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Reply to Harrison Office

January 4, 2024

Mount Vernon Industrial Development Agency  
City Hall  
1 Roosevelt Square  
Mount Vernon, New York 10550-2060

Re: 115 Macquesten LLC Project/  
Updated Cost Benefit Analysis

Members of the IDA Board:

On behalf of the Mount Vernon City School District, I would like to thank you for the opportunity to submit this statement regarding the potential impacts of the proposed development upon the school district. In addition, the District further appreciates the MVIDA's recent inquiry regarding the actual number of students residing in the existing PILOT projects within the City of Mount Vernon. Your inquiry demonstrates a commitment to consider actual data derived from the historical impacts of such developments in Mount Vernon, rather than the self serving estimates utilized by the developers, which for years, have significantly underestimated the number of students produced from these projects.

Initially, I will state that the District does not object to the proposed development. The construction of two residential towers above a mixed use base will likely have a positive impact on the neighborhood. However, the District requests that the MVIDA be careful not to shift the tax burden from the wealthy developer to the other taxpayers of the District that can ill afford to subsidize a tax exemption for a wealthy developer. Please make sure the developer pays its fair share of tax burden.

As you can see from the data that you requested, the multi-unit apartment buildings in Mount Vernon often produce 1 student for every 3 or 4 units. Specific reference is made to:

| <u>Building</u> | <u>Students</u> | <u>Units</u> | <u>Student to Unit Ratio</u> |
|-----------------|-----------------|--------------|------------------------------|
| 130 Modern      | 17              | 81           | 1 : 4.76                     |
| Grace Towers    | 49              | 133          | 1 : 2.7                      |
| Titus           | 10              | 43           | 1 : 4.3                      |
| Oakwood         | 35              | 99           | 1 : 2.83                     |
| 22 South West   | 30              | 189          | 1 : 6.3                      |
| Kings Court     | 7               | 22           | 1 : 3.14                     |

Of the 14 buildings you inquired about, four were senior housing facilities and two are still being researched. Six of the remaining eight buildings, listed above, show student to unit ratios which are drastically different than the projections contained in the developer's Impact Analysis. Please note the data shows that there are at least six students residing in senior housing facilities, demonstrating that all residential units in Mount Vernon have the capacity to add students to the schools, even units that are not intended to house school age children.

The data confirms what the District has been telling the City for years -- the Rutgers model and similar projection models cannot be accurately applied in Mount Vernon. The developers have been underestimating the enrollment impact of these buildings to the MVIDA and the public for years and the MVIDA has been allowing it to happen. The District hopes the current administration will adopt a more realistic approach to the impacts of such projects and force the developers to pay their share of the tax burden.

The developer's enrollment projections, which estimate 1 student for every 10 units, are simply not reliable. (See page 7 of the Impact Analysis.) Notably, the 1:10 ratio utilized by the developer does not change based upon the number of bedrooms in the unit. According to the developer, studio apartments will produce the same ratio of students as two and three bedroom apartments. Such an estimate is wholly unbelievable and inconsistent with the assertions of the City and previous developers that studio and one bedroom apartments will not add students to the schools.

In light of the enrollment data provided to the MVIDA, it is evident that the Public School Cost estimate contained on page 8 of the Impact Analysis is grossly inaccurate<sup>1</sup>. The developer incredibly estimates that the 315 unit building will only produce 33 students. It then estimates that the cost to educate those students will be \$661,697, and after deducting revenue from other sources, the tax levy necessary to educate those students is only \$313,456. The developer then incorrectly argues that the PILOT payments will cover the estimated cost of such pupils because the District will receive \$391,114 in PILOT revenues in year one.

However, relying upon the actual enrollment figures for other properties in the City, it is evident that this building will likely produce 75 to 80 students (1 student for every 4 units). Using 75 students as a reasonable estimate, and the analysis offered by the developer, the cost to educate the students likely to be produced from the building is actually \$1,503,825 and the 47% share of the tax levy needed to educate such children is actually \$706,797.75. Based upon these numbers, the estimated PILOT revenue for the school district (\$391,114) is woefully short of the amount necessary to educate the number of students likely to reside in the buildings. Accordingly, the MVIDA should seek to secure at least an additional \$315,683.75 from the developer per year. If the MVIDA were actually seeking to achieve tax parity, and compel the developer to make PILOT payments consistent with the amount of school taxes the developer would be paying if the property were not subject to a PILOT agreement, then the PILOT payments for all three municipalities should be closer to \$1,000,000 per year. (See estimated payments with no PILOT on page 3 of the Impact Analysis.

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<sup>1</sup> While the District disagrees with the formula for a variety of reasons, especially the erroneous assumption that the District will receive 53% of the cost of such additional students from other sources, it has applied a realistic enrollment projection to the Developer's formula to illustrate the significant financial impact on the District.

Please note, the Impact Analysis cites, and relies upon the enrollment data from, the 2019 LAN report. The District has previously informed the MVIDA representatives that the LAN report predated the current K-8 building model and, therefore, should not be relied upon for enrollment information. The enrollment data in the LAN report was based upon a K-5, 6-8 building model and does not reflect the current enrollment of the K-8 buildings. Since the District currently follows a K-8 model, the Hamilton Elementary School will absorb the majority of students from this Project.

In addition, the District would like to clear up any misconceptions regarding the School District's budget and tax levy process. Adding improvements, like the one contemplated by 115 Macquesten LLC, does not add any revenue to the District or otherwise permit the District to increase its budget. The District's ability to increase the school budget is constrained by the Education Law and the tax levy cap. Adding a mixed use building with 315 residential units does not result in any additional revenue for the District. In fact, revenues derived from PILOT agreements actually serve to lower the District's tax levy cap, so PILOT agreements necessarily have an adverse impact on the District, even if the PILOT payments did not offer significant tax exemptions, which they always do.

The tax exemption granted to the wealthy developers, like 115 Macquesten LLC, will have a significant impact upon the District's taxpayers. When the MVIDA provides a tax exemption to wealthy developers like 115 Macquesten LLC, the taxes that should be paid by 115 Macquesten LLC are necessarily shifted to other taxpayers. Comptroller Morton and the City representatives have repeatedly argued to the School District that the City's taxpayers are struggling and the City cannot afford to ask the taxpayers to pay additional taxes. The District wholly agrees. For that reason, the District maintains that wealthy developers like 115 Macquesten LLC should be required to pay its share of the tax burden. Considering the 315 mixed income and affordable residential units, 4800 sf of commercial space, 8300 sf of recreational space, and 3000 sf of amenity space, 115 Macquesten LLC is in a far better position to pay its share of the tax burden than many of the District's taxpayers. In the absence of an increase to PILOT payments across the Board, the District requests that the MVIDA compel the developer to offer additional financial contributions to the Hamilton School, Mount Vernon High School or the District's capital reserve fund.

The District supports responsible development within the City. While the District believes development is proper, it does not support tax exemptions for wealthy developers at the expense of the District's taxpayers. The District requests that the MVIDA compel the developer to pay its fair share of the tax burden.

Thank you for your attention to this matter.

Yours truly,



THOMAS SCAPOLI

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cc: Board of Education