

Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

Minutes of Public Hearing

BVSHF III Ithaca, LLC

June 3 2021 @ 11:00am

Via Zoom live streamed to YouTube

Present: Heather McDaniel (for Tompkins County IDA), Rich John, Martha Robertson, Laura Lewis, Mike Sigler, Jeff Gorsky, Todd Bruer (TCIDA Board), Jeff Githens (McKinley Development Companies, LLC), Ina Arthur (IAED), Russ Gaenzle (Harris Beach), Barbara Regenspan, Theresa Also, Veronica Pillar (Speakers)

1. Heather McDaniel called the public hearing to order at 11:00am.
2. Heather McDaniel gave an overview of the project and the proposed incentive.
3. Jeff Githens of McKinley Development gave a brief overview of the project.
4. Written Comments submitted were read into the record as follows:

Michael Wills, 1 Westwood Knoll, Ithaca NY

The IDA must reject McKinley Development/Blue Vista's request for these reasons:

- The parties in this joint venture simply do not need the funds, despite their claims to the contrary.
- Having the county cover 15% of the firm's costs when they are putting down less than 40% of their own money (or their investors'), is unnecessary. Let them find other investors to do it instead.
- These are our future tax revenues. Over the next 7-10 years, the city, the school district, and the county will need those monies more than Blue Vista's investors.

I look forward to learning the IDA made the right decision.

Teresa Halpert Deschanes, Owner of Rosetree Properties LLC, 209 S. Geneva St., Ithaca, NY

I object to the approval of tax abatements for 401 E State St. I highly respect the knowledge and analytical abilities of Peter Wissoker, and I agree with his analysis of the situation as expressed in the Guest Opinion column on Ithaca.com.

Additionally, while I don't have a PhD in urban planning and economics, I've lived in Ithaca for some decades, and what strikes me is that 2021 is a very different time from 2008, yet in some ways we are acting as if we're still living in that other moment. I remember the desire to give tax abatements to residential projects arising partly out of fear that developers would walk and needed housing would not be built. Yet today the real-estate market in college towns is super-hot, and the interest rates are super low. When a property that is assessed at \$6 million sells for \$12 million, either the tax assessor has failed miserably in his mission of setting the assessment at 100% of value, or we have to recognize that someone is getting a \$6 million windfall, financed by the local taxpayers, since we're giving unneeded abatements to the developers, allowing them to pay double to acquire the property. Meanwhile this overpaying tends to drive up the prices for other parcels, causing

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everyone to charge higher rents. Before you know it, downtown is as pricey as Collegetown, and we end up with a big-city cost-of-living burden in our otherwise desirable small city.

5. Public comment was heard from the following:

Theresa Alt, 206 Eddy Street, City of Ithaca

If we learned anything at the last IDA meeting, it is that the company with the ever-changing name McKinley or BVSHE III Ithaca is very adequately capitalized and does not really need a subsidy from a City and County with an already impaired tax base. So much of our land and economy is already in tax-exempt hands. That's not the IDA's fault, but rather due to State law it's just a problem we are living with.

But what we really need here is housing that the people who work here can afford, not expensive housing that drives up the cost of land and makes it ever harder to build housing for ordinary people. So the City said subsidized projects should provide affordable as well as expensive units. But then there had to be a way to fee out. And you, the IDA, set a ridiculously low fee of \$5,000 per expensive unit, so that for every 40 units someone else could build maybe one affordable one somewhere else.

I know you say that the money goes to the Community Housing Development Fund and leverages grants and tax credits -- but it does not create any new grants or tax credits, just shuffles where the existing ones go.

The bottom line is there is no justification for subsidizing the 401 East State Street project.

Dr. Veronica Pillar, Ithaca NY

I am speaking in opposition to McKinley Ithaca, LLC's request for a tax abatement for the proposed project at 401 E. State/MLK Jr. St. It is my understanding that the IDA's mission is to diversify and strengthen the local tax base in ways that benefit the local community, by supporting projects that would not be built without the IDA's help. This project will not notably benefit the local community and does not require the IDA's help.

The McKinley proposal is for a significant chunk of market-rate housing, which is not going to address Ithaca's housing crisis. Most of the people dealing with housing instability in Tompkins County will not be able to afford to live in this building. It is my understanding that a broad coalition of local experts and stakeholders working to address housing and homelessness locally have consistently named that adding more market-rate units will not help house those with working-class and lower incomes. This project promises to pay into the Community Housing Development Fund -- a much smaller sum than the money the developer will get from the tax abatement -- but this is a token gesture at affordable housing tied up in a project whose mission is to profit a non-local developer and private equity fund. Additionally, the project itself is fairly car-centric with the number of parking spaces (as of this writing, the proposal seems to have vanished from the IDA website so I cannot reconfirm the numbers), which is at odds with the oft-stated mission to increase downtown density and support energy sustainability in Tompkins County. Finally, the developer is not planning to pay workers a prevailing wage

Then there is the question of financial need for IDA support. As Peter Wissoker explained in a [recent opinion piece](#), McKinley is backed by a deep-pocketed private equity firm, Blue Vista. If they need an additional \$18 million to complete this project, they have access to it--it does not need to come in the form of local tax abatements. In their application, the developer does not offer any meaningful explanation as to why the project

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would not go through without this support even when asked. Our dollars would be better used investing in projects that directly support folks struggling to live, work, and play in Ithaca and Tompkins County, not funding a large firm that's stopping through Ithaca in an effort to make a profit.

I urge you to reject this tax abatement request and either let the project be taxed as usual if it proceeds or seek out a proposal that better benefits the community and really needs IDA support.

Barbara Regenspan, Professor of Educational Studies, Emerita, Colgate University, 207 Cascadilla Ave, Ithaca, NY

I have served as a faculty liaison to the Board of Trustees at Colgate University, and I have access to data regarding development negotiations between a developer and University. She has also spoken to a friend who was in Ithaca City's government. They said the project would only bring in \$13,000 into the City's budget without abatements. I feel it is horrible to sell out local workers who supported the community through COVID 19 and offer them non-livable wages to be laborers on this project. It will only increase the labor disputes we are seeing at other construction sites in the city. The IDA Board needs to stop investing in trickle-down economics.

I propose taxing the wealthy who live in the city with a wealth tax. I feel that Ithaca will be destroyed by the growing unrest. We need to create workforce housing.

6. The hearing was adjourned at 11:25am.