

The MV IDA met on 7.13.23. Here is the meeting link: <https://fb.watch/ILYwStesZ/>

The process of granting a PILOT to a housing developer is, tentatively, underway. The subject property is 115 S. Macquesten Parkway. The is a “mixed use” project that will include 315 rental units, mostly studio through 2 bedrooms, as well as a few thousand feet of retail space.

As a reminder, a PILOT (payment in lieu of taxes) allows a developer to make a payment to the IDA instead of paying taxes directly to the city, the school district, and the county. In turn, the IDA makes a payment to the city, school district, and county “in lieu of taxes”. The amount of the payment made from the developer to the IDA is generally significantly less than the amount the developer would pay in Real Property Taxes if the IDA had not granted the PILOT.

The claim made by developers is that even though the city, school district, and county may receive less tax revenue upfront, over time there will be an overall increase in tax revenue that will more than offset the initial losses. The problem is that, historically, claims of increased revenue at some time in the future have not been substantiated with evidence. Therefore, it is difficult to see PILOTS given to residential projects as a viable path to sustained economic development.

““Local governments, especially in certain economically depressed parts of the state, understandably want to invest in economic development; however, granting power to allocate taxpayer funds to more than 100 IDAs and almost 300 LDCs with imperfect reporting and minimal accountability has not been successful in improving suffering regional economies.” David Friedfel, Director of State Studies for the Citizens Budget Commission. Testimony submitted to the Assembly Standing Committees on Local Governments; Corporations; and Oversight, Analysis, And Investigation (November 22, 2019). <https://cbcny.org/advocacy/testimony-industrial-development-agencies-and-local-development-corporations>

The developer of 115 Macquesten is the NRP Group (<https://www.nrpgroup.com/about-us>). On their website, it says their mission is “to create exceptional rental opportunities for individuals and families, regardless of income.”

Two local developers also have a financial stake in the 115 Macquesten project:

- 1) Grandview Consulting Group, Inc. (Principal: Steve Horton)
- 2) Forward Thinkers Development, LLC (Principal: Kenneth Plummer)

To watch a presentation given by the NRP Group at the meeting, cue to minute 47:06 of the video. Why the IDA allowed the developer to give a glossy sales presentation about the project at this point in the process is not clear.

The sales pitch notwithstanding, the PILOT granting process starts with a benefit-cost analysis and a study to determine the impact on the school district. Recently, a member of the MV schools has been invited to sit on the board of the IDA as a non-voting member. To that end, school board president Adriane Saunders attended the meeting.

Keep in mind that the IDA is a business. It makes money by collecting fees related to PILOT projects such as 115 Macquesten. The claim is that the IDA generates a “public benefit”, but again, there is no evidence that tax breaks given to housing developers *today* result in increased tax revenue *tomorrow*.

What we know is that the difference between the Real Property Tax that would have been paid had the IDA not been involved, and the PILOT that is paid to the IDA, represents a Net Tax Loss *today*, a loss that must be made up, most likely by local taxpayers.

Maybe this time things will be different, but I'm skeptical. Right now, I'm waiting for the IDA to release the name of the individual/company they've hired to perform a cost-benefit analysis on this proposed PILOT. I'm interested to know if the individual/company is independent from the administration or has entanglements, what methodology will be used in the analysis, and how accurate past analyses completed by this individual/company have been with respect to PILOTS given to housing developers.

115 Macquesten is just one of 3 residential projects in process in Mount Vernon at this moment. The others are Library Square and 29 North Macquesten Parkway. It is not clear at this point whether the Library Square project and 29 North Macquesten will also seek PILOT agreements with the IDA.

These housing development projects raise questions with respect to the much-discussed Comprehensive Plan, which is supposed to drive the development process, not trail it. What happens if the results of the Comprehensive Plan do not align with the plans of these housing developers? Will the results of the Comprehensive Plan be forced into a mold set by these three new apartment building complexes? Would it be accurate to say that the Comprehensive Plan reflects the needs of the residents to the extent that those needs align with the needs of these apartment complexes?