

**Tompkins County IDA Meeting Minutes
January 6, 2011, 2010
Scott Heyman (Old Jail) Conference Room
Ithaca, NY**

Present: Martha Robertson, Dan Cogan, Jeff Furman, Will Burbank, Ed Marx, Nathan Shinagawa, Larry Baum

Excused: Jim Dennis

Staff Present: Ina Arthur (recording), Heather Filiberto, Michael Stamm, Mariette Geldenhuys

Guests Present: Carol Chock (TC Legislature), Liz Lawyer (Ithaca Journal), Paul Mazzarella (INHS), John Spence (Better Housing Tompkins County)

CALL TO ORDER Ms. Robertson called the meeting to order at 3:45 PM.

ADDITIONS TO THE AGENDA

None

PRIVILEGE OF THE FLOOR

BUSINESS

2011 TCIDA MOU with TCAD

Mr. Stamm mentioned that he is chair-elect of the NYS Economic Development Council and will continue his work in Albany with IDA legislation.

Mr. Furman stated that the information in the MOU looks like the work that is done for the IDA, however, he knows that TCAD does broader economic development work for the County. He would like to add wording to the MOU to reflect this fact and thus support the amount of funding that comes from the IDA.

Jeff Furman moved to approve the 2011 Memorandum of Understanding between the TCIDA and TCAD. Will Burbank seconded the motion. The motion passed unanimously.

ADMINISTRATIVE DIRECTORS REPORT

Mr. Stamm reported that Transonic Systems closed on December 15, 2010 for its tax exempt bonds. The company expressed appreciation for the work that TCAD staff did in helping this project come to fruition. Ms. Filiberto commented that construction work should begin in March and should be done by October.

Mr. Stamm reported that Cortland Produce closed on December 30, 2010. College Circle should close in the first quarter of 2011. Cayuga Medical Center will be expanding its operating rooms and should be coming to the LDC with a \$15 Million project. Deal flow with high tech start-ups are good.

Mr. Stamm reported that the recapture process for Emerson Power Transmission will start soon. This will include recapturing property taxes and sales taxes that were abated. Mr. Burbank expressed his concern about the security of the building as employees leave. Who will own the empty building and be responsible for its upkeep? Mr. Stamm stated that the building will still be owned by Emerson and the company will be responsible for it.

Ms. Robertson stated that the recapture policy has a clause that allows for market conditions that may effect a project. Will the company try to “play that card?” Mr. Stamm stated that the Rollway project, which received the incentives, was the most profitable of the lines in Ithaca. He does not think the company will use the strategy that market conditions caused the company to move out of state.

Mr. Furman suggested having a meeting on the recapture policy before the company comes to the board. The February IDA meeting would be a good time for this.

Mr. Burbank commented that he is interested in the redevelopment of the site; particularly as it relates to the nature trail that runs through the property.

Ms. Robertson asked what the IDA’s role might be after the recapture? Will there be any legal responsibilities? Mr. Stamm stated that there would not be any responsibilities. However, the IDA could develop an incentive policy/package to help with the redevelopment of the site.

Mr. Baum asked that Mariette Geldenhuys write a summary of the recapture policy as it applies to this project.

Mr. Stamm continued with his report and mentioned that Dennis Mullen will no longer be the head of Empire State Development. NYSEDC has recommended that Dan Gunderson take his place. Governor Cuomo will be setting up regional councils that will compete for \$200 Million of funds. TCAD is working on organizing our region so we can compete.

Syracuse, Rochester and Erie have regional groups already set up that are somewhat functional. These groups are used mainly for marketing and political lobbying.

POLICY DISCUSSION

Housing Policy Discussion

Ms. Filiberto stated that we are the Industrial Development Agency. However, the IDA does have a density policy with the City of Ithaca where some housing has been incentivized. We have been seeing more requests for incentives from housing projects.

Ms. Robertson commented that by law the IDA cannot incentivize owner occupied housing.

Mr. Furman stated that the cost of incentivizing housing is high for the school districts. Mr. Baum asked if the school board would be interested in this policy? If so, perhaps they should be involved in the process.

Ms. Robertson stated that those who need affordable housing are already here in the County. And providing more stable housing will be helpful in the long run for the school districts.

Mr. Shinagawa asked if the housing projects that have contacted TCAD have been rental? Yes all of them.

Paul Mazzarella from Ithaca Neighborhood Housing Services addressed the board regarding what would be helpful for developers. He stated that there are for-profit and not-for-profit developers and those not-for-profit developers are not always tax exempt. INHS has a policy and wants to pay taxes, pay a fair share. Section 581a of NYS Law assesses any affordable housing with a long-term contract based on income and expenses. This puts a cap on the property taxes, so lower income projects would not ask for a PILOT agreement from the IDA. Perhaps a PILOT could help moderate-income projects more.

John Spence from Better Housing of Tompkins County states that lower income projects get funding from tax credits, so getting support from local municipalities will help on their applications for this funding. Mixed income projects would benefit too. Developers are either in the business of low-income or high-income housing.

Mr. Furman commented that the credits could be passed along to tenants who have a need.

Ms. Filiberto asked if sales tax abatements might help a housing project? Mr. Mazzarella stated that developers usually set up a nfp that owns the land and thus can be exempt from paying sales taxes – so an abatement from the IDA would not be much additional help.

Mr. Mazzarella explained that the low income tax credit program is a Federal program. A developer with a for profit partner applies for a state allocation of tax credits. This is highly competitive. Once the credits are awarded, the developer can find someone who will use these such as an investor and get cash for the credits. The investor gets to use the credits over 10 years against federal income taxes. The value of tax credits fluctuate in the market.

Mr. Shinagawa asked what the best practices are? Ms. Filiberto stated that she will distribute what other IDAs in the state are doing.

Mr. Baum suggested perhaps having a project floor not to go below a certain dollar amount or unit amount.

Mr. Mazarella stated that public benefits need to be clearly established and once that is done, eligibility needs to be clearly defined.

Mr. Marx commented that when the County did its housing strategy, the issue of a need for abatements was not seen as a high priority. Abatements are not needed for low-income projects. Abatements for housing will eventually cause other homeowners to lose their houses. Things that could be included in a policy might be:

Energy efficiency – this will lower occupancy costs and keep the money in the community. Appropriate locations in nodes – there is an over abundance of single family homes on single lots. An aging population and smaller family units are driving a need for more dense units in nodes.

Mr. Furman asked what would be helpful for the nfp developers accessing tax credit funding. Ms. Robertson asked the developers if they could come up with a statement that would outline what the IDA could do to help.

Ms. Robertson asked about developing a policy like the existing density polity for the City of Ithaca that could be applied to other nodal areas. Mr. Marx stated that density and energy efficiency are the key points.

Mr. Cogan commented that he is concerned with incentivizing energy efficiency. This would be difficult to measure. Just to meet the NYS energy code would be good.

Mr. Furman stated that perhaps starting by helping the existing developers (INHS, BHTC) leverage other incentives would help.

Mr. Marx commented that density is easy to do. Also he does think that energy efficiency can be done – we would need an engineer to certify projects.

Mr. Mazarella commented that a policy that extended the time for a PILOT beyond seven years would help.

Ms. Robertson commented that this has been a great start to the discussion, and asked Mr. Spence and Mr. Mazzarella to write something to describe what the IDA could consider that would benefit affordable housing.

TCAD/WIB Office Space

Mr. Stamm stated that TCAD and the Workforce Investment Board will be moving into new office space at the end of January. We are looking for ways to cut expenses. He presented a proposal to amend the existing PILOT for the Gateway project where the offices will be. This would be to abate the taxes on the space TCAD and the WIB would occupy for four years. Legally the IDA can do this.

Mr. Cogan commented that he is not too keen on this idea. He would rather the IDA pay for this instead of abating City and school district taxes.

Mr. Stamm stated that this could set a precedent for other not-for-profit entities located in a building with a PILOT agreement.

Mr. Furman agreed with Mr. Cogan. The proposal was withdrawn.

2011 Meeting time

It was agreed that the TCIDA and TCDC would meet on the third Thursday of the month from 3:30 – 5:30 PM for 2011.

MINUTES

Jeff Furman moved to accept the December 3, 2010 and December 13, 2010 IDA Board minutes as amended. Will Burbank seconded the motion. The motion passed unanimously.

ADJOURNMENT

Meeting adjourned at 5:30 PM