

Tompkins County Industrial Development Agency
Board of Directors Meeting Final Minutes
June 12, 2024 2:00 – 4:00 PM
TC Legislative Chambers
121 E. Court Street
Ithaca NY 14850

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

Excused: Deborah Dawson

Admin: Heather McDaniel, Ina Arthur, Kellea Bauda (IAED), Russ Gaenzle (Harris Beach)

Guests: Robert Cain (remote) (CSD Housing), Lauren Tegnander, LCSW (remote) (Rehabilitation Support Services, Inc.), Robert Lewis, Brian Murray, Greg DeFabio, Sarah Barden (Shift Capital), David Lubin (L Enterprise), Nenne Lynch (Xylem), Melissa Geska (US Ceiling Corporation)

CALL TO ORDER

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

PRIVILEGE OF THE FLOOR

Theresa Alt – 206 Eddy Street, Ithaca – Sorry I couldn't attend the hearing about the Meadow, a project worthy of support. I did read the minutes and note that they are misdated, the sort of mistake that I make when I use a past set of minutes as template for a new meeting. Dylan Watros had some sensible concerns about staffing for supportive housing. I believe that IAED has relationships with job training programs, and this field might be a candidate.

As for the new application from SouthWorks, I want to note some history. Another project that you have supported, all-affordable Asteri in central downtown, originally proposed 218 units. Unfortunately, the market-rate building that you also had supported, Harolds Square, or more precisely the company Harold's Holding, LLC, sued because Asteri, with an equal right to build, was going to block the view from Harold's Square windows. Asteri agreed to reduce the size of the building, cutting down to 181 units. Harold's Holding grandly announced that the affordable unites would be replaced by unites at Chainworks, now SouthWorks. Then Harold's Holding sold Chainworks. We now see that SouthWorks plans to build 20% equaling 218 unites plus the 37 units lost from Asteri, so totaling 220 affordable units. I think you have the power to insist on this, even if Harold's Holding didn't inform the buyers of their promise.

Jennifer Tavares – Tompkins County Chamber of Commerce – I am here on behalf of the Chamber to express our support of the SouthWorks project. This transformative project with its size and scope and potential community benefits comes along once in a generation and likely cannot be completed without a partnership with local municipalities and the IDA. This project includes adaptive reuse which is far more beneficial than a tear down or rebuild would be. This project supports our environmental and sustainability goals with massive investments to date. Plans for the entire site to be net zero development infrastructure updates and investments including trail connections are also going to benefit the community. As many of you are aware, our housing task force recommends the support of this proposed project with its 915 proposed housing units which will include at least 20% affordable units and additional workforce housing should the economics work on the project. We cannot delay in building more housing to address our shortages in Tompkins County. This project

may create thousands of construction and permanent jobs for our area as well as stimulate micro enterprise, small business development, and incubation. It further supports our workforce development strategies particularly around construction workforce needs. Projects like SouthWorks will help create community and become an economic hub to our region. This project has real potential to attract businesses, residents and visitors alike and if you've ever visited a similar project in another community, you will likely understand why. Redeveloped former industrial spaces are magical. They are awe inspiring. It is sometimes hard to make the leap from what we see today at SouthWorks to what this site can become yet there are numerous examples that we can point to – Chelsea Market in NYC, Industry City in Brooklyn and Tin City in Pasa Robles, CA. We can also point to the South Hill Business Campus which is a highly successful redevelopment project that supports a vibrant artist small and large business ecosystem. With its substantial request which I know can seem large if you just look at the numbers, I want to point to the fact that this request is reasonable based on the value of the projected investment. This local investment which is requested as a part of this overall project structure is not cash or grant but based on projection of full tax revenue on something that might never be built without it. It would result in an increase in property taxes far beyond what the site is generating now. Even with the proposed PILOT schedule local property tax payments will increase significantly. Once the entire project is placed under PILOT about 45 million in net new property taxes are projected over 20 years. This is something that our community can really do without, I'm sure. The requested assistance will help incentivize over a half a billion dollars in investment in our community, in local construction trades, in affordable and workforce housing, in mixed use commercial development, in sustainable sites and green spaces, and in new infrastructure all of which be far more beneficial to us than not participating in this visionary and transformative project. So I encourage you give this a really hard look. I know this is going to be a process. I know this is just the beginning. I look forward to following along as you go through this over the next several months.

Dylan Watros – Town of Ithaca – I have been a Tompkins County resident my whole life. I have lived in the town of Ithaca for the past six years and have worked professionally in emergency services since 2011. I am speaking on behalf of myself and not my places of employment. I am here to speak against 114 North Meadow because I think that it is going to create a larger tax burden on our county residents, and I think that RSS and developer CDS are making a lot of promises that they cannot necessarily keep. One of my first considerations when I saw this I tried to do some research on RSS and I found that they operate housing in 12 other counties eight of which are significantly larger than our county. It seems a little bit concerning to me that in our County, which will be the ninth out of 12 or 13 that they operate housing in, we're going to get the largest supportive housing building. You know that doesn't really make sense to me. My fear is that this building will become a place that doesn't help our residents but turns into a space that's going to offload residents from other Counties and making them our county's responsibility. This happened in 2018 in Broome County when they were going to take legal action against NYC because the City was actually moving residents up to Broome County and basically making them Broome County's problem. This is seen in Arthaus. I spoke with someone familiar with Arthaus and they said the majority of the residents in the 40 units were actually from the New York City area so we are taking responsibility for people coming here from 230 miles away.

My second concern is the amount that the services that these buildings require are going to burden emergency services. Since 2022, Arthaus, which is a similar style housing model, has required over 1500 emergency responses from either the police department, the fire department, or the ambulance service. We are going to give them tax abatements which are supposed to be covering these services so when we do that burden for their services now falls on the rest of our county's constituents and that is not fair to them especially if they're going to be moving people from other counties into our county to house this place.

Another thing is I think the location for this building isn't necessarily the greatest. It is on the main two thoroughfares through Ithaca, Route 13 and Route 79.

My last point is, that I think they are making a promise they cannot keep. I think their goal of 9 – 12 staff members on site 24/7 or at least one on site 24/7 is great and sounds awesome but Arthaus was supposed to have just 3 staff members on site with one 24/7 and they do not do that. I have been there on multiple occasion trying to find staff members in the middle of the night and they are just not there. So I think this promise to staff this many people is just not feasible.

Tim Downs – City of Ithaca resident and VP of Finance, Ithaca College - I am here to speak on both items on the agenda. I will be brief as I will be wearing two different hats. The first hat is on Meadow on Seneca. I wear my resident of the City of Ithaca hat. I live at 602 West Seneca right across the street from the property and conceptually the project sounds great, and we all want success. Practically I worry about it being successful and what we don't want is another Arthaus. A one case manager to seven resident ratio is really rough and I feel like Dylan in that it's going to be a drain on the resources and what happens when they can't live up to that? What happens if it starts to falter and when it starts to fail? What can they do and adding back the tax abatement isn't going to help. It's just going to further the cycle so that's very concerning. One of the things I know in New Jersey they did when I worked down there is that they did a performance bond. They required the developer to get a performance bond that had to be held for five years after delivery and if for whatever reason they didn't live up to their obligation the municipality had the ability to draw on that bond to shore up the services. And to me if we want success, its' not tax them and make them close, it's about how do we ensure that. I would ask this group to figure out what can be done to help ensure that happens and make sure the resources are there to do it.

Under my second hat, I am the Chief Financial Officer for Ithaca College. I am here in support of SouthWorks. We are their biggest neighbor right across the street and we couldn't be happier to finally have a partner there. We've met with them many times and looked at their plans. We are in full support of development in that area and really helping bring SouthWorks and the South Hill as a destination and really enlivening the Ithaca area and having multiple resources there.

Brian Noteboom – Carpenters Local 277 – I am also on the IAED Board. I would like to make the IDA Board aware of a few things. SouthWorks is a great project. There has been attempts to monitor local labor in the area. I would like to make you all aware that wage theft does happen. When workers come from out of the area, wage theft does happen. For example, Asteri – another good project – but the Vecino group has used workers that are being exploited – wage theft did happen. Iron works on State Street hired workers from a company called Fox Builders out of Syracuse NY. The workers were paid as 1099s workers which is another way to circumvent State taxes. I know this is more of a NYS issue, but the NYS task force is no longer supported. I feel I need to make people aware that wage theft does happen. Workers are being exploited and not being paid properly. Monitoring does take place, but it can take years for the data to come forth.

ADDITIONS TO THE AGENDA – None

BUSINESS

Meadow on Seneca (Rehabilitation Support Services) – Approval

John Guttridge made a motion to approve the authorizing resolution for the Meadow on Seneca (RSS) project. Anne Koreman seconded the motion.

Board members acknowledged the comments and concerns during privilege of the floor but also acknowledged that this project will provide needed services to the community.

Robert Cain and Lauren Tegnander commented that the lessons learned from the Arthaus project have led to adjustments to their approach with this project. RSS has over 40 years of experience in mental health services and the 7-1 ratio case load is actually very small.

Anne Koreman, Rich John and Ducson Nguyen voiced their support of the project. Todd Bruer stated that he likes the project but not the location.

A vote was taken on the motion. The motion was approved 5 – 1 (Bruer Nay)

SouthWorks – Application

Rich John and Heather McDaniel made opening comments before the presentation. They ensured all that any and all questions will be answered and that enough time will be taken so that all can understand and absorb the information regarding this project. Input from the community will also be sought during this process.

Today, there will be a presentation from the development team and additional time will be taken in the next few months to gather information and have questions answered. It is hoped that a public hearing and approval will happen in early fall.

The project team is planning an over \$580 million project spanning ten to fifteen years to develop the SouthWorks site to its fullest potential under the approved Generic Environmental Impact Statement as follows: creation of 915 housing units, adaptive reuse of 820,000 square feet of industrial buildings, and approximately 900,000 square feet of new construction. In total, the project will create a mixed-use, mixed income neighborhood of approximately 1.7 million square feet, including residential, retail, commercial, industrial, and research and development space.

The requested PILOT deviates from the TCIDA's standard abatement outlined in the Uniform Tax Exemption Policy. An IDA can offer more than the standard abatement based on an analysis of the impact on the economy and the needs of the applicant. General Municipal Law allows for such deviation as long as each of the effected taxing authorities are notified of the reasons for deviation from the standard policy and given an opportunity to review and comment before final IDA approval.

The applicant is requesting that the TCIDA consider an incentive that includes a sitewide PILOT at the current assessed value of \$3,506,000 for fifteen years. Over the course of those fifteen years, as the site is developed, the commensurate value of land and improvements will be removed from the sitewide PILOT and incorporated into its own twenty-year PILOT with the following phased in schedule: Five years at 90% abatement; three years at 80% abatement; then two years each at 70%, 60%, 50%, 40%, 30%, and 20% abatement.

The standard mortgage recording tax and sales tax incentive is requested. The applicant intends to comply with the Local Labor Utilization Policy and the Workforce Housing Policy (providing a 20% set aside of affordable units on site). Some portions of the project may be subdivided and/or sold to outside entities that develop and manage affordable rental housing to achieve these results.

An administrative fee of \$35,060 (1% of current assessed value), plus attorney's fees at cost, is proposed to be paid when the sitewide PILOT is put in place and sales tax documents are issued. Subsequent PILOTs will be assessed a fee based on costs of that improvement per the fee policy outlined in the TCIDA Uniform Tax Exemption Policy (an administrative fee of 1%; and an additional 1/3 of the administrative cost in attorney fees).

This is likely the largest redevelopment project that will happen in our lifetimes in the City of Ithaca. The size and scale and timeline are such that the TCIDA may wish to consider some or all the following actions as part of its process prior to accepting the application as complete and conducting a public hearing.

Financial Reasonability Review – Hire a consultant to provide an independent third-party review of the project proforma and proposed incentive. This could include testing the underlying assumptions, providing an objective review of the estimated return on investment, evaluating the internal rate of return against the current market and similar projects, and providing an opinion on the need for and reasonableness of the financial assistance. The TCIDA’s application certification page allows for the costs to be paid by the applicant for any third-party analysis or review in conjunction with an application

Economic Impact Analysis – Hire a consultant to provide an independent third-party analysis of the economic impact of the project. The analysis prepared by the applicant’s consultant, EConsult Solutions, and included in the application, was produced using data based on a project budget of \$378 million. The current project budget has increased by 53% to over \$580 million. The economic benefits and job creation in the EConsult analysis far exceed the proposed tax incentives. It would stand to reason that an updated analysis would yield the same result, however it may be fruitful for the TCIDA to consider a more accurate picture of the benefits because of the increase in project costs. The TCIDA’s application certification page allows for the costs to be paid by the applicant for any third-party analysis or review in conjunction with an application.

The project team presented information on the project from building history to site development. A copy of the presentation is available on the TCIDA website project page under SouthWorks.

Jeff Gorsky made a motion to approve the hiring of a consultant to provide a financial reasonability review and an economic impact analysis. Anne Koreman seconded the motion.

Heather McDaniel suggested Camoin Associates out of Saratoga NY as the consultant firm.

John Guttridge commented that there is a need to make sure that all the questions to ask have been figured out.

Ducson Nguyen asked if any analysis or review would still be relevant 15 years in the future once the project is completed.

A vote was taken on the motion. The motion was approved 6 – 0.

Rich John stated that he would like to invite the community to provide input during the next few months of discussion. He also stated that at the July meeting, dates for special meetings during July will be determined to move this process along.

CHAIRS REPORT

Rich John commented on the recent Ithaca Voice article regarding the IDA’s approval of an amendment to a project without holding a new public hearing. NYS GML gives no guidance, but it is considered best practice to hold a new public hearing if additional incentives are over \$100,000. Moving forward, he would like to follow the best practice.

John Guttridge made a motion to amend the TCIDA Uniform Tax Exemption Policy (UTEP) to require holding a new public hearing for projects seeking an amendment to their incentives if the new incentives will exceed \$100,000. Todd Bruer seconded the motion. The motion was approved 6-0.

STAFF REPORT

Heather McDaniel reported that the mortgage recording tax exemption request from The Ithacan that was approved at the May 8, 2024 board meeting will not be happening as it was determined that the increase in the mortgage loan was new money.

The Breeze project should be closing on its financing and PILOT documents later this week. This will bring a payment of \$385,000 to the CHD fund.

NYS has approve two changes to the GML that governs Industrial Development Agencies. The first is that IDA Board should have a labor representative and a school board representative. The second is that IDA's should give consider if a project will have an onsite childcare facility. Once the Governor has signed these bills into law the IDA's UTEP will be updated.

MINUTES

Anne Koreman made a motion to approve the Board minutes from the May 8, 2024 meeting. Todd Bruer seconded the motion. The motion as approved 6-0.

Meeting was adjourned at 4:15 pm.

Minutes were approved 7/10/24

Action/Follow Up Items

- Set up special meeting dates for Southworks discussion
- ~~Invite stakeholders to comment on Southworks at July Meeting~~
- UTEP amendment for public hearings
- SouthWorks – engage consultant for reasonability analysis and economic impact studies
- Report on other IDA Housing incentive information
- Jobs Report and memo review