

At a Mount Vernon Industrial Development Agency (IDA) meeting on December 14, 2023, mayor Patterson-Howard (who chairs the IDA) said she wants new Mount Vernon residents to be people “who can pay their costs”. She said this to the developer of “Qwest”, a proposed low-income rental high-rise building. Qwest is seeking over \$11.5m in sales and property tax breaks from the IDA, and the developer will receive a “fee” of over \$19.2m.

On April 11, 2024, Qwest came before the IDA again. During the discussion, chairwoman Patterson-Howard said this to the Qwest representative:

“People like to talk about what Mount Vernon’s average median income is, it’s not because we’re poor it’s because we’ve accepted a lot of people and we built...let me be very very clear: we have built more than our fair share of affordable housing.

If we are going to expand our tax base and if we’re going to support as we talked about these small businesses in our community then we have to make sure that we are balancing it out. It’s not about gentrification....

...Mount Vernon cannot continue to incur the disproportionate cost for projects.”ⁱ

This sounds good. However, not one, not two, not three but **FOUR** low-income rental housing projects are being proposed in Mount Vernon right now, totaling more than 1000 new low-income rental units, and potentially thousands of new residents who will have little if any disposable income to add to our local economy. What’s more, in addition to the public financing provided from federal, state, and county sources, these developers are seeking large tax breaks from our IDA, a public benefit corporation that is designed to advance the economic interests of our community, not tackle the affordable housing crisis, a crisis that was not created by Mount Vernon and cannot be solved by Mount Vernon. As mayor Patterson-Howard said, *“we have built more than our fair share of affordable housing.”*

New Low-Income rental housing developments proposed for Mount Vernon

	115 S. Macquesten	Qwest	Sentinel	Library Square
Building Structure	2 towers 6-10 stories	2 towers 13-15 stories	1 tower 7 stories	2 towers 11-12 stories
Value of IDA Tax Breaks requested	\$17.6M	\$11.5m	TBD	TBD
Total Rental Units	315	228	188	316
30% AMI (Extremely Low-Income)	0	0	19	0
40-50% AMI (Very Low-Income)	0	113	45	0
60% AMI (Low-Income)	299	63	91	285
80% AMI (Workforce)	0	52	33	0
90% AMI (Workforce)	16	0	0	31
100% AMI or above	0	0	0	0
% Units that that meet HUD definition of “Low-Income”, “Very Low-Income”, or “Extremely Low-Income”	95%	77%	82%	90%

Three points about this:

1. **These are “low-income” housing projects not “workforce” housing projects.** The housing developers and mayor Patterson-Howard prefer to talk about these projects as “workforce” housing development, instead of what they are: low-income rental housing developments. This is not my “opinion”, this is according to definitions supplied by the federal government.

This is how the US government defines “Low-Income” and “Very Low-Income”: *“Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80 percent and 50 percent of the area median individual income.”ⁱⁱ*

This is how the US government defines “Workforce Housing”: *“The generally accepted definition of workforce housing is housing that is affordable for those earning between 80% and 120% of area median income, or AMI. Households in workforce housing typically earn too much to qualify for programs under HUD.”ⁱⁱⁱ*

Why is this important? Financing. The government provides financial incentives to housing developers to advance a low-income housing agenda. For example, Westchester County “Flex Funds”, NYS “Homes and Community Renewal” funds, and federal “Low-Income Housing Tax Credits”. The bulk of the financing for the projects being proposed in Mount Venon come from government programs designed to *increase the supply of housing that is affordable to people with low, very low, and extremely low incomes*. To qualify for this type of public financing, these developers are required to limit the income in the building to (on average) “Low-Income”, or 60% of AMI.

None of this is to say that people/families with low, very low, or extremely low incomes are not members of the local “workforce”. Of course they are. But “workforce” means something different in the context of housing. In the context of housing, “workforce” means people earning between 80% and 120% of AMI, not 60% of AMI, not 50% of AMI, and not 30% of AMI.

And this is not to say that we don’t need to solve the housing affordability problem for individuals/families who are struggling. Of course we do. This is not about that. This is about describing these projects as they are. It is wrong for developers and government officials to refer to these projects as “workforce housing” when they are- *using the government’s own definition*- “low-income housing”.

My hunch is that these developers and our mayor describe these projects as “workforce housing” because it is easier to sell our community on “workforce housing” than it is to sell us on more “low-income housing”. In my view, that’s just another reason to be deeply skeptical about what’s happening here. For-profit housing developers are not here for community service; they are here to make money; they are capitalists. First and foremost, these projects must be accretive to shareholder earnings. If they are not accretive to earnings, the project won’t go forward. To the extent these projects are in the best long-term economic interest of our community, it is at best a secondary concern.

2. **The Industrial Development Agency “Race to the Bottom”.** In 2019, Hudson Valley NYS Senator, James Skoufis, led an investigation into IDAs. The report, released in 2023, is a withering indictment of financial abuse, at great expense to taxpayers, undertaken in the name of “economic development”^{iv}

Here are a few quotes from a 2021 article by Arvind Dilawar in The River Newsroom about the Skoufis investigation^v:

- *Part of the problem is that IDAs can exert downward pressure on tax revenues, rather than shoring them up. In the competition to attract businesses, the agencies themselves are incentivized to offer greater tax exemptions, creating a scenario where the municipalities that ‘win’ are the ones that lose the most.*
- *There is currently no prohibition on elected officials themselves serving on IDAs, which creates the opportunity for quid pro quo transactions, such as politicians trading exemptions for campaign contributions. “They get to campaign season and they pull out their rolodex,” says Skoufis of elected officials who sit on IDA boards. “They go through all of the companies that they voted to give huge tax breaks to. They call them and say, ‘You know, remember that PILOT I gave you 10 years ago?...By the way, I’m now running for state senate and I could use a \$5,000 campaign contribution. What do you say?’ There is an inherent conflict in an elected official serving on an IDA board.”*
- *‘It’s becoming a race to the bottom, oftentimes, between IDAs,’ explains Skoufis. ‘And the biggest losers, when that happens, is the taxpayer.’*

3. **There is no evidence to suggest that this is good economic development.** If the Mount Vernon IDA – a public benefit corporation charged with enhancing local economic development- gives large tax breaks to for-profit housing developers to build low-income rental high-rise buildings in our city, one would think it is because our elected officials are informed by a body of evidence that supports this as a mechanism for economic growth in a city that desperately needs it. The problem is, no such body of evidence exists.

The “economic analyses” the IDA commissioned to justify giving these massive tax breaks are, quite simply, not credible. For example, see the video I made that shows how the Storrs report misrepresents the impact these projects will have on the school district^{vi}. And if you do a literature review (which I did) you won’t find any evidence of a model of economic development that includes economic segregation, low-income high-rise rental buildings, and large tax breaks given to for-profit corporations as a go to recipe for economic success.

Let’s see what happens. These developers have invested significant time and money – e.g., land use board appearances, lawyers, campaign contributions- to secure these large IDA tax breaks, and shareholder-pleasing profits. Despite the mayor’s rhetoric, I would not bet against them.

ⁱ <https://fb.watch/roPyOINDRg/> (Minute 1:20:30)

ⁱⁱ <https://www.hudexchange.info/faqs/3783/how-are-low-income-and-very-low-income-determined/>

ⁱⁱⁱ <https://www.hud.loans/hud-loans-blog/workforce-housing-why-is-it-so-important/>

^{iv} <https://www.nysenate.gov/sites/default/files/admin/structure/media/manage/filefile/a/2023-07/nys-senate-igo-committee-final-investigative-report-unessential-ida-assistance-7.26.23.pdf>

^v <https://www.chronogram.com/river-newsroom/industrial-development-agencies-compete-to-cut-business-breaks-with-legal-corruption-18194654>

^{vi} https://youtu.be/ZT1_11C9pfE?si=y-cJs7SHOLR6H6Tu