

Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

**TOMPKINS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BOARD OF DIRECTORS SPECIAL MEETING
Monday, July 29, 2024 • 10:00 – 11:30 AM**

**Legislative Chambers
Governor Daniel D. Tompkins Building
121 E. Court Street, Ithaca NY**

THIS MEETING WILL BE LIVESTREAMED

Link to live stream channel: <https://tinyurl.com/weo3tkk>

AGENDA

1. **CALL TO ORDER**
2. **PRIVILEGE OF THE FLOOR**
3. **ADDITIONS TO AGENDA** **Page**
4. **BUSINESS**
SouthWorks
Third-Party Consultant Presentation (*Rachel Selsky, Vice President and COO, Camoin Associates*)
 - Reasonableness Assessment for Financial Assistance
 - Economic and Fiscal Impact AnalysisOverview of Incentive Structure, IDA Policy Compliance/Deviation Considerations 2
5. **ADJOURNMENT**

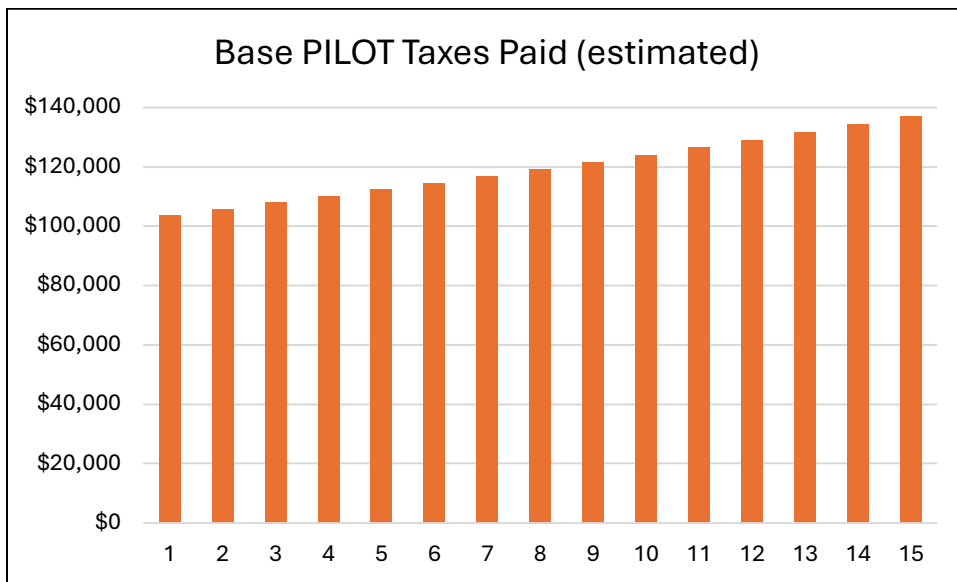
SouthWorks Incentives & Policy Considerations

July 15, 2024

INCENTIVES

The applicant is requesting that the TCIDA consider an incentive that includes:

1. **Base PILOT:** a sitewide PILOT that would be put in place upon approval by the IDA. The Base PILOT is comprised of the existing land and building value of \$3,506,000 (on the assessment rolls as of March 1, 2024). This is the ‘pre-project’ or base value before any investment is made. The Base PILOT would be in place for 15 years with periodic amendments (see #2 below). Each year, property taxes would be calculated using the ‘pre-project’ base value of \$3,506,000 multiplied by the applicable tax rates that year. Generally, when the IDA delivers a PILOT there is a ‘base’ amount, or existing land and building value that will always be subject to taxes – so this is consistent with IDA practice, however it would be a separate PILOT, rather than built into just one PILOT for an entire project.



2. **20-Year Phased PILOTs:** As the site is developed over the course of those fifteen years that the Base PILOT is in place, a new 20-year Phased PILOT will be put in place in each year that a renovation or new building is completed and that increase in value would be subject to property tax (the timing is solely dependent on the countywide assessment roll schedule each year: March 1 for the upcoming fall school tax and following year city, county, town tax).

PILOT Schedule

Each New 20-Year Phased PILOT would be put in place with the following schedule:

Phased PILOT – Proposed Schedule

Yr	Abatement %
1-5	90%
6-8	80%
9-10	70%
11-12	60%
13-14	50%
15-16	40%
17-18	30%
19-20	20%

Base PILOT Amendments

For each New Phased PILOT, The Base PILOT will be amended to remove the proportionate ‘pre- project’ value of the associated land and building, and incorporated into the New Phased PILOT using the following formulas:

$$\text{Land S.F.} \times \text{Value per S.F.} = \text{Base Land Value}$$

$$\text{Building S.F.} \times \text{Value per S.F.} = \text{Base Building Value}$$

The following table will be used to determine the proportionate ‘pre-project’ land and building value:

‘Pre-Project’ Base Value (\$3,506,000)

			Land			Building (Improvement)			Total
Municipality	tax parcel	Acres	S.F.	Value	Value /S.F.	S.F.	Value	Value /S.F.	Value
town	40.-3-3	66.56	2,899,354	\$345,000	\$0.12	306,886	\$1,155,000	\$3.76	\$1,500,000
town- RR	40.-3-14.2	3.26	142,006	\$6,000	\$0.04	0	\$0	\$0.00	\$6,000
city	106.-1-8.2	31.57	1,375,189	\$550,000	\$0.40	462,839	\$1,450,000	\$3.13	\$2,000,000
Totals				\$901,000			\$2,605,000		\$3,506,000

Source: Tompkins County Assessment (2024 Assessment Roll)

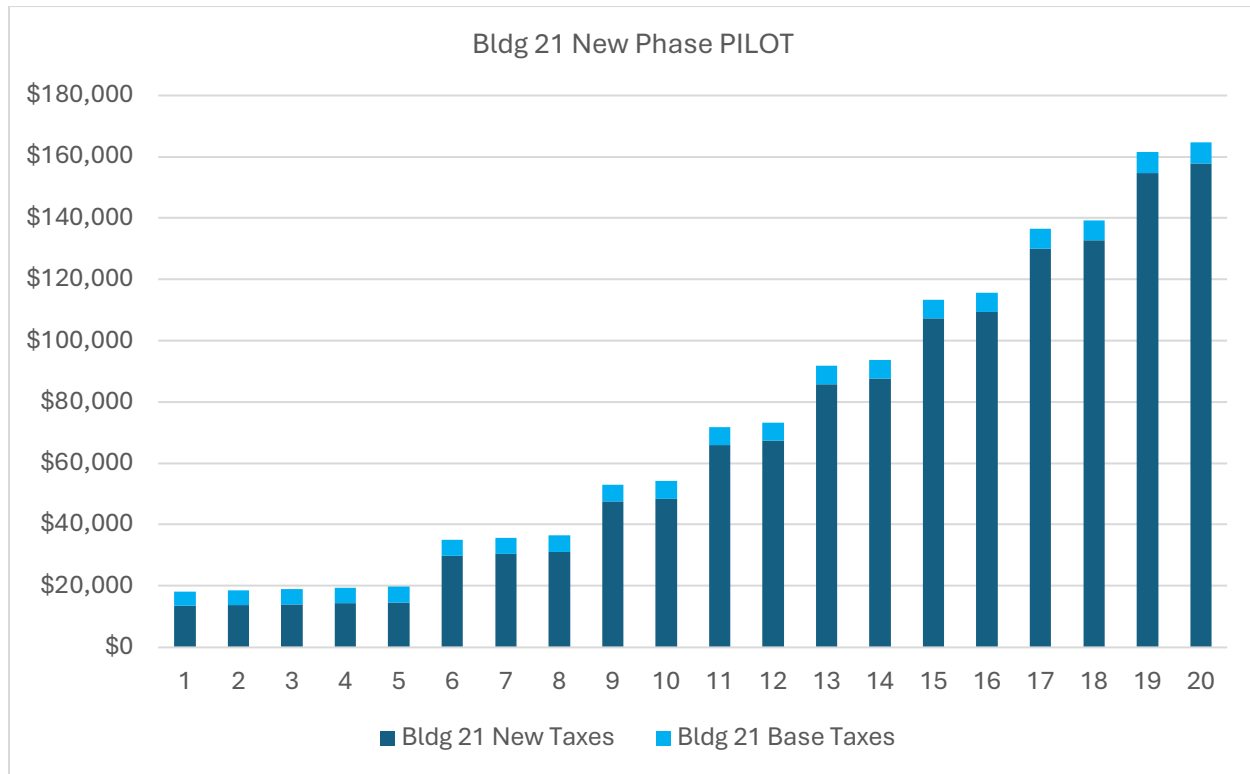
Example – Building 21

Building 21 is a four-story building with a 10,800 square foot (S.F.) footprint. If this building were renovated in 2024/2025, one would then calculate the ‘pre-project’ base value to remove from the Base PILOT and add to the New Phased PILOT when the renovation is complete as follows:

$$\begin{array}{rclcl} \text{Land S.F.} & \times & \text{Value per S.F.} & = & \text{Land Value} \\ 10,800 \text{ S.F.} & \times & \$0.40 & = & \$4,320 \end{array}$$

$$\begin{array}{rclcl} \text{Building S.F.} & \times & \text{Value per S.F.} & = & \text{Building Value} \\ 43,200 \text{ S.F.} & \times & \$3.13 & = & \$135,216 \end{array}$$

$$\text{Total ‘Pre-Project’ Base Value} = \$139,536$$



The New Phase PILOTs are consistent with standard IDA PILOTs

- The 'pre project' base value will be subject to full taxes during the term of the PILOT.
 - Any increase in land value will be subject to full taxes.
 - The increase in building value because of the investment will be subject to the PILOT abatement schedule.
3. **Sales tax and partial mortgage recording tax incentives:** Abatement of state and local sales tax on construction materials, furniture, and fixtures; and an abatement of the state share of the mortgage recording tax. These are consistent with the IDA's standard policy.

OTHER IDA POLICY COMPLIANCE AND REQUESTED DEVIATIONS

1. Diversity and Inclusion Policy

Only single occupant projects (buildings developed specifically for one tenant or an owner-occupied facility) are subject to the Diversity and Inclusion Policy. This project is not a single occupant project.

2. Enhanced Energy Incentive Policy

The policy does provide additional incentive for projects that exceed the requirements of the City of Ithaca's Green Building Code (the Stretch Code). In 2026, this policy will become obsolete when the Code will require net zero compliance. The applicant will comply with City Code. In consideration of the economic and community benefits which include energy and sustainability as well as mixed income housing, adaptive reuse, environmental remediation, workforce development, business growth and retention, and public amenities, the applicant has requested an incentive that exceeds that contained in the Enhanced Energy Policy.

3. Local Labor Utilization Policy

The applicant intends to comply with the Local Labor Utilization Policy.

4. Workforce Housing Policy

The applicant intends to substantially comply with the IDA's Workforce Housing Policy by developing 915 housing units. 183 units, or 20% of the units (as required by the policy), will be affordable housing units.

- a. Some portions of the property may be subdivided and sold to a private developer that will build and sell market rate single family homes – ***The applicant requests these units count towards total units in the Project – these units will not be part of the PILOT.***
- b. Some portions of the property may be subdivided and sold to an affordable housing agency that will build and sell affordable single-family homes – ***The applicant requests these units count towards total units and affordable units in the Project – these units will not be part of the PILOT.***
- c. A portion of the property may be subdivided and sold to either a for profit or a not-for profit affordable housing agency that will develop and manage affordable rental housing units .
 - ***The applicant requests that a sale to a for profit affordable housing agency be considered, which is not contemplated in the policy.***
 - ***The applicant requests a determination for these units to count towards the 20% affordable unit requirement per the Workforce Housing Policy as follows:***

(.....Excerpted from the Workforce Housing Policy):

“In the event that a proposed project consists of more than one parcel of real property owned by different corporate entities, the Tompkins County IDA will consider and determine whether to treat the development as a single project for purposes of calculating the 20% affordable total unit requirement. The following criteria are required:

- (1) The improvements to be made to the real properties will be constructed simultaneously or in sequence. Specifically, the affordable project will open for operation either before the market rate component or within three years after the opening of the market rate component; and
- (2) The land for the affordable housing portion of the project is being conveyed by the principal investor to a not-for profit affordable housing organization who will perform the development; and

The following criteria will be considered in making a determination:

- (1) The real properties involved are contiguous;
- (2) The real properties are, or were, considered for municipal site plan approval or SEQR determination as a single project;
- (3) The improvements to be made to the real properties are the product of a coordinated design with common design elements;
- (4) The purpose of maintaining separate corporate ownership of the real property is related to regulatory eligibility or financing requirements for affordable housing.”

(5) Uniform Evaluation Policy

This policy establishes criteria to be used for the evaluation and selection for all projects for which the IDA may provide financial assistance. The criteria are established and required by state law. The IDA should use this policy to assess the project for approval. The policy is attached to this document.

FEES – A flat fee of \$35,060 (1% of current assessed value), plus attorney's fees at cost, will be assessed upon the Base PILOT approval and issuance of sales tax documents. 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 of 1% of hard construction costs; and an additional 1/3 of the administrative cost in attorney fees).

MODIFICATIONS – Any modifications to the project description in the TCIDA application for financial assistance that exceed a 10% threshold change in use, and any modifications that require additional SEQR/CEQRO review would need to be presented to the TCIDA for approval.

Tompkins County

Industrial Development Agency

Uniform Project Evaluation Policy

Adopted: June 9, 2016

Pursuant to and in accordance with Section 859-a(5) of the General Municipal Law (“GML”), the Tompkins County Industrial Development Agency (the “Agency”) hereby establishes a Uniform Project Evaluation Policy for the evaluation and selection for all qualifying categories of projects for which the Agency may provide Financial Assistance in accordance with its Uniform Tax Exemption Policy (“UTEP”).

For each Application for Financial Assistance received by the Agency, the following must occur prior to authorizing the project and provision of Financial Assistance:

- 1) The Agency shall undertake an assessment of all material information included in connection with the Application for Financial Assistance as necessary to afford a reasonable basis for the decision by the Agency to provide Financial Assistance for the Project, including, but not limited to qualification of the proposed project under the GML (including any retail analysis, as applicable), conducting a full application review, review of applicant financial history and project pro-formas, and consideration of all local development priorities;
 - 2) A written cost-benefit analysis shall be developed by the Agency that identifies
 - a. The extent to which a project will create or retain permanent, private sector jobs,
 - b. The estimated value of any tax exemptions to be provided,
 - c. The amount of private sector investment generated or likely to be generated by the proposed project,
 - d. The likelihood of accomplishing the proposed project in a timely fashion,
 - e. The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts,
 - f. Any other public benefits that might occur as a result of the project, including the economic condition of the area at the time of the application, the effect of the proposed project upon the environment and surrounding property, and the extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the project is located;
 - 3) The Agency’s Application for Financial Assistance shall include a statement by the applicant that the project, as of the date of the application, is in substantial compliance with all provisions of GML Article 18-A, including, but not limited to, the provisions of GML Section 859-a(5) and 862(1)
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