

**Tompkins County Industrial Development Agency**  
**Board of Directors Meeting Final Minutes**  
**May 10, 2023 – 2:30 – 4:00 PM**  
**TC Legislative Chambers**  
**121 E. Court Street**  
**Ithaca NY 14850**

**Present:** Rich John, Jeff Gorsky, John Guttridge, Todd Bruer, Anne Koreman, Ducson Nguyen

**Guests:** Jeff Githens (remote) (PeakMade), Lorrie Scarrott (TC Finance)

**Staff:** Heather McDaniel, Ina Arthur (IAED), Stephen Maier, Russ Gaenzle (remote) (Harris Beach)

**CALL TO ORDER**

Rich John called meeting to order at 2:32 pm.

**PRIVILEGE OF THE FLOOR**

**Theresa Alt** – 206 Eddy Street

This ever-changing project at the foot of East State Street is now looking for more money and more time before paying the workforce housing fee.

At the secret public hearing for the project two years ago two written comments and three speakers opposed giving it an abatement. There had also been a sophisticated Ithaca.com op-ed by Peter Wissoker opposing the abatement. The IDA paid no attention.

Last week at the County Legislature’s Housing and Economic Development Committee, Planning staffer Eliot Benman reported that the Community Housing Development Fund had for the first time received money (from a different project) under the IDA’s Workforce Housing Policy. One of the County Legislators asked why it had taken so long to receive any money from a policy that had been discussed for years.

Don’t you think it would be appropriate to hold a new public hearing before giving away more tax money and maybe actually publicize it and pay attention to it?

Regarding the Fund Balance discussion, how about actually publicizing public hearing with some ads on local media? The IURA does this when they seek public input.

**Peter Wissoker** – 705 N. Tioga Street

I would like to speak quickly to you about three issues on today’s agenda.

1) First, it is hard to believe that Blue Vista, through its housing subsidiary PeakMade Real Estate is coming to ask for an additional tax break. I addressed this issue in 2021 and you can find an editorial I published on the subject in the Ithaca Times [here](#). As I did then, I urge you to vote against giving tax breaks to the project.

As a reminder, Blue Vista is a real-estate focused private investment firm with \$2,458,160,756 in assets under management. In describes what it does as follows: “Blue Vista identifies investment opportunities and

participates in the acquisition, management, monitoring and disposition of investments for each client.”<sup>1</sup> Allow me to make a couple of points:

- It is extremely troubling that there is no further analysis of the project accompanying this request. How are you expected to make a decision on whether to approve the additional monies, if part of what you need to know is the additional cost to the local community.
- I recognize that you’ve had this discussion before, but a firm of this size should make its payment to Housing Development Fund immediately not over a period time—after all the payments lose value over time, particularly in this time of high inflation. If you feel you need to compromise, perhaps you could ask them to pay the additional funds now rather than over the three-year period.
- What we have here, then, is a firm with \$2.45 billion in assets under management, asking you to approve another \$800,000 in tax breaks, bringing us to a total of a little more than \$2.2 million in tax breaks than was in the original proposal (minus their contribution to the affordable housing fund). Somehow, I think we can use those monies more than they can.

We have bent over backwards for Blue Vista and its agents. It’s time to stop.

## 2) The Workforce Housing policy:

- Please define more clearly what constitutes “Workforce Housing” and limit what falls under that heading. Too many overpriced apartment buildings are being subsidized by the agency and I believe it is time to stop. According to the U.S. Census Bureau, the County’s median household income from 2017-2021 was \$64,260 (<https://bit.ly/3NUJMId>). If the household is supposed to spend at most 1/3 of their income on rent that means they should be paying approximately \$1,785 a month or \$21,420 a year. It seems unlikely that many of the projects you’ve subsidized are providing workforce apartments that meet that description. I urge you to only subsize apartments that hew closer to that figure rather than double or triple it.

## 3) Uniform Tax Exemption Policy

Please make the following changes to the Uniform Tax Exemption Policy

- Demand that recipients of assistance hire workers at a living wage. Residential buildings that outsource their work or that claim they have no workers, should be made to have any workers who are employed to service the site be paid a living wage.
- Put in language that requires developers to share the profits of any TCIDA-funded building they sell. The amount should be proportional to the percentage of tax break invested into the project. For instance, Blue Vista’s work, as you just heard, isn’t over until “disposition” is completed. This is true of many developers, at least of residential buildings. You are reducing their costs, allowing them to borrow more, and increasing their IRR (internal rate of return), in the process giving them a chance to sell the building for a greater profit. We deserve a share of that profit. Saying that the tax breaks do not convey with the building does not mean the same thing; we should profit from the investment we’ve made by foregoing tax revenue.

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<sup>1</sup> For those who are wondering, the name of the project BVSHF III on the project documents likely refers to Blue Vista’s Student Housing Fund III.

- Shorten the enhanced energy abatement to 7 years instead of 10 for residential buildings
- Include language that says developers should give preference to firms that have worker training programs

Thank you.

#### **ADDITIONS TO THE AGENDA – None**

#### **BUSINESS**

##### BVSHF III Ithaca, LLC – Project Modifications Approval

Heather McDaniel introduced the modifications requested by the project. The project has added an additional level to the west wing of the State Street Apartments with an increase to the apartment units for a total of 372. Total building size has increased to 391,499 sf. Construction costs have increased as well. The modifications to the project have been made to make the project financially feasible. With the increase in housing units, the payment to the Community Housing Development Fund will also increase.

Jeff Githens stated that they are still very committed to this project. With major cost increases and rising interest rates these project changes are needed.

John Guttridge stated that this is a good project and will bring needed housing to the County. He stated that he would like to amend the authorizing resolution so that the payment to the housing fund is paid in full at the time the project closes on its financing.

**John Guttridge made a motion to approve the authorizing resolution that outlines modifications for the BVSHF III Ithaca, LLC project. Anne Koreman seconded the motion.**

**John Guttridge made a motion to amend the authorizing resolution so that payment of the fee to the Community Housing Development Fund be made in full at the time of closing on the project financing. Anne Koreman seconded the motion.**

Rich John asked if this amendment would impact the project closing on its financing. Jeff Githens stated that the amount is not the issue, but timing was. The housing fee is funded out of the construction financing. If it is drawn at the time of closing, there would be a greater interest burden.

Todd Bruer asked what would happen if the project was sold to another entity? Russ Gaenzle commented that any sale of the project with hopes of transferring the benefits would need to come to the board for approval.

Rich John and Jeff Gorsky stated that they do not support the amendment to the resolution as this would change the payment structure that was originally agreed upon.

Ducson Nguyen and Todd Bruer stated that they would support the amendment to the resolution.

**A vote was called on the motion to amend the authorizing resolution. The amendment was approved 4 – 2 (Rich John and Jeff Gorsky voting no).**

Rich John asked if a new public hearing would be needed based on the project modifications.

The project is the same, just the number of housing units has increased. Heather McDaniel stated that she has reviewed the current financial statements and the project still meets the financial need requirements.

Anne Koreman commented that for future public hearings there needs to be more advertising of the hearing.

Rich John stated that he will support the amended resolution as the benefits to the City and County are evident – more housing units, more parking spaces, an increase in the tax base.

Heather McDaniel outlined the increase to the tax base. The project will add \$11M in new taxes to the tax base in the first 10 years with the phase in of new taxes.

Anne Koreman echoed Rich John's comments and asked about the number of electric vehicle charging stations.

There is infrastructure planned for 10 charging stations. The project will build 5 initially and continue as demand dictates.

Todd Bruer requested that sub-contractors on this project be protected in terms of timely payment.

Ducson Nguyen asked about bike storage. There will be storage for bikes on site.

**A vote was called on the motion to approve the resolution as amended. The motion was approved 6-0.**

#### Housing Committee Recommendations

John Guttridge stated that the TCIDA Housing committee has reviewed the workforce housing policy and recommends updates to the policy including increasing the per unit payment from \$5,000 to \$5,500. The committee also recommends having the developer indicate the timing of the housing fee on their initial application. Criteria for projects with more than one parcel of land that will be developed as housing (market rate and affordable) were also updated. The committee also asked that the TCIDA's practice of incentivizing full affordable housing projects be updated in its Uniform Tax Exempt Policy (UTEP).

**John Guttridge made a motion to approve the recommended updates to the TCIDA Workforce Housing Policy coming from the TCIDA Housing Committee. Ducson Nguyen seconded the motion.**

The list of criteria for determining if a multi tax parcel project would be considered as a single project for the purpose of calculating the 20% affordable total unit requirement was discussed. Some directors felt this list would limit the pool of developers that could build affordable housing projects.

Rich John suggested sending the policy back to committee for further consideration versus discussing on the floor. The members of the board were fine with discussing on the floor.

After discussion of the list of criteria, **John Guttridge made a motion to amend his motion and pull from the list #3 and #5 and make them actual requirements. Ducson Nguyen recognized this amendment as friendly.**

**A vote was taken on the amendment to the motion. The amendment was approved 4-2 (Jeff Gorsky and Rich John voting no).**

**A vote was taken on the motion to approve the policy as amended. The motion was approved 4-2 (Jeff Gorsky and Rich John voting no).**

**John Guttridge made a motion to approve the update to the TCIDA Uniform Tax Exempt Policy (UTEP) as recommended by the TCIDA Housing Committee to codify the practice of incentivizing affordable housing projects. Anne Koreman seconded the motion. The motion as approved 6-0.**

**John Guttridge made a motion to update the TCIDA Application with a question that asks the applicant to indicate when the affordable housing fee would be paid if applicable. Jeff Gorsky seconded the motion. The motion was approved 6-0.**

#### Fund Balance Discussion - Continued

Tom Knipe (City of Ithaca), Rob Rotondi (independent consultant), Jan Norman (Friends of the Farmers Market Board), and Jerry Dietz addressed the board with a request for \$150,000 for the Shared Kitchen Ithaca project. The \$150,000 would be for purchase of equipment to be used in the shared kitchen and is part of the startup costs for the project. Securing this funding would help the project move forward in securing the lease on the space to house the shared kitchen.

Jan Norman spoke to how this project will fill a need in the community. This will be more than a kitchen; this will be a food processing space. It will also help with food security issues. These sentiments were echoed by others on the project team.

Heather McDaniel indicated that studies have been done around this type of project and have shown that there is not enough of a critical mass of one specific cluster of food processor that would make this shared kitchen project work. In the past, a virtual incubator model was pursued with inconclusive results. She stated that this project would not be the best use of the IDA's funds. She outlined a list of recommendations prior to making any determination on funding as follows:

- Complete list of startup costs
- 5-year operating proforma
- Investor structure and payback scenario
- 100% of investor match received (equal to any remaining equipment and start-up costs/working capital needs)
- A signed lease for the space
- An organizational structure in place
- Third party review of the feasibility of the start-up budget and operating pro-forma, including assumptions.

John Guttridge asked if there would be a nexus with the Greenstar IDA project?

Jeff Gorsky stated that he would like to see more information before voting on approval.

*Jeff Gorsky and Heather McDaniel had to leave the meeting due to prior commitments.*

Rich John agreed that a third-party review of the financials would be in order. He also stated that he is not comfortable with committing funds without legal input and even knowing which entity (TCIDA or TCDC) the funds would come from. He asked that the request come back for discussion at the June meeting. He and the administrative director will also consult with legal counsel.

**CHAIRS REPORT – None**

**STAFF REPORT – None**

**MINUTES**

**Anne Koreman made a motion to approve the March 8, 2023 TCIDA Board of Directors meeting minutes and the notes from April 18, 2023. Todd Bruer seconded the motion. The motion was approved 5-0.**

The meeting adjourned at 4:30 pm.

**The minutes were approved at the June 14, 2023 board meeting.**