

**Tompkins County Industrial Development Agency
Board of Directors Meeting Final Minutes
July 12, 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, Deborah Dawson

Guests: Todd Fox, Julia Bucher (remote), Catherine Cullen (remote), Chris Durer (remote) (Visum Development Group)

Staff: Heather McDaniel (IAED), Russ Gaenzle (Harris Beach, PLLC)

CALL TO ORDER

Rich John called meeting to order at 2:35 pm.

PRIVILEGE OF THE FLOOR

Theresa Alt – 206 Eddy Street

In the 26 hours since yesterday's hearing, I suspect that not all IDA Board members have had a chance to study the hearing record, so I will shamelessly repeat what I said yesterday.

The Citizen on the site of the former Joe's Restaurant is not the kind of housing that the City of Ithaca needs. From Heather McDaniel's memo about financial need of the project, I teased out what the rents are likely to be. A very small one-bedroom apartment of about 600 square feet would probably rent for about \$1,758/month. It would take an annual income of \$70,320 to afford that. What kinds of jobs are there in the City of Ithaca? Well, a beginning secretary, Administrative Assistant II at Cornell might make \$20/hour or about \$40,000 a year. I looked at the City of Ithaca's CSEA Administrative Unit pay scales. Only a few of the most-skilled, top-paid positions in the unit could afford one of those one-bedroom apartments.

So The Citizen is market-rate housing, the kind we don't need more and more of. That \$5,500 fee per unaffordable unit to the Tompkins County Community Housing Development Fund won't be paid for several years. So it will be quite a few years before the Fund can be used to attract State or Federal money to build affordable units and those units can actually be built. If any land is left.

I noticed in the community benefits overview that over the next ten years, the amount of abated taxes will somewhat exceed the amount of actually paid new taxes.

We don't need more gentrification in the West End. What we need is housing that the people who work in the City can afford. I'm talking about all those clerical workers and retail clerks and waitpersons and hotel cleaners. When people are forced to live far away and drive to work, that's very bad for the planet.

By the way, the West State Street project by Visum is just what we need.

Peter Wissoker – 705 North Tioga St.

I'd like to address a few points:

- 1) At yesterday's TCIDA Finance and Audit meeting there was an illuminating discussion of why the organization should stop using the term "Tax Abatement" and instead use "Tax Incentive." Why? "These people," to use someone's phrase, who see the term "tax abatement" see it as a negative, whereas the idea of the organization incentivizing development would be greeted more positively. Setting aside for a minute the somewhat demeaning tone of "these people" or "those people;" or the idea that something can be sensationalized and still have a grain of truth in it; and understanding that recent press has been somewhat negative toward what you do, I don't see why the organization can't use whichever term is appropriate given the context. As far as I can see, you are using tax abatements to incentivize development. By way of example, allow me to use the two terms in my comments on the projects on today's agenda:
 - a. First, I know you're not used to me saying something positive, but on the face of it, the affordable housing project, "The Stately," looks terrific—it has a firm plan for how it will be managed and it will be associated with a non-profit with the capacity to do so. It is just the type of project I think you should incentivize with an abatement and I urge you to do so.
 - b. Now, for "The Citizen:" You'll find my comments from yesterday's public hearing on "The Citizen" in your package. I won't repeat them here. The short version is that I urge you not to provide the developers a tax abatement because the project is not the type you should incentivize using public tax dollars. I would add that giving a market-rate housing project a tax abatement only incentivizes the developers and others like it to come to TCIDA to ask for one as well. If you want to incentivize its positive environmental impact, then I urge you to give it a shorter abatement, say five years, instead of ten.
- 2) Finally, another point that came up yesterday, along with the question of the use of the term "incentives" instead of "abatements," was whether the agency could point to the assessed value of a property the agency supported and contrast it with the value the property would have if you hadn't given the project on the property a tax abatement (approximately 20 minutes into the recording). The idea was thrown around as to whether it was worth keeping track of how the sum total of what the project's assessment would be with and without the incentive and how that figure would make for a "compelling picture" and be useful in proving that what you are doing offers a "benefit to the community." This sounds like a lovely PR idea, but I would urge the board to remember that you don't always know.

If you have a good piece of land another developer might come along or the original developer might go ahead with the project. In other words, you can't keep assuming that every project will fail without a subsidy.

What if The Marriott was actually the exception rather than the rule? There are times when the land will be built on without the subsidy if you'd only let it happen. Remember that the agency is constantly engaged in a game of chicken where developers are always going to say they need your assistance and it is your job to recognize when they can afford to do the project without your help or when another developer will come along who can. (Yes, I recognize that they can submit viable pro forma, but I also know that historically many developers game the system—as they say).

In other words, you can't project that a property will be vacant over the next five years and pretend that the assessment will remain the same, because you don't know. I urge you not to begin to speculate in the proposed way just to try and make yourselves look good. It would be irresponsible to do so.

ADDITIONS TO THE AGENDA – None

Heather McDaniel noted that the Livestream function is not currently working. The video of today’s meeting will be posted to the TCIDA YouTube page.

BUSINESS

602 W. Buffalo Street (The Citizen) – Final Approval

(Jeff Gorsky recused himself due to conflict of appearance though there is no legal conflict)

The public hearing for this project was held on July 11, 2023. Minutes from the public hearing have been distributed to board members. The determination of financial need memo was included in the agenda package of materials.

John Guttridge made a motion to approve the authorizing resolution giving final approval for 602 W Buffalo QOZB LLC project application. Ducson Nguyen seconded the motion.

Discussion:

Rich John stated that the project provides new, safe, energy efficient housing in the community. The life of the building will be more than the 10-year PILOT time frame.

John Guttridge echoed Rich John’s comments. The taxes on the new building will be more than the current building. The project is in the CIITAP area and will provide the density that the City of Ithaca is looking for.

Deborah Dawson stated that comments from the public hearing minutes should be given thought and are worth discussing at a future time. These comments include making sure that permanent jobs created by the project should continue to pay a living wage beyond the time frame of the PILOT agreement; the developer should be encouraged to pay prevailing wage to the construction workers and to purchase construction materials from local suppliers.

Todd Bruer agreed with Deborah Dawson’s comments. He asked what could be done to ensure the developer/general contractor pays sub-contractors on time. It was pointed out that this concern is addressed in the lien law in NYS. Russ Gaenzle stated that if a lien is placed on a TCIDA induced project, this would trigger an instance of default. If the lien is not cured, then the PILOT agreement would be terminated and the project place back on the tax rolls.

Ducson Nguyen asked if the payment of the housing fee is noted in the resolution? Heather McDaniel responded that the details of the housing fee payment are noted in the project application which is memorialized in the authorizing resolution.

Ducson noted that while the housing fees may seem “small” in terms of what is needed to build an affordable housing project, they do leverage quite a number of affordable housing projects.

A vote was taken on the motion. The motion was approved 6-0-1 (Jeff Gorsky abstain).

510 W State Street (The Stately) - Application

Heather McDaniel introduced the project and provided an overview of the requested incentives. The applicant is requesting the incentive outlined in the TCIDA Uniform Tax Exemption Policy for an affordable housing project. The term of the incentive is for 30 years plus a 20-year extension which is coterminous with the regulatory period for the affordable housing. A drafted PILOT schedule is included in the application packet. The applicant has also requested the IDA consider reducing the fee by 50%. A memo from the applicant was provided.

It was noted that page 8 of the application has been corrected to reflect that 31% of project costs are financed from the public sector. NYS requires a project with more than 30% of project costs financed from the public sector to pay prevailing wage to construction workers. However, affordable housing projects are exempt from this requirement.

Todd Fox introduced Julia Bucher and Catherine Cullen who gave an overview of the proposed project.

Jeff Gorsky asked about the ownership structure. Chris Durer responded on behalf of Visum Development. The not-for-profit Arbor Housing will have a controlling interest as the managing member of the LLC that is created to own the housing project for the first 15 years. They will have an option to exit or stay after the first 15 years. If they exit, Visum Development will then step in as the managing member. It is a complicated ownership structure due to the tax credit set up.

Jeff asked about past IDA projects that have requested a reduction in the IDA administrative fee: INHS/Hancock and First, a not-for-profit was approved; Arthaus, a for profit, was denied; Cayuga Park and Asteri, both for profits, were approved.

The TCIDA UTEP fee structure was last revised to include an allowance of ½% fee for affordable housing projects with a not-for-profit developer. The UTEP is silent regarding for profit developers.

With affordable housing projects and tax credits, the developer fee is always paid last, and this is only if there is anything left from the revenue generated by the project. It is unlikely, given the current financials, that the developer will be paid in that time frame.

This project is only requesting a PILOT agreement, they will not need the sales tax exemption nor the mortgage recording exemption due to the not-for-profit status of Arbor Housing.

Todd Bruer asked who would be responsible for the PILOT payments. This would be Arbor Housing as the managing member.

Ducson Nguyen asked if Catholic Charities had experience providing supportive services to residents in need of them. Yes, this organization was selected due to their experience.

Deborah Dawson asked about the \$100,000 loan from Tompkins County. Heather McDaniel stated that this is from the Community Housing Development fund as a forgivable loan.

John Guttridge made a motion to accept the application from 510 W State Street (The Stately) as complete and to move the project to a public hearing. Anne Koreman seconded the motion.

It was noted that the request for the ½% administrative fee would be discussed and decided on during the August 9, 2023 board meeting.

John Guttridge pointed out that with the reduction in the IDA fee, the attorney fee would also be reduced.

Ducson Nguyen asked if supportive services would be available 24/7. Not, 24/7 but there would be evening and weekend hours available if needed.

A vote was taken on the motion. The motion was approved 7-0.

Local Labor Policy – Discussion

Deborah Dawson made a motion to modify the TCIDA Local Labor Polity to require applicants to submit a description of the project and the anticipated financial assistance to the Tompkins-Cortland Building and Construction Trades Council with five (5) business days of TCIDA approval *via certified mail*. Anne Koreman seconded the motion. The motion was approved 7-0.

Todd Bruer referenced the Broome County IDA and how they request that he help with finding bidders for their projects. Heather McDaniel commented that the TCIDA labor policy notification requirement is set up to alert the Tompkins-Cortland Building and Construction Trades Council to the fact that there is an IDA project. This should be the cue to reach out to local contractors and alert them that there is a project that will be seeking bids.

The need for developing a list of local bidders and contractors who employ local workers was discussed.

Anne Koreman suggested that the local labor policy be sent back to the labor committee for review.

The discussion continued regarding administrative waivers.

Rich John commented that due to the fact that there can be proprietary information in the underlying documents when an administrative waiver is requested, it seems best to go to the IAED offices to review them rather than sending them via email.

John Guttridge commented that there are times that are outside of office hours when he would like to review documents to get the big picture. He feels that having access to information is importance and the level of secrecy needed should be discussed.

Jeff Gorsky commented that the labor committee should be the body to review and adjust the policy. The IDA board is a policy board and should remain that way and allow the staff to administer the approved policies.

The TCIDA Local Labor Policy will be sent back to the Labor Committee for review and updating if necessary.

CHAIRS REPORT – None

STAFF REPORT

Heather McDaniel reported that NYS legislation was approved that would allow projects under a PILOT agreement to be included in the tax cap calculations.

MINUTES

Deborah Dawson made a motion to approve the minutes of the June 14, 2023 board of directors meeting. Jeff Gorsky seconded the motion. The motion was approved 7-0.

John Guttridge proposed to adjust the TCIDA/TCDC Board meeting start time to 2:00 PM. This adjustment would allow an additional 30 minutes for discussion. This was agreeable to all.

The meeting adjourned at 4:15 pm.

Minutes were approved at the August 9, 2023 board meeting.