

**Tompkins County Industrial Development Agency  
Board of Directors Meeting Final Minutes  
July 8, 2020 at 2:30 PM  
Via Zoom Conference Call and LiveStream**

**Present:** Rich John, Mike Sigler, Laura Lewis, Martha Robertson, Anne Koreman, John Guttridge, Jennifer Tavares

**Staff Present:** Heather McDaniel, Ina Arthur (TCAD), Russ Gaenzle (Harris Beach)

**CALL TO ORDER**

Rich John called the meeting of the **Tompkins County IDA** to order at 2:32 pm.

**PRIVILEGE OF THE FLOOR**

Comments from the public were received via email and read into the minutes of the meeting by the Board Directors.

Rich John read the following comment from **Caroline Byrne – 108 Park Street, Ithaca NY** - I want to oppose the option of developer's paying fees towards the Community Housing Development Fund; even if the fees are large the idea is offensive. Ideally, there would be much more affordable housing in each of these new buildings, not less. It also seems important, at this time, that we don't create a more segregated city by diverting small funds to expand less wealthy areas. (Besides, Cornell should/could be covering the lion's share of the Community Housing Development Fund they are a multibillion dollar multinational corporation). These tax abatements should directly benefit regular people, or else what is the point of them?

Laura Lewis read the following comment from **Teresa Halpert Deschanes** - I write as a city and county resident to urge you to adopt an affordable-housing component in your tax-abatement policy. I also urge you to make this policy as robust as possible. There is room to ask for a lot more than you have in current proposal, particularly in the "fee-out" option. I think you should at least triple your request to \$75,000 per affordable unit.

I understand the reluctance to make demands on developers: you are only considering abatements for projects that would not be built without the financial help, therefore some are afraid to ask for any new financial outlays from developers who need help. However, the math doesn't support this fear, because of the size of the abatements you are offering. The numbers involved indicate that both of these things can be true: (1) a project might not "pencil out" without your help; (2) yet, thanks in part to our high mil rate, the abatement is worth so much money that WITH it, the project will be healthy even if it provides a modest amount of affordable housing. I think this case is easy to make looking at the numbers in past projects. I also believe it is a moral imperative for most residents of Tompkins County to do everything we possibly can to house the people who work here. Beyond any moral considerations, it is also simply smart strategy to try to maximize the public benefits that flow from subsidies.

In view of the desperate need for affordable units in Ithaca, your proposed "fee-out" is too timid. As you

may know, five years ago the Common Council considered a modest inclusionary-zoning proposal, but the collective political will was not there to make this a requirement for every single new development. That proposal makes a useful comparison, based as it was on best practices in communities that have adopted such proposals. It proposed 15% of the units be affordable to tenants at 60% AMI (or 10% of the units affordable to 50% AMI). Notably, that proposal offered a “payment- in-lieu-of” option of \$100k per affordable unit, with a requirement that the affordable units be identified within .5 mi of the proposed project. The amount was based on a fairly realistic guestimate of the cost of developing such a unit nearby.

Your proposed \$25k seems closer to, but still shy of, the subsidy offered in the Community Housing Development Fund: \$30k subsidy per unit at 80% AMI. But this CHDF subsidy is not meant to actually pay for the unit; it represents a guess at the smallest enticement that can be offered in an attempt to make the fund go as far as possible towards getting more workforce housing in Tompkins County, combining it with more money from many other sources. How much we have to offer in our donated Community Fund is unrelated to what we can fairly ask a developer to provide in his project budget as a substitute for providing a required unit.

To illustrate the numbers, I would like to use a concrete example of a recent project: Library Place. (The numbers I’m using are based on info as reported in the local press or from the city and county websites—I realize there were different versions of the project coming through, but I used the most recent ones I found, and the exact number of units isn’t crucial to making the point. The point is that the rent numbers are based on a real-world example.)

Per the Ithaca Voice, there are 66 units and some public space, and the \$17 million project will save \$5.32 million in abated taxes.

To simplify this example I am going to assume the affordable units would have been one-bedroom units, and I’m going to assume no inflation in rents over the twenty-year affordability period.

Per the same article (2019), the proposed rent for the one-bedroom unit is \$1900 per month. Using 2020 figures for AMI (per IURA), a single person at 80% of AMI is at \$48,000/year, or \$4,000/month gross income. (This is the income of a young legal-aid attorney or a senior LPN.) The rent that is affordable to this person (i.e. 30% of gross income), is \$1200/month.

Now, apply your proposal to this project. At 66 units, the developer would need to provide 13 units that were affordable to this hypothetical tenant who could pay \$1200 per month. OR the developer could pay a fee of \$25,000 times 13 units. (which is same as \$5,000 times all 66 units). The developer would pay \$330,000. Instead of receiving \$5.32 million in tax abatements, the developer would ONLY receive \$5 million.

But what would he gain when he opts out and pays the \$330,000 fee? Instead of \$1200/month, he could charge \$1900/month for all 13 units. \$700 excess rent X 12 months = \$8,400 per unit per year. There are 13 such units, so he gains \$109,200 per year. Since the affordability period is 20 years, he gains \$2.2 million dollars in excess rent, in exchange for \$330,000 that he paid to get his \$5 million abatement.

So in a universe where you are requiring such a development to provide affordable units but you are allowing this small opt-out, you are providing \$5 million intax abatements, plus an additional \$2 million in extra rents, leading to a total of \$7 million in subsidies for the developer of the \$17 million project. In exchange you are getting enough to build about 3 or 4 affordable units in some less desirable place, at some unknown point in the future, or maybe a few more if you assume that INHS or the like can

leverage the money with tax credits, etc.

Obviously the developer comes out way ahead by paying the too-small fee. It is worth looking at what would happen with a strict policy allowing NO opt-outs. From the developer's point of view, he would "lose" \$2 million in rent over the 20-year period. So he would only be getting a \$3 million abatement of his taxes. In other words, he could go it alone and make a luxury development, but it would cost him an extra \$3 million in taxes. We have already assumed that his project won't be built under those circumstances. But clearly, a \$3 million abatement is a large percentage of a \$17 million budget, so this might well be enough to get such a project built.

But I don't think getting rid of opt-out is the way to go. As you correctly note, an affordable project nearby can leverage tax credits and institutional expertise to provide more housing than the original developer would have provided. The key is setting a reasonable opt-out fee and requiring the units to be built nearby.

In this example, if you triple the opt-out fee to just under \$1 million, the developer is still netting over \$4 million in abatements on his \$17 million project. Plus, he is getting that extra \$2 million in rents over the affordability period, so he is really getting a \$6 million subsidy in total. That should allow a good developer to make a project work. (It would indeed be laughable if someone is arguing that the \$25,000-per-unit opt-out proposed is enough of a subsidy to get affordable housing built, but the \$90,000 per luxury unit that represents the smaller-tax-abatement/larger-opt-out combo is not enough of a leg up for a luxury developer to make a go of it.)

Even if we can't find the political will to require all developments to help house our workforce, we need to demand that projects getting large tax abatements do their part. The bottom line is that we have precious few locations to build new housing in Ithaca, and we better start making sure that some of it houses the people who make our county run. We can't keep giving away the store.

Jennifer Tavares read the following comment from **Stephanie Heslop** - I'd like to once again say that the public should *not* be subsidizing luxury housing. 20% "affordable" (for people at 80% AMI!) is unacceptable. Over and over again members of the IDA assert that building luxury housing somehow helps low-income people via -down but you've never given credible evidence that this happens. The burden of proof is on you.

For the Democrats: Do any of you believe in single payer over private insurance, or public schools over charter schools? Why would the "free market" do any better with housing than healthcare or schools? Why is giving tax breaks to rich people not OK when Republicans do it but OK when you do it?

Anne Koremen read the following comment. To the Tompkins County Industrial Development Agency Board of Directors:

My name is **Barbara Chasin**, I live at 129 Rachel Carson Way, in the Town of Ithaca. I am writing as a resident of Tompkins County concerned about both the lack of affordable housing and our fiscal situation. Article 25 of the United Nation's Universal Declaration of Human rights reads in part "Everyone has the right to a standard of living adequate for the health and well-being of himself [sic] and of his [sic] family, including food, clothing, housing and medical care . . ." An abatement is like a bribe to developers; why should we give developers a special benefit to get them to help meet a basic human right? They need to do their part in providing desperately-needed housing for working people and all those with lower incomes. The developers benefit from Ithaca's attracting would-be residents to all the wonderful aspects of this area that these developers did not create. The developers are going to

make a profit out of desperately needed housing on the majority of units, maybe all of them. Funding problems are exacerbated by giving tax abatements to developers. I urge a policy of no abatements and more affordable housing.

John Guttridge read the following comment from **Peter Wissoker** Tioga St. Ithaca - I am writing with regard to the housing policy being considered by the Board. Consider the following:

1) Given that accountants can make projects look more expensive, less profitable and/or less feasible than they are, is there a way to do a deeper actuarial assessment of the budget that is submitted with the subsidy request?

2) Should the Board consider whether many developers will ask for tax breaks whether they need them or not? And, whether offering this option to all is the best policy or not at this time of fiscal hardship? For instance, members might remember the developer who was asking for subsidies for a market-rate building a year or so ago. He was asked if he modeled what the finances would look like without the subsidy, to which he replied, essentially, "Oh no, I never bother doing that. That isn't my model." Taking IDA tax subsidies for granted, especially for market-rate housing, should never be acceptable.

3) The scope of what the Board asked the Housing Committee to do was unnecessarily limited. To ask only which of two scenarios was appropriate rather than asking the committee to address if there are other considerations the Housing Committee would suggest addressing may have circumscribed the advice the Board could receive.

I would add that if the Board is to go ahead with one of the two options, Option 1 is more likely to meet the needs of our community. If you decide to go with Option 2, the amount you ask from developers needs to be increased dramatically.

Finally, I would ask if after adopting a housing policy for now, it might make sense for the Committee, along with Heather McDaniel, to reconsider the standards by which a project is judged viable with or without a subsidy. This might include questions like: how long before a profit (and what size profit) should be expected? Thank you for your attention.

Martha Robertson read the following comment from **Leslie Brack** Homeowner and 12-year resident 117 Elmwood Ave Ithaca, NY.

I am writing to comment on the Asteri/Vecino project. The city and IDA board has consistently encouraged developers to build luxury housing in our city's center, driving rents up throughout the town. Affordable housing is now the number one crisis in Ithaca.

The Asteri/Vecino project is rare in that it has some semi-affordable housing. That is a very good step.

The IDA is known for automatically approving any proposal for tax abatements, nothing asked and no punishments for failing to deliver on even the most modest of community benefits. Proposing a fee is a step in the right direction, and that is a good thing. But the fee can't be so low (as the proposed fee is now) that it makes financial sense for the developer to pay it and ignore any agreed-upon terms. It needs to have teeth.

The most obvious and direct solution is making the developer refund the abatement, with interest, if terms are violated. A compromise solution would be a fee more like \$20,000 per unit.

With increasing homelessness, a record unemployment rate, and our city budget destroyed, I hope you

will respect the citizens of Ithaca when making this upcoming decision.

Heather McDaniel read the following comment from **Theresa Alt**, 206 Eddy St, Ithaca NY 14850 - The IDA is proposing that instead of providing 20% of units at a rent affordable to 80% AMI, a developer could pay a fee to the Tompkins County Community Housing Development Fund. In principle this makes a lot of sense. The key is to set a reasonable fee. The one-time fee of \$5,000 X total number of units that the IDA proposes is way too low. A developer of a building of, say, 60 units, by opting out could get several million dollars in tax abatements yet only pay \$300,000 in fees, while bringing in \$800,000 or \$900,000 in higher rents over just ten years. The fee should be more like \$15,000 per unit. Then the fee would cover something like the difference in rents between market rents and those affordable to 80% of AMI over the 10 years of the abatement.

You should not worry about the hypothetical developer walking away. Another will take their place. The pandemic has only made this out-of-the-way place more attractive to those who have choices.

Meanwhile, those who work in this community need to be able to live here.

Rich John read the following comment from **Dr. Barbara L. Regenspan** - 207 Cascadilla Avenue #1 - To both the Planning Board and the IDA: I am writing one letter to the Planning Board and the leadership of the IDA addressing the two different but related issues of supporting approval of the conference center plan as is, (because that is the way to get the 218 units of desperately needed affordable housing sooner than later, when the State is likely to be bankrupt), and insisting that the IDA refuse all requests from developers for tax abatements, period, no substitute penalties considered. My one letter applies the same rationale to both appeals.

If there is anything we ought to be learning from the current protests against racist police violence, it is that layers of cruel social practices accompany repeated disinvestment in communities of color and other communities consistently facing inadequate resources, especially with regard to housing. You, the members of the Planning Board and the IDA need to understand your role in the current quite reasonably motivated social unrest, for all of your good intentions re: raising the local tax base.

When working and poor people, both people of color and white people, are treated by decision-makers like they are undeserving of the resources to live decent lives, they become more generally positioned as the people from whom others need to be protected. That's how a policeman could kneel on the neck of George Floyd while playing to an audience of on-lookers. That's how Ithaca can accept an ugly, expensive to maintain SWAT truck and the use of other military hardware like tasers by police who very rarely face actual violent crime.

The practice of building for the wealthy in Ithaca has been part of this cycle of disinvestment in working people, and especially people of color, which led to the recent shameful incident on the Commons of a year ago April 6. (That incident, by the way, earned our community the very kind of bad press that discourages the tech class you wish to attract from coming here.) Two upstanding young black people celebrating the basketball victory of a friend were humiliated, arrested, assaulted and, as they awaited long-delayed adjudication, lost housing and employment. All of this happened because the police saw the need "to protect" their drunken white aggressor and an imagined large crowd of bystanders. In a complicating lie that never got the attention it deserved one of the police officers at Cadjai Ferguson's trial estimated that there were seventy-five people on the Commons at the time of the incident. During the trial, shown accurate camera footage scanning the entire Commons at that time, the officer counted only fourteen people, and four of them were police officers. (In his police report and testimony, the

officer had presented the police assault on Cadji Ferguson and Rose DeGroat as in part motivated by his desire “to protect the large crowd of citizens” on the Commons).

This was the most dramatic imaginable public presentation of the effects of Ithaca’s catering to the wealthy and the way that practice creates a dichotomy between those who deserve investment and those who do not. The real ugliness is what happens to the public image of those who do not. “Those who do not” are shaped as “dangerous” to the “deserving” in a society where we are told there are not enough resources to go around. These dynamics exactly replicate what happened during Reconstruction after the Civil War, when ex-slaves, formerly presented as too docile to live as free human beings, were suddenly reshaped as a dangerously menacing population. In 2019 here in Ithaca, NY, relatively small and thin Cadji Ferguson, a black man, was presented as a danger when he defended himself against a 6 foot-five inch overweight white drunken aggressor who happened to be the parent of a Cornell student.

So we continue this process of disinvestment in some people, and overinvestment in others, even when we see where it leads. And by the way, I have been repeatedly corrected when I claim that the most recent local development projects have served the wealthy. “They serve the middle class,” I am told. Yet my husband and I recently investigated downtown apartments available for aging friends who need to sell the scenic property they can no longer maintain in Interlaken. We were shocked to find nothing available that we, ourselves, a retired middle class couple renting a sunny downstairs apartment in an older wood-frame building on Cascadilla Avenue, could have afforded. As a retired college professor, I am middle class if anybody is middle class.

So these moves to stall the rare proposals for housing (in this case, 218 units) that is affordable to the workers who currently commute long distances from outlying areas or live in substandard housing in the city of Ithaca, and/or to give tax breaks to developers of unaffordable housing—these moves are not only unconscionable, but also self-destructive to the peace and security of this community. (And that proposal for developers to pay what amounts to a pittance in order to buy out their obligation to supply affordable housing units is a further insult to ordinary Ithacans like myself who are waking up to our current non-sustainable historic moment!)

Further, any notion of allowing developers to buy their way out of this legal obligation to provide the mandated percentage of affordable housing is nothing short of sickly self-destructive, in the present climate of increased awareness of what we are doing to ourselves. Wake up, members of the Planning Board and members of the IDA! I know you are well-intentioned citizens, but it may be that you are not connecting the dots in your efforts to attend to the threats of developers to abandon projects because they claim cost overrides. Call their bluffs and let them abandon them! Not only will more reasonable developers rush in to take their places, but imagine Ithaca deciding to become a model of improving the quality of life of its longest-term historic neighborhoods instead of pursuing this increasingly non-sustainable practice of playing to the wealthy.

While there is time, and the rapidly dwindling resources are available, the Planning Board must approve the conference center proposal because it is attached to the provision of urgently needed affordable housing. Likewise, the IDA must stop catering to developers and start investigating their unconscionable profit margins when they plead poverty! Let’s become a model community for righting the wrongs of the past while we also avert the social chaos likely to befall us if we continue to exacerbate the already unconscionable levels of wealth inequality in the U.S. and very specifically, here in Ithaca.

Martha Robertson responded to Ms. Halper's comment stating that the City policy she referred to did not pass. The Downtown Density policy has evolved over the years moving from a detailed point system to its current form. The current policy has accomplished what it was designed to do and this housing policy is a further "tweak."

John Guttridge stated that Ithaca is a very complicated market place. He has heard comments that the housing policy is not enough and he hopes that this is a start as we move forward.

Mike Sigler stated that he disagrees with the "trickle down" comment from Ms. Heslop. Building more housing at any cost point will create more housing and a fee paid now into the housing fund is better than what might come over 20 years in the future.

**Anne Koreman** proposed the creation of a subgroup/committee to take a look at the Local Labor Policy. She read the following statement into the record: During the COVID-19 pandemic, a local labor policy would decrease the influx of laborers from outside of Tompkins County which has been able to maintain a very low infection rate. During this economic downturn, which is predicted to last several years, the IDA can support more people being employed locally which helps our local labor force. These local laborers in turn help keep local business afloat and increase local sales tax revenue. These good jobs help families and the next generation afford the high price of rental and for sale housing in Tompkins County. This policy could also help increase the number of children in local rural schools, which have seen a decreasing enrollment. Lastly, but certainly not least, I think the IDA should do everything we can to foster local employment and I think we should tie this requirement to every tax abatement we give out. I propose we form a subgroup to work on this and present a proposal back to the IDA as soon as possible. I volunteer to be a part of this subgroup.

## **ADDITIONS TO THE AGENDA - None**

## **NEW BUSINESS**

TCIDA Housing Policy – Approval – Heather McDaniel gave an overview of the policy that was reviewed and approved by the Housing Committee and the process that led up to this policy. The TCIDA and the City of Ithaca have been in a partnership for over 20 years in terms of developing in the downtown Ithaca area. The City of Ithaca made a recommendation regarding affordable housing requirements. The IDA reviewed the recommendations and formed a Housing Committee to address the concerns raised over the recommendations. The Housing Committee met in June and recommends approval of the draft policy before the Board today. The policy will require either a set aside of at least 20% of units for affordable units or a payment directly to The Tompkins County Community Housing Development Fund. The CHDF is well established and has a great track record of supporting over 600 units of affordable housing over the last 10 years. The proposed \$5,000 donation amount per housing unit in the policy was based on research and can be adjusted in the future.

Two friendly amendments were received from City staff: 1) in the fourth paragraph change "80%" to "80% or less" and 2) remove the second bullet "City of Ithaca's Waterfront District" from the fifth paragraph as the updated downtown density district now includes the waterfront district.

**John Guttridge moved to approve the draft Workforce Housing Policy as amended. Martha Robertson seconded the motion.**

John Guttridge also proposed an amendment to the first paragraph. He proposed 1) changing “20 units or more” to “all housing projects” and 2) changing “rental” to “all multi-family housing.” Martha accepted the amendments but noted that IDAs cannot incentivize owner occupied housing.

Anne Koreman proposed changing the word “residents” in the third paragraph to “households.”

Laura Lewis stated that she is pleased with the policy, as it is good to have a document that all can refer to. She asked that a time frame be set for periodic review of the policy as we move forward. Rich John agreed that periodic review would be good.

Heather McDaniel suggested adding that the policy would be reviewed at least annually to the policy document.

All the suggested changes to the motion were accepted as friendly.

Rich John thanked the committee and staff for their work on the policy. It feels good to have something on the books.

Martha Robertson commented that the TCCHF staff asked if the IDA Board would like to have a seat on its Board. It was determined that the IDA has plenty of representation on that Board already.

**A vote was called for the motion on the floor. The motion was approved 7-0.**

IDA Academy Update – Heather McDaniel reported that she and Ina Arthur attended the virtual IDA Academy that was presented by the NYS Economic Development Council in conjunction with the NYS Authority Budget Office and the NYS Office of the State Comptroller. New and pending NYS Legislation regarding IDAs was presented.

New legislation that will allow IDAs to make grants and loans was recently passed. Grants and loans are limited to helping businesses with COVID-19 issues such as obtaining PPE. Many IDA’s were hoping for broader powers to grant and loan funds, but recognize that this is a good start. There are also significant reporting requirements.

New Prevailing Wage legislation will go into effect January 1, 2022. Projects with 30% or more of their total project cost coming from public monies (e.g. tax abatements, State grants, forgivable loans, etc.) must require prevailing wages for construction labor. There are eleven (11) types of excluded projects including affordable housing projects, renewable energy system projects and historic rehabilitation tax credit projects. A control board that will finalize details for this legislation will be set up by June 2021. There are a lot of outstanding questions about this new legislation.

There is also proposed legislation that would prohibit elected officials from sitting on an IDA Board.

Jeff Perlman of the ABO also led an IDA Board training session.

**CHAIRS REPORT** – None

**STAFF REPORT** – Heather McDaniel reported that she and IDA Counsel met with Eric Goetzman regarding the Arrowhead project. Mr. Goetzman will provide an update on the project at the August IDA Board meeting.

**APPROVAL OF MEETING MINUTES – Anne Koreman made a motion to approved the June 10, 2020 Board meeting minutes. Martha Robertson seconded the motion. The motion was approved 7-0.**

Jennifer Tavares asked to circle back to the request made by Anne Koreman at the beginning of the meeting. The request to form a Labor Committee. She commented that a lot of research and work went into developing the current local labor policy. She asked that the research that went into developing the current labor policy be provided to the new committee if formed and she also asked to be on the committee.

Rich John suggested creating a committee with IDA members (Anne Koreman, Jennifer Tavares and Martha Robertson) and then adding others from the community moving forward.

**Anne Koreman moved to create a Labor Committee with initial members from the IDA Board. Laura Lewis seconded the motion. The motion was approved 7-0.**

**ADJOURNMENT – Jennifer Tavares made a motion to adjourn the meeting of the TCIDA Board of Directors. Laura Lewis seconded the motion. The motion was approved 7-0.**

The meeting was adjourned at 4:12 pm.

**Minutes were approved at the August 12, 2020 Board meeting.**