

Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

Conifer Realty, LLC (200 Conifer Drive)- Community Benefits Overview **October 11, 2023**

Project Overview

Completed in 2008, Conifer Village at Ithaca offers a total of 72 affordable housing units to seniors at income levels of 80%, 65%, and 50% of area median income (AMI). The average age of our current residents is 74.5 and the average total income is just \$26,120. The Town of Ithaca originally provided a PILOT agreement when the property was completed, with a term of 15 years with options to renew at the end of that term. The end of that first 15-year PILOT has been reached. However, Tompkins County has directed the applicant to the TCIDA as the appropriate entity to deliver a new PILOT agreement. The TCIDA has a long history of delivering PILOTS, a method in place for billing, and legal counsel that specializes in PILOT agreements.

I reviewed the original PILOT agreement, which provided for a payment equal to 10% of net rents, which were to be calculated each year based on the previous year's financial reports. This is similar to the method that the TCIDA used in the first affordable housing PILOT it delivered (210 Hancock Street). The TCAD has since moved to a methodology that provides for more certainty for the taxing jurisdictions, eliminates an off-tax-cycle review of financials, and an off-tax-cycle annual payment to the affected taxing jurisdictions that previously made it difficult to predict payment amounts and thus annual budgets.

It is recommended that a new PILOT agreement be put in place by the TCIDA under the new criteria for affordable housing PILOTS....

(per the Tompkins County Uniform Tax Exemption Policy) Multi-family rental housing projects that are subject to a regulatory agreement from a local, state or federal agency for a period 20 years or more and that would otherwise be eligible under section 581-a of the Real Property Tax Law in which all housing units are subject to an income test and are affordable to households earning 100% of area median income or less. The PILOT payment amount would be equal to 12% of projected net operating income as defined in RPT 581-a in year one with an annual increase of 2% each year. The incentive would be coterminous with the regulatory period requiring the affordable units.

The proposed PILOT schedule is included at the end of this memo.

This project does not fit within the TCIDA's fee schedule as there are no "project costs" to assess the fee. It is recommended that a flat administrative fee of \$5,000 be assessed along with legal fees commensurate with the time it requires to provide the documents along with waiving the \$1,000 application fee.

Cost-Benefit Analysis

- Extent to which project would create and/or retain private sector jobs – This is an affordable housing project – there are no direct jobs associated with housing projects.
- Estimated value of tax exemption – \$2,507,764 over 35 years
- Estimate of private sector investment to be generated by the project – N/A. The project was put in place in 2008 and the original PILOT is being extended.

- Likelihood of completing project in a timely manner - NA
- Extent to which project would generate additional sources of revenue for local taxing jurisdictions – Tax revenue projected at \$2,732,428 over 35 years.
- Other benefits that might result from the project:
Affordable Housing – The incentive will preserve 72 units of existing affordable housing for seniors at income levels of 80%, 65%, and 50% of area median income.

200 Conifer Dr. - Tax Incentive

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Operating Income (before taxes and debt service)	\$ 455,455	\$ 464,564	\$ 473,855	\$ 483,332	\$ 492,999	\$ 502,859	\$ 512,916	\$ 523,175	\$ 533,638	\$ 544,311
PILOT Proposed	\$ 54,655	\$ 55,748	\$ 56,863	\$ 58,000	\$ 59,160	\$ 60,343	\$ 61,550	\$ 62,781	\$ 64,037	\$ 65,317
581-a Estimated Tax	\$ 104,815	\$ 106,912	\$ 109,050	\$ 111,231	\$ 113,456	\$ 115,725	\$ 118,039	\$ 120,400	\$ 122,808	\$ 125,264
Difference	\$ 50,161	\$ 51,164	\$ 52,187	\$ 53,231	\$ 54,296	\$ 55,382	\$ 56,489	\$ 57,619	\$ 58,771	\$ 59,947

Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Net Operating Income (before taxes and debt service)	\$ 555,197	\$ 566,301	\$ 577,627	\$ 589,180	\$ 600,963	\$ 612,982	\$ 625,242	\$ 637,747	\$ 650,502	\$ 663,512
PILOT Proposed	\$ 66,624	\$ 67,956	\$ 69,315	\$ 70,702	\$ 72,116	\$ 73,558	\$ 75,029	\$ 76,530	\$ 78,060	\$ 79,621
581-a Estimated Tax	\$ 127,769	\$ 130,325	\$ 132,931	\$ 135,590	\$ 138,302	\$ 141,068	\$ 143,889	\$ 146,767	\$ 149,702	\$ 152,696
Difference	\$ 61,146	\$ 62,369	\$ 63,616	\$ 64,888	\$ 66,186	\$ 67,510	\$ 68,860	\$ 70,237	\$ 71,642	\$ 73,075

Year	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Net Operating Income (before taxes and debt service)	\$ 676,782	\$ 690,318	\$ 704,124	\$ 718,207	\$ 732,571	\$ 747,222	\$ 762,167	\$ 777,410	\$ 792,958	\$ 808,817
PILOT Proposed	\$ 81,214	\$ 82,838	\$ 84,495	\$ 86,185	\$ 87,908	\$ 89,667	\$ 91,460	\$ 93,289	\$ 95,155	\$ 97,058
581-a Estimated Tax	\$ 155,750	\$ 158,865	\$ 162,042	\$ 165,283	\$ 168,589	\$ 171,961	\$ 175,400	\$ 178,908	\$ 182,486	\$ 186,136
Difference	\$ 74,536	\$ 76,027	\$ 77,548	\$ 79,099	\$ 80,681	\$ 82,294	\$ 83,940	\$ 85,619	\$ 87,331	\$ 89,078

Year	2054	2055	2056	2057	2058
Net Operating Income (before taxes and debt service)	\$ 824,994	\$ 841,493	\$ 858,323	\$ 875,490	\$ 893,000
PILOT Proposed	\$ 98,999	\$ 100,979	\$ 102,999	\$ 105,059	\$ 107,160
581-a Estimated Tax	\$ 189,859	\$ 193,656	\$ 197,529	\$ 201,479	\$ 205,509
Difference	\$ 90,859	\$ 92,677	\$ 94,530	\$ 96,421	\$ 98,349

PILOT Proposed \$ 2,732,428
581-a Total \$ 5,240,192
Total Difference \$ 2,507,764

PILOT proposed is a fixed amount based on 12% of NOI in year one with a 2% increase each year