



MOUNT VERNON CITY SCHOOL DISTRICT

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March 17, 2026

Honorable Shawyn Patterson-Howard
Mount Vernon City Hall
1 Roosevelt Square
Mount Vernon, NY 10550

**RE: Questions and Concerns Regarding the Proposed PILOT Extension
Heritage House South LLC/Ginsburg Development Companies**

Dear Mayor Patterson-Howard,

The Mount Vernon City School District Board of Education submits this memorandum to raise questions regarding the proposed 15-year PILOT extension for the retail plaza at 500 E. Sandford Boulevard. The Board's interest in this matter is direct and substantial: approximately 60% of IDA tax abatements are drawn from real property taxes that would otherwise flow to the School District, making the Board a significant stakeholder in any decision to extend or modify existing PILOT agreements. The observations below are drawn entirely from the Preliminary Storrs Associates Report dated February 22, 2026, and the September 8, 2025, letter from Ginsburg Development Companies (GDC) to the IDA. This memorandum does not oppose the PILOT extension outright; rather, the Board respectfully requests that the IDA obtain answers to the questions raised below before advancing this application to a public hearing.

I. Due Diligence: What Has the Community Received for Twenty Years of Tax Relief?

This property has received tax abatements through the IDA since approximately 2005 — roughly twenty years of reduced tax obligations designed to keep the retail plaza viable and competitive. Before the Board considers extending that arrangement for another fifteen years, it should have a clear picture of what the first twenty years produced.

The Storrs report itself reveals a financial profile that raises serious questions. Table 9c shows annual debt service of \$2,444,006 (Table 9c), outstanding principal of \$26,749,419 (Table 1), and a debt service coverage ratio of just 1.18— well below the 1.50 benchmark average Storrs identifies in the same table. Under the “No Extension” scenario where the applicant absorbs CAM costs, the Debt-Service Coverage Ratio drops to 1.02 and net income after debt service is negative \$995,635 (Table 9c).

Meanwhile, the Storrs financing plan (Table 10b) notes that “although no new debt is proposed in the Application, the Applicant’s pro forma cash flows include an annual debt service payment of \$2,444,006.” This debt already exists. And in GDC’s own letter to the IDA, the developer states

that the South Parcel is “under water” — meaning the outstanding loans exceed the property’s value — and that traditional retail is “dying.”

These facts require explanation. A property that has enjoyed twenty years of tax abatements should not be underwater. The PILOT was supposed to provide financial stability and encourage reinvestment. If instead the favorable cash flows created by the PILOT were used to leverage the asset — for example, refinancing at higher loan amounts and deploying the extracted equity elsewhere — then the City of Mount Vernon’s tax concession did not subsidize a retail center for its residents. It subsidized the developer’s balance sheet.

The IDA Board should not be asked to approve any PILOT extension without the following:

1. A complete history of all PILOT payments made, and Real Property Tax Exemptions given on this property since 2005.
2. A complete history of all refinancing events, including loan amounts, lenders, and the disposition of proceeds.
3. Documentation of capital improvements made to the property during the PILOT period.
4. An independent appraisal of the property, not one derived solely from the developer’s own pro forma projections.
5. An explanation of how a property that has received deep tax abatements for two decades came to carry \$26.7 million in debt and a below-benchmark debt service coverage ratio.

Twenty years of public investment in this property warrants a clear-eyed look at what that investment produced. Understanding those results is a natural and appropriate first step before considering any additional property tax exemptions.

II. The Incremental Cost to Other Taxpayers: Public Education Is a Commons, Not a Fee for Service

The Storrs report concludes that the PILOT imposes no incremental costs on the Mount Vernon City School District because the project is a retail facility that generates no new students. Tables 6b and 6c show new students from the project as zero, therefore new student costs as zero, and therefore the entire PILOT payment to the school district as surplus.

This analysis contains a category error. It treats public education as a fee-for-service system, where costs arise only when new students enroll. In reality, the school district’s operating budget is a shared obligation — a commons — funded collectively through the property tax levy. The district’s budget is \$272 million. That budget exists and must be funded whether or not this property adds a single student. Teachers must be paid, buildings must be maintained, contractual obligations must be honored. The levy increases each year, typically by the tax cap amount of approximately 2%, and that increase is distributed across the entire tax base.

When one property’s tax contribution is artificially reduced through a PILOT, every other property owner in Mount Vernon absorbs a proportionally larger share of the annual levy increase. The developer’s PILOT-protected payment does not rise with the levy — it follows the PILOT schedule, which in years 6 through 13 of the extension is locked at a 50% abatement. Each year, the gap

between what this property would pay at full tax and what it actually pays under the PILOT grows, and that gap is distributed across every other taxpayer in the city.

Over the twenty-year PILOT extension period, Storrs calculates \$4,014,010 in foregone school district revenue (Table 12a). This is real money that does not disappear — it is shifted onto the tax bills of Mount Vernon’s residents and other businesses. To say the PILOT imposes “no cost” on the school district is to confuse the institution with the community that funds it. The district’s budget is made whole regardless; the taxpayers who fill the gap are not.

III. The Benefit/Cost Ratio: Measuring What the City Actually Receives

The Storrs report calculates a benefit/cost ratio of \$2.65 to \$1.00. This ratio is produced by counting \$17,260,196 in hypothetical real property taxes as a fiscal “benefit” — the full property tax the City and School District would collect if no PILOT were in place — and then listing \$6,559,737 in foregone revenue as the “cost.”

The problem with this approach is that \$17.2 million is revenue the city will never collect. It is, by definition, the revenue the city agreed to forgo by entering into the PILOT. Counting it as a benefit inflates the numerator of the ratio and creates a misleading picture of the deal’s return. This is especially problematic in the context of a PILOT extension request, where the developer’s own letter states the property is underwater and retail is dying. If the property cannot support full tax obligations — a claim the developer himself makes — then projecting \$17.2 million in hypothetical full-tax revenue as a “benefit” is projecting revenue from a scenario the developer insists is not viable.

A more conservative and transparent approach is to measure the benefit as the actual PILOT payments the city will receive: \$10,700,459 over the extension period, plus approximately \$23,599 in ancillary sales tax revenue, for a total fiscal benefit of \$10,724,058. The cost remains the same: \$6,559,737 in foregone property tax revenue. This produces a benefit/cost ratio of \$1.63 to \$1.00 and a net benefit of \$4,164,321.

A ratio of \$1.63 still represents a positive return. But it tells a very different story than \$2.65. It tells the IDA Board that this is a modestly favorable deal that warrants careful scrutiny — not a windfall that can be approved without answers to hard questions, such as those asked in the **Due Diligence** section above. It is the ratio that honestly reflects what Mount Vernon’s taxpayers actually receive versus what they actually give up.

IV. Conclusion

This memorandum does not argue that the PILOT extension should be denied. It argues that the IDA Board does not yet have enough information to make an informed decision, and that the analysis as currently presented overstates the benefits and understates the costs of the arrangement.

At a minimum, before this application advances further in the approval process and ultimately to a public hearing, the Board should require:

Hard evidence that the community has received a reasonable return on twenty years of tax abatements — including historical PILOT payment data, Real Property Tax Exemptions, refinancing records, and capital improvement documentation.

A clear explanation of why this property is “underwater” after two decades of public financial support, and what assurances the City has that another fifteen years will produce a different outcome.

A revised benefit/cost analysis that uses actual PILOT payments as the measure of fiscal benefit and acknowledges the real cost-shifting burden imposed on other Mount Vernon taxpayers.

As the steward of public resources entrusted to it by the residents of Mount Vernon, the Board of Education looks forward to a process that provides clear and satisfactory answers to these questions before the application moves forward. The families this District serves — as both taxpayers and community members — have a genuine interest in that outcome, and the Board is confident that the IDA Board shares that commitment to transparency and accountability.

Sincerely,



/s/ Donna Marable

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Trustee, MVCSD

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