

Tompkins County Industrial Development Agency

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TCIDA Housing Committee Meeting Minutes

April 21, 2022

1:00pm-2:00pm

**at IAED offices at 401 E. State Street
and via zoom**

Committee Members present: John Guttridge (chair), Shawna Black, Todd Bruer, Nels Bohn (IURA), Jennifer Kuszniir (City of Ithaca)

Staff present: Heather McDaniel, Ina Arthur

Guests: Rich John

John Guttridge called the meeting to order at 1:06 pm.

John Guttridge reminded all that the committee has been working on options for changing the policy as it relates to the County Housing Development Fund payment in terms of timing. The current policy states that the payment will be paid at closing. There has been discussion of delaying payment to when the project is operational and possibly payment of a deferment fee or interest.

Heather McDaniel mentioned that the minutes from the last meeting were included in the agenda packet and that it had already been agreed that the policy would be updated to exclude incentives to short term rental projects.

Heather McDaniel and Nels Bohn outlined two options for the existing workforce housing policy.

1. If the payment of the fee was delayed and paid over the first three years of operations, the project would pay 10% of the fee at closing and an additional 10% would be added to the remainder of the payments.
2. No 10% upfront fee, but an additional 10% would be added to the each year fee paid over the first three years of operations.

John Guttridge proposed capitalizing interest and making the fee higher so it would be similar to if they had financed through a bank.

Nels Bohn pointed out that two guiding policies for these options were to 1) keep it simple for administering and 2) to set up a system that would not incentivize developers to delay payment of the fee.

Heather McDaniel shared a project example showing these two options and pointed out that by increasing the

housing fund fee it decreases the projects incentives. Paying the fee up front would cause the project to borrow additional funds rather than paying out of operations if no up front fee was required.

Todd Bruer commented that he thinks that by not paying the fee up front the IDA is just delaying when money is available to the housing fund. John Guttridge pointed out that the policy is incentivizing payment up front.

John Guttridge's proposed capitalization of the fee and interest accrual proposal was discussed.

Again it was emphasized that implementation should be "simple." If a project gets off schedule, the documents would need to be amended.

After discussion, Nels Bohn suggested having the policy updated to state, "payment of the fee will be due at closing. Or at the applicant's request the payment can be made in equal installments during the first three years of operation, however a deferral fee of 20% of the payment amount will be due at closing. Any deviation in payment timing is subject to prior approval by the TCIDA." This gives the developer a choice and still gets money into the housing fund.

This final proposal will be presented to the full IDA Board for final approval.

The meeting was adjourned at 1:45 pm