

Who Pays When the Tax Base Doesn't Grow?

How Mount Vernon's IDA Policies Shift the Fiscal Burden onto Property Taxpayers and School Children

\$44.4M

Property tax revenue foregone via IDA PILOTs (2016–2025)

\$26.7M

Lost to the Mount Vernon City School District alone

67%

Of MV IDA projects are housing—generating zero sales tax

A data-driven analysis comparing Mount Vernon and New Rochelle's fiscal trajectories, examining how Industrial Development Agency policy choices have shaped who bears the cost of city services—and who profits.

Introduction

Why has Mount Vernon's fiscal position deteriorated relative to its neighbors? This report examines 35 years of public financial data to answer that question. It finds that Mount Vernon's failure to grow its commercial tax base—combined with the aggressive use of Industrial Development Agency tax abatements to subsidize housing developers—has forced the city into an escalating dependence on residential property taxes, with the school district bearing the heaviest cost.

The analysis proceeds in six parts. Sections 1 and 2 document the divergence: Mount Vernon's sales tax collections have flatlined since 1990 while neighboring New Rochelle's have more than doubled in real terms, shifting Mount Vernon's fiscal weight onto property taxpayers. Section 3 identifies the mechanism—a pattern of IDA tax abatements overwhelmingly directed at housing rather than commercial development. Section 4 exposes the business model that makes these deals so attractive to developers and so costly to the public. Section 5 quantifies the damage to the Mount Vernon City School District: \$26.7 million in foregone revenue over a decade, independently corroborated by statewide research. Section 6 outlines the reforms now under consideration in Albany and the local action already taken by the school board.

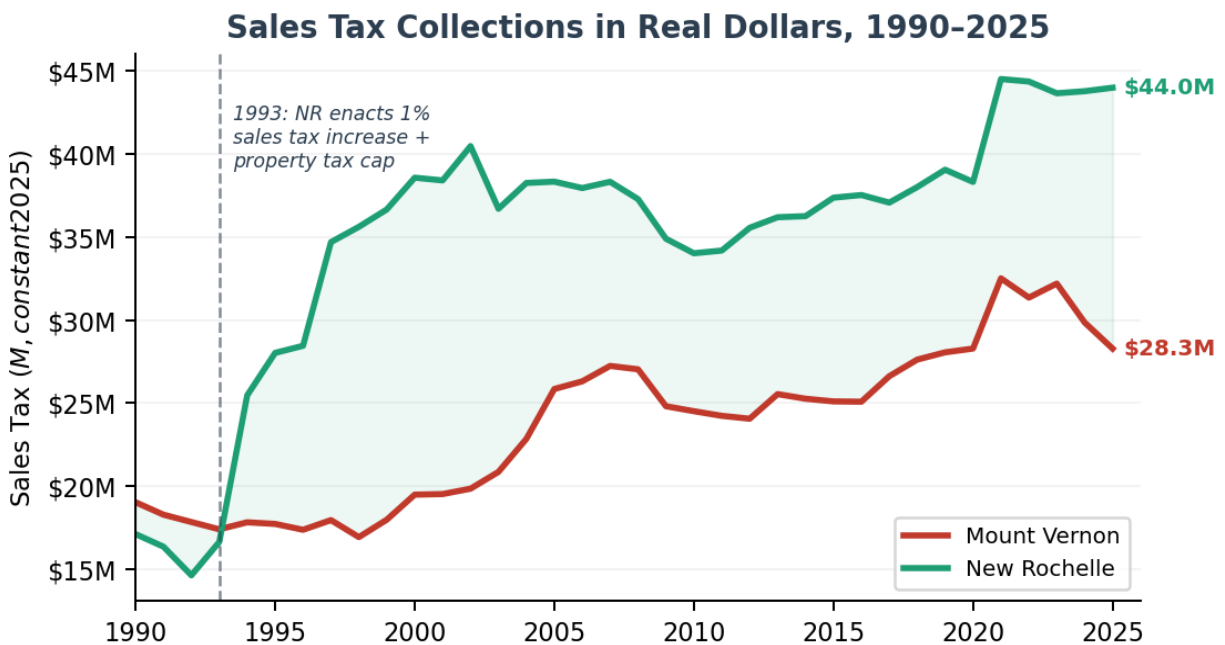
Mount Vernon and New Rochelle serve as a natural comparison throughout. They are adjacent Westchester County cities of similar size, sharing a county government, a labor market, and a regional economy. The critical difference is a series of policy choices—beginning with New Rochelle's 1993 sales tax increase and property tax cap—that sent the two cities on sharply different fiscal trajectories. The data presented here is drawn entirely from public sources: the NYS Office of the State Comptroller, the Federal Reserve Bank of Minneapolis, MV IDA filings, and independent research by Good Jobs First, Reinvent Albany, and Cornell University.

1. The Divergence: Two Cities, Two Trajectories

Mount Vernon and New Rochelle are neighboring Westchester County cities of similar size (roughly 74,000 and 80,000 residents). In 1990, Mount Vernon actually collected *more* sales tax than New Rochelle in inflation-adjusted terms—\$19M vs. \$17M in today's dollars. Thirty-five years later, the positions have reversed dramatically.

A key inflection point came in **1993**, when New Rochelle made a deliberate fiscal policy choice: it enacted a 1% sales tax increase in exchange for a property tax cap limiting annual increases to CPI. This structural shift was designed to reduce reliance on property taxes and harness revenue from commercial activity. Mount Vernon never made a comparable policy shift. The results are visible in the chart below.

Adjusted for inflation, the gap between the two cities has widened from roughly \$10 million in the mid-1990s to \$16 million today. Mount Vernon collects \$28.3M while New Rochelle collects \$44.0M—and in per-capita terms the disparity is even starker: roughly \$285 vs. \$543 per resident in constant 2025 dollars.

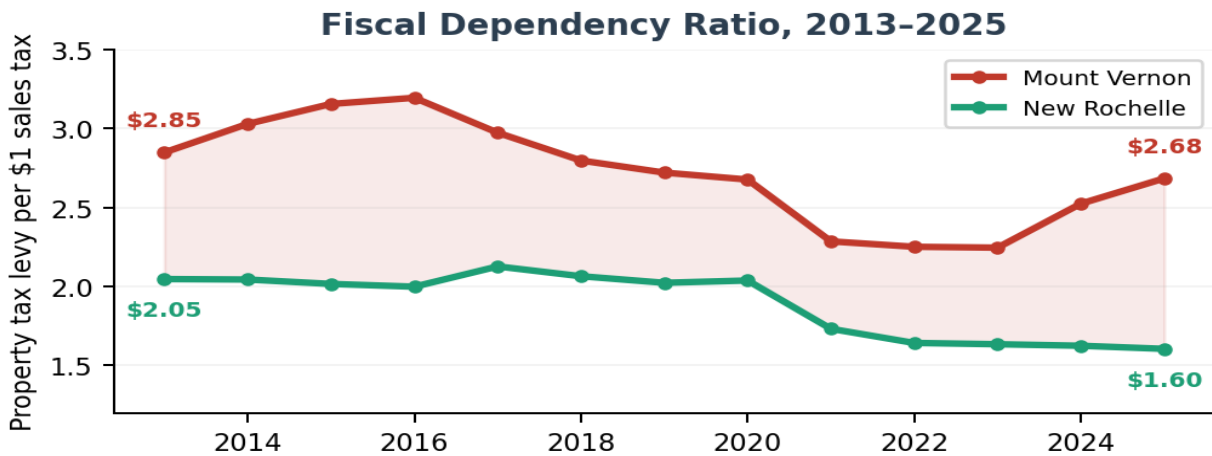


Source: NYS OSC (as570). CPI-U from Federal Reserve Bank of Minneapolis. All values constant 2025\$.

2. Who Pays: The Property Tax Burden Shift

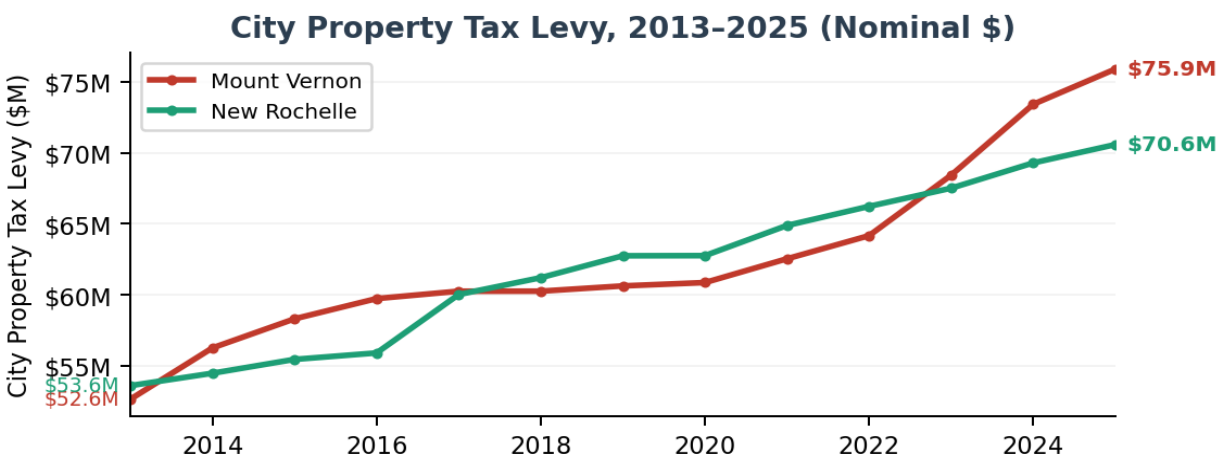
When a city can't grow its sales tax base, it must fund services from somewhere else. That somewhere is property taxes—paid by homeowners, renters (through landlords), and small businesses.

Using property tax levy data from the NYS Comptroller (2013–2025), we can measure how heavily each city leans on property taxes relative to its sales tax collections. For every \$1 of sales tax Mount Vernon collects, it must levy **\$2.68** in property taxes. New Rochelle needs only **\$1.60**. The shaded area represents the additional property tax burden Mount Vernon homeowners bear.



Source: Property tax levies from NYS OSC Real Property Tax tables (2013–2025). Sales tax from NYS OSC (as570).

The levy data tells the same story from a different angle. In 2013, the two cities levied nearly identical amounts in city property taxes—about \$53M each. By 2025, Mount Vernon's levy has surged to \$75.9M while New Rochelle's has risen more modestly to \$70.6M.



Source: NYS OSC Real Property Tax tables (2013–2025). Nominal dollars.

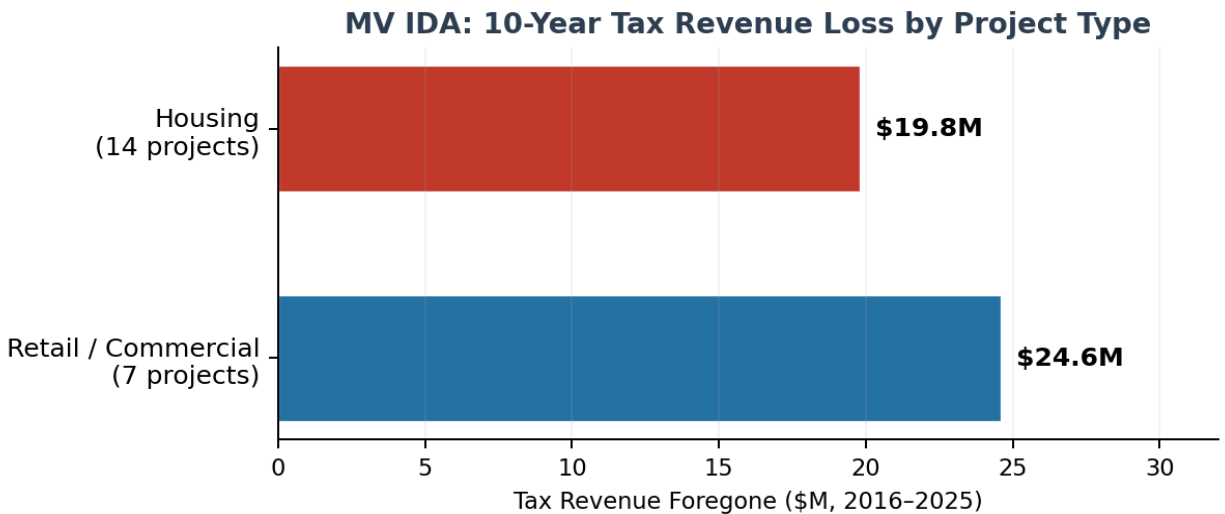
In real terms, the contrast is even sharper. New Rochelle's city property tax levy actually *fell* 5% from 2013 to 2025 (\$74.1M to \$70.6M in constant 2025 dollars), while Mount Vernon's grew 4% (\$72.7M to \$75.9M). New Rochelle's growing commercial base is taking pressure *off* homeowners. Mount Vernon's stagnant base is pushing costs *onto* them.

3. The Mechanism: How the MV IDA Undermines Its Own Mission

An Industrial Development Agency exists under New York's General Municipal Law to promote economic development by granting tax abatements to for-profit businesses in exchange for job creation and economic activity that grows the local tax base. The Mount Vernon IDA has instead been used primarily to subsidize housing developers.

Mount Vernon uses a tool designed to grow the commercial tax base to instead subsidize housing that shrinks the tax base, and then has to raise property taxes on existing homeowners to fill the gap.

Of 21 IDA-sponsored projects active between 2016 and 2025, **14 are housing**—mostly low-income and senior rental developments. These projects paid only 26 cents on the dollar in property taxes through their PILOT agreements. The total revenue foregone over the decade: **\$44.4 million**.



Source: MV IDA data compiled by mountvernoncitizen.org from cmvny.com public documents (2016–2025). Project type classifications per C. McDonough.

4. The Business Model: Who Profits, Who Pays

Housing developers seek these PILOTs from the MV IDA to build low-income rental housing because it affords them an excellent risk-adjusted return. If the rental units are reserved for individuals and families making less than 60% of the Area Median Income for Westchester County, the developer can finance virtually the entire project with public debt: Federal Low-Income Housing Tax Credits, State bonds, and similar instruments. They put very little of their own equity into the project.

Since there is high demand for rental housing affordable to people with low incomes, the vacancy rate is near zero. With the large, long-term tax abatement handed out by the MV IDA (typically 30-year PILOT agreements), the arrangement is highly accretive to the developer's corporate earnings.

Who ends up paying the cost? Local property taxpayers and small businesses who don't have the political connections to get a deal from the MV IDA. It is a transfer of wealth on the backs of local residents and school children.

Housing dominates the IDA project count (67%), but retail/commercial projects account for the larger share of foregone revenue (\$24.6M vs. \$19.8M)—a double bind where the IDA simultaneously shrinks the property tax base through housing PILOTs and gives deep abatements to the few retail projects that could generate offsetting sales tax.

Case Study: 115 S. Macquesten Parkway (approved 2024, 30-year PILOT)

The financing plan for this low-income housing project, prepared by Storrs Associates for the MV IDA, illustrates the business model in precise detail:

Sources of Funds

Federal LIHTC tax credits	\$81.5M	38%
Subsidized debt (HFA, NHLA)	\$44.0M	21%
Brownfield equity (tax credits)	\$20.7M	10%
Grants (ESD, County, NYSERDA)	\$15.1M	7%
Market-rate mortgage	\$35.2M	17%
Accrued/deferred interest	\$3.9M	2%
Developer's own equity	\$12.1M	6%
Total project cost	\$212.6M	100%

Developer fee collected **\$20.4M**

The developer invests 6% of the project cost, collects a fee worth 168% of that investment, and receives a 30-year property tax abatement—all while the project generates zero sales tax revenue for Mount Vernon.

Source: Storrs Associates Financial Assistance and Impact Analysis, 115 S. Macquesten Parkway Project, Mount Vernon IDA (2024).

5. The Cost to Our Children: \$26.7 Million

Of the \$44.4 million in foregone tax revenue from MV IDA PILOTs, **\$26.7 million—fully 60%—belongs to the Mount Vernon City School District.** This is money that should have funded classrooms, teachers, programs, and facilities for Mount Vernon's children.

\$26.7 Million

in property tax revenue lost by the Mount Vernon City School District through MV IDA tax abatements, 2016–2025

To put this in perspective: \$26.7M over ten years averages to \$2.67M per year in foregone school revenue. That's roughly the cost of 30–35 teachers annually, or significant capital improvements the district cannot make. And because the school district has no seat at the table when the MV IDA board approves these PILOT agreements, the district has no ability to protect its own revenue base.

Independent Research Confirms the Pattern

A 2023 study by Good Jobs First found that New York public schools lost at least \$1.8 billion to IDA tax abatements statewide in FY 2021. Their district-level data shows how MV and NR compare:

	Net Foregone Revenue	Students	Loss per Pupil
Mount Vernon	\$3,039,742	7,348	\$414
New Rochelle	\$471,576	10,228	\$46

Mount Vernon students lose 9 times more per pupil than New Rochelle students to IDA tax abatements—in a single year.

Source: Wen, C. & LeRoy, G., *Corporate Subsidies vs. Public Education*, Good Jobs First (Feb. 2023). FY 2021 GASB 77 data.

And the direct revenue loss is only the beginning. A September 2025 follow-up report by Reinvent Albany and Good Jobs First found that **a flaw in New York's property tax cap formula compounds the damage:** IDA-abated properties are excluded from the local tax base, artificially shrinking the levy that school districts are permitted to raise—sometimes even creating a “negative tax cap.” New York schools are among the top three most property-tax-dependent in the nation, making them especially vulnerable. The State Legislature passed a fix in 2023, but Governor Hochul vetoed it.

6. What Must Change

In November 2025, the Mount Vernon City School District Board of Education passed a resolution affirming a simple principle: **only a duly elected school board should have the authority to abate school tax revenues**. The resolution declares that the District must retain full and exclusive control over its own tax base, and that its share of local property taxes must be protected from abatement by the MV IDA or any other entity. The Board directed that the resolution be transmitted to the MV IDA, the City Council, and the New York State Legislature.

The Board’s position is well-supported by the emerging policy consensus in Albany. An October 2025 report by the Cornell State Policy Advocacy Clinic and Reinvent Albany concluded that IDA housing subsidies may conflict with the New York State Constitution, which specifically prohibits the use of IDA financing mechanisms for facilities “used primarily as a hotel, apartment house or other place of business which furnishes dwelling space.” The report found that only about one-quarter of IDA-subsidized housing units statewide are below-market, that housing projects generate only temporary construction jobs, and that IDAs lack the expertise and oversight structures to evaluate community housing needs.

Several reform bills are now pending in the Legislature:

Bill	Sponsors	Purpose
S132/A4927	Ryan / Bronson	Prohibit IDAs from abating the school share of property taxes
S7347	Mayer / Solages	Require school board representative on each IDA board (vetoed by Gov. Hochul; reintroduced 2025)
S3245	Cooney	Fix tax cap formula to include PILOT properties in the tax base (vetoed by Gov. Hochul; reintroduced 2025)

Meanwhile, Assemblymember Gary Pretlow has introduced A4635, which would move in the opposite direction—authorizing Westchester County IDAs to support multi-family residential projects in urban renewal areas. If enacted, it would formalize and expand the very practice that has cost Mount Vernon’s schools \$26.7 million.

The pattern documented in this report—sales tax stagnation, rising property tax dependency, housing-heavy IDA abatements, and school revenue losses—is not inevitable. It is the product of specific policy choices, and it can be reversed by different ones. The Mount Vernon City School District Board has stated its position. The research supports it. The question is whether Albany will act.

Source: MVCS D Board of Education Resolution, Nov. 2025; Brady, C. et al., Policy Crossroads: Reconsidering IDA Housing Tax Breaks in New York, Cornell State Policy Advocacy Clinic & Reinvent Albany (Oct. 2025).

Sources and Methodology

Sales tax collections: NYS Office of the State Comptroller, Local Government Sales Tax data (as570), 1990–2025.

Property tax levies: NYS OSC Real Property Tax Levies, Taxable Full Value and Full Value Tax Rates (Local Governments), 2013–2025.

CPI-U: Federal Reserve Bank of Minneapolis, Annual Average CPI-U (1982–84=100).

MV IDA PILOT data: Compiled by C. McDonough from MV IDA public documents at cmvny.com (2016–2025).

Macquesten financing plan: Storrs Associates Financial Assistance and Impact Analysis, 115 S. Macquesten Parkway Project, Mount Vernon IDA (2024).

School district abatement losses: Wen, C. & LeRoy, G., *Corporate Subsidies vs. Public Education*, Good Jobs First (Feb. 2023). FY 2021 GASB 77 data.

Tax cap multiplier effect: Reinvent Albany & Good Jobs First, *New York IDAs' Reckless Assault on Public School Funding* (Sept. 2025).

IDA housing policy: Brady, C. et al., *Policy Crossroads: Reconsidering IDA Housing Tax Breaks in New York*, Cornell State Policy Advocacy Clinic & Reinvent Albany (Oct. 2025).

MVCSD resolution: Mount Vernon City School District Board of Education, *Resolution: Protection of School Tax Revenues from Abatement* (Nov. 2025).

Population: U.S. Census Bureau (2000, 2010, 2020 decennial), ACS 5-year estimates for intervening years.

All constant-dollar figures are expressed in 2025 dollars using CPI-U annual averages.

Project type classifications (housing vs. retail/commercial) were provided by C. McDonough based on direct knowledge of MV IDA projects.