

To: The Board, Mount Vernon Industrial Development

Re: 115 S. Macquesten Parkway Public Hearing

Dear Board,

I have serious concerns about the validity and integrity of the process used to evaluate 115 Macquesten Development, LLC's request for financial assistance. In particular, I'm concerned with the Storrs Associates "Financial Assistance and Impact Analysis" (the Storrs Report), originally dated 10/13/2023 and presented on 10/31/2023, then revised (new date of 11/22/23) and presented again on November 30, 2023. Certain "developer costs" totaling about \$11.5 million, were reclassified to "fiscal benefits" on a dollar-for-dollar basis, as if they were cash payments made directly to the city. These revisions, which I believe are inappropriate, cause the benefit/cost ratio to jump from \$1.02/\$1.00 to \$1.34/\$1.00.

1. Direct Fee Payments to Con Edison (valued at \$2.9 million). These are necessary development costs associated with burying electrical lines on 3 sides of project site: S. Terrace Ave., South Macquesten Pkwy, and Grove St.

At the 10/31/23 presentation given by the applicant, Mr. Gertman, from NRP Group said that costs such as these are "extraordinary" and "obviously a county-wide issue". He said the costs were like "an infrastructure expense, almost like a fee". However, these are not "fees", they are necessary project costs, no different from other "clean up" costs. If these costs can be reclassified dollar-for-dollar as "fiscal benefits" then virtually any project cost can be reclassified as a benefit.

If the developer were to undertake "offsite" electrical grid improvements, then the value of those offsite improvements would constitute a fiscal benefit. For example, if the developer chose to bury the electrical grid down S. Macquesten Pkwy to Oak Street, the cost of the work from Grove Street to Oak Street would constitute a "fiscal benefit" to the city and would be counted as such. This is exactly how the "Offsite Sewer Lining" costs are being treated. The developer is doing sewer repairs that extend 200 ft beyond the project site valued at \$243k. This cost to the developer is appropriately captured as a "fiscal benefit" to the community.

2. Estimated Value of Recreation/Youth Facility/Nonprofit Area (valued at \$8.5 million). This space entails a 8,400 sqft "recreational facility open space programmed in partnership with local community groups" and 3,000 sqft of "Offices for non-profits, and classrooms for open space activities"

Here is what Mr. Gertman said about the space at the October 31, 2023 presentation:

"This community center that is resident driven but has the opportunity to be a youth facility and bring services – that's really where the services also come into play is – youth service and a youth facility for the community and we went out to the public with a 'request for expressions of interest', We have several from, you know, household, you know, local household name nonprofits, and plan to work with one or more of them to provide community services; you know league sports, trainings, economic development, if one of my partners was here, he could talk about Earn Your Leisure as a potential partner in that area which is a group I've come to understand how impactful they are- they've actually been to the site, been to the project."

The Storrs report should not include space as a "fiscal benefit" for the community on a dollar-for-dollar basis. Here are a few reasons why:

- a) The estimated value - \$8.5 million- seems extremely high for an open space and a couple of offices.
- b) Mr. Gertman said the facility is "resident driven" but has "opportunities to be a youth facility".
- c) "Household name nonprofits" are not the residents of the community, per se.
- d) This property belongs to the developer, not the city. In other words, it is not city space "as of right".

- e) The organization Mr. Gertman mentioned – Earn Your Leisure (<https://earnyourleisure.com/>) is neither not-for-profit, nor is it Mount Vernon based. Among other things, Earn Your Leisure invests in Real Estate. You can hear the Co-Founder/CEO, Michael Amir, discuss their interest in Mount Vernon in this youtube video: https://youtu.be/LKgez81rqnc?si=q9oj9NRgggGI9_yU

At the October 31, 2023 presentation, Mr. Gertman invoked the “but for” argument with respect to the youth facility, wondering how it would get built in the MV West TOD Zone “but for” the applicant. **Here’s an idea:** Earn Your Leisure can make a direct real estate investment in the community- in the video they talked about working with the MV Real Estate Committee on property purchases. I would support the city working with them to identify a property they can purchase and build into a Youth Center.

I am opposed to the MV IDA giving a tax abatement to this applicant. The MV IDA should focus on promoting economic development in the city by providing incentives to qualified commercial and industrial enterprises. While I’m sympathetic to the need for more affordable housing, the cost to increase the stock should not be carried by Mount Vernon residents. This 30-year tax abatement will almost certainly result in an increase in taxes for residential property owners. We have already been subjected to numerous bad bets on 30-year tax abatements for affordable housing developers. It’s astonishing, frankly, that the MV IDA would endeavor to continue this path given the track record.

In science, when a theory does not fit the data, you change the theory, you don’t change the data. In the process used to evaluate this applicant’s request, you did the opposite: since the financial data presented in the first Storrs Report did not fit your theory, you changed the financial data and rewrote the report. That is neither valid nor ethical.

Finally, earlier this week I submitted a request to MV IDA Chairwoman, Mayor Patterson-Howard asking her to recuse herself from this process due to the large amount of political campaign contributions she collected from individuals/entities with a direct financial interest in the MV IDA’s decision regarding this applicant’s request for financial assistance. I hope that request is honored.

Sincerely,



Chris McDonough
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