

Tompkins County Industrial Development Agency

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MINUTES OF PUBLIC HEARINGS

Harold's Square

May 30, 2017, 5:30 PM

Ithaca Town Hall, 215 N. Tioga Street, Ithaca NY

IDA Members Present: Michael Stamm (Recording), Jim Dennis, Martha Robertson, Jennifer Tavares, Svante Myrick

Mr. Stamm called the hearing to order at 5:30 pm.

He introduced himself and gave an overview of the public hearing purpose, briefly described the project, and detailed the financial assistance contemplated by the agency. He highlighted that the purpose of the hearing is to afford the public an opportunity to make comments about Harold's Square's application for financial assistance from the TCIDA. It is not a question and answer session.

The applicant gave a brief overview of the project.

Theresa Alt – 206 Eddy Street, Ithaca NY – The legal mission of the Industrial Development Agency is to create good jobs. We would not have this problem of working people who can't afford to live here if there weren't too many jobs at very low pay, too few that pay well. The Harold's Square project does not create permanent jobs. Of the construction jobs, only a measly 20% are promised at prevailing wages and for local labor. As for the Harold's Square project itself, the recession that once made it hard to get financing is now over. The prospect of years of construction on the Commons that might have deterred building in recent years is now over. This is now an attractive place to build. If Harold's Square were to walk away, another company would come. Consider the investment already made by the City in Commons infrastructure. This has been enough subsidy. No need for more. As for green considerations, yes, density of population is desirable. For that you need to have centrally located apartments at rents people can afford. You will not achieve density if you drive working people into the outlying counties. You will not cut fossil fuel use if they all have to drive to their jobs. If the IDA must abandon its mission to create jobs and instead give abatements for housing, it should do this ONLY for affordable housing. The bottom line is that tax abatements for Harold's Square are not justified.

Marnie Kirchgessner – 74 Westbury Hill Road, Ithaca NY – 7th generation in Tompkins County trying to survive in Tompkins County. My relationship to development is tenuous due to past experiences. I see this project as lining the pocket of the developer. Why does she pay taxes to subsidize the developers? Maybe I'm anti capitalist, but I have always worked for a living. It is

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hard to survive here and this is difficult for those of modest incomes to understand. Public disclosure would help me understand this endless subsidy by the taxpayer. There is an enterprise zone on the Commons; does this apply to all vendors on the Commons? If you can't afford rent you can't afford to eat out at restaurants. Housing costs in Ithaca are too high and my subsidizing those costs do not make it better.

Peter Wissoker – 705 N. Tioga Street, Ithaca NY – I am writing to ask that the Harold Square project not be given tax incentives of any kind for the following reasons:

1. We do not know the value of the tax breaks. The numbers we have are based on a \$16 million dollar increase in the value of the property. Given that the existing properties were recently assessed at \$1,675 millions dollars (see table below), that would mean that the total value of the new property would be roughly \$17.7 million dollars. This strikes me as highly unlikely. If you use the assessor's model of "what would it cost to build a similar building from scratch" we have an easy answer: \$42 million. That is far more than the current estimate. If we use a model based on the anticipated revenues of the building times the current "cap rate" then one would have to wonder what kind of lending institution would offer a loan based on these figures and, therefore, whether they are showing different figures to lenders than we are seeing. We don't know. The tax break could end up being for a good deal more than we expected if the valuation ends up being higher. Let's say the building is built and the valuation is \$24 million instead of \$16 million – still just above half the cost of building the building – then we are looking at a \$5.2 million PILOT rather than \$3.4 million in tax breaks. These kinds of decisions need to be based on more concrete figures than what we have at hand.

State Street E. Valuation 2017

123-127	\$650,000
133	\$250,000
135	\$375,000
<u>137-139</u>	<u>\$400,000</u>
Total	\$1,675,000

2. The project is not self-sustaining, yet the developers have offered nothing by way of benefit to the public in exchange for its assistance. The developers admit on page 4 of their application that this is a challenging project whose financial viability depends on public investment. Their difficulties raising capital to this point shows that the developer has perhaps attempted too much. It shouldn't be the public's job to bail out what the market won't support unless it is going to have broad, positive public effects. Yet the developers have not promised to make any of the apartments affordable, nor have they offered to ensure that their building maintenance and management subcontractors will pay a living wage to their employees. These should be minimum standards for assisting this type of project.
3. It is time for the IDA to stop supporting market rate housing. That is not its core mission and a distortion of what the phrase community development means.

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4. Support of these types of projects hurts local landlords and will lead to the deterioration of local housing stock. I know that in my neighborhood, Fall Creek, people are having a harder time finding tenants for their apartments. This has two consequences: first, people who can't find tenants may have trouble paying their mortgage, and two, this will lessen investment in the housing stock if rents decline and taxes do not.
5. Very little of the profit from this building will stay in Tompkins County. Unless it is locally financed, the owners, investors, and lenders will all be drawing capital out of the region.

Amanda Kirchgessner – 4471 Jacksonville Road, Ithaca NY - \$5 million over 10 years is way too much – this is the amount the Commons rebuild want over budget. The IDA is in violation of the PAAA legislation act – there are 4 legislators on the board. The Mayor of the City of Ithaca supports the CIITAP program and writes the support letter from the City to the IDA and then he sits on the IDA – that is a conflict of interest. I've done the math with the number of apartments – even at the lowest end of what the apartments could go for; it is over \$1.6 million in revenue. We want them to pay the full taxes. The IDA's job is to invest in local businesses, buy the local contractor a crane so they can put it up. Don't pay for out of town businesses to come in and take money out of the area. It is wrong – it's just like Washington DC. You're gentrifying this County. Feels like tax abatements will take it away from the local taxpayers some of who are in foreclosure for not paying their taxes. Feels that Cornell students will live in apartments – they will be “subsidized” and Cornell is subsidized enough. Keep in mind that some of you are elected and I will be working against you if you vote in favor of this project.

Shari Korthuis – 502 N. Albany Street, Ithaca NY – Policy to retain and create quality jobs that created IDA – it should be for the benefit of the people who live here. Has seen this in other parts of the country where developers swoop in on college towns. Harold Square creates 0 jobs – they are all contracted out to Maguire Developers. What are we doing here? This city has so much potential. If we can't build locally with local labor, let's not build it.

Jorgen Harris – 124 Linn Street, Ithaca NY – A student at Cornell. Feels we need to look at what are the most important investments, which will be paying their taxes. If income lowers, property taxes don't go down. Interest rates are very low and this is a great time to make investments. There is a lot of wealth coming into the area from Cornell and its students. So if a developer can't make the numbers “work” it seems strange – is this really the right direction for the City to go? It makes it difficult for local landlords to invest in their own properties if renters are pulled to this building. Perhaps money should be given out to broad redevelopment projects.

Deborah Dawson – 51 Dart Drive, Lansing NY – Feels that the delay of the project due to difficulty of getting financing is disturbing. She has worked in banks and FDIC and feels that the abatement would be part of the financing application. The numbers don't make sense and don't work. The project does not address a need that is crucial in our community – affordable housing.

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Brian Eden – 147 N. Sunset Drive, Ithaca NY – Solar Tompkins Chair – feels all their work has been wiped out with commercial projects that use fossil fuels. Also chair of EMC – supports County’s green house reduction policy. Referenced heat pump use in other projects. There is not much on energy systems in this application. Need to reduce green house gas emission. The City has a policy; do they ask developers about this? Referenced City Centre project and how Harold’s Square does not do the same, but they are getting the same reward.

Heat pumps and solar array on the roof are in the plan for the building – per developer.

The public hearing was closed at 6:07 pm.