE MINUTES** – Housing Committee meeting minutes were presented as informational to the board.

**ADJOURNMENT** – The meeting was adjourned at 4:40 pm.

**Minutes were approved at February 10, 2021 meeting.**