

Comments re Proposed 30 year IDA PILOT for Library Square Project

April 9, 2026, MV IDA Meeting

First, let's go back to school. Let's do a little algebra.

How the Storrs Method Works

Ms. Storrs treats the full property tax the city would collect if no PILOT were awarded as a “benefit.” That full tax is made up of two parts:

(a) = the PILOT payment the city actually receives

(b) = the foregone taxes the city gives up

She puts (a + b) in the numerator as the benefit and (b) in the denominator as the cost. The foregone taxes appear on **both sides** of the fraction:

Storrs Ratio = (a + b) / b = a/b + 1

This is basic algebra. The Storrs formula automatically inflates the benefit/cost ratio by exactly \$1.00 on every project, regardless of the underlying numbers. It is a mathematical artifact, not an analytical finding.

Three Ways to Calculate the Library Square Ratio

Storrs Method (as reported)	Storrs Method (corrected)	McDonough Method
<i>Formula: (a+b)/b</i>	<i>Formula: a/b</i>	<i>Actual money in vs. out</i>
Uses hypothetical abated taxes as both benefit and cost	Removes the built-in \$1.00 inflation	Baseline is \$0 (city-owned, tax-exempt land). Strips fictional taxes from both sides.
\$1.91 to \$1.00	\$0.91 to \$1.00	\$1.34 to \$1.00
<i>Appears positive. Inflated by \$1.00.</i>	<i>A loss. 9¢ lost on every dollar of foregone tax.</i>	<i>Modestly positive. Most favorable to the developer of the three methods.</i>

The Key Point

The McDonough Method produces a ratio of \$1.34 — the most favorable number for the developer of any of the three approaches. We are not trying to make this project look bad. We are trying to use honest numbers. And even with honest numbers that favor the developer: **The school district loses money every single year for thirty years.**

Storrs’s own supplemental tables show the school district runs a cumulative deficit of (\$1,271,491) over the PILOT term — and that’s using her optimistic assumption that only 70% of students are new to the district. Under the more conservative assumption of 100% new students, the deficit grows to approximately (\$2,000,000).

The \$1.34 ratio is positive for the city as a whole, but the city's gain comes entirely at the school district's expense. **Mount Vernon's children subsidize this project so that the city's general fund can benefit** (if it benefits at all).

A Note on the \$3,185,000 in "Community Investments"

The \$1.34 ratio counts \$3,185,000 in applicant "community investments" as a benefit. At least \$2.5 million of this is questionable:

\$1,500,000 is the purchase price of the land. The city is selling a parcel it owns; the developer is buying it. That is a real estate transaction, not a community investment. The developer needs the land to build their project.

\$1,000,000 is for establishing the DTOD rezoning. That rezoning is what makes this project — and the developer's planned phase two — legally possible. The developer is paying for the zoning they need to build what they want to build. That is a development cost, not a gift to the community.

If these two items are reclassified as development costs rather than community benefits, the ratio drops from \$1.34 toward approximately \$1.05 — essentially break-even. The school district deficit is unaffected.

The 70% Student Assumption

- Storrs assumes only 70% of the children in this building will be new to our schools. The other 30% are supposedly existing families who move from elsewhere in the city, and Ms. Storrs assumes their old apartments just stay empty. That assumption seems implausible to us. Absent evidence to the contrary we believe is more likely that those vacated apartments will get re-rented. Probably to families with kids. Therefore, the conservative assumption is 100% new students, which increases the school district's deficit by roughly 39%. If we use the Urbanomics formula the deficit grows by about 17%.

· It is also worth noting what the 70% assumption reveals about the project itself. If 30% of the residents are existing city families upgrading their housing, then this project functions in significant part as a *housing improvement program* — not an *economic development initiative*. That may be a worthy goal, but it raises the question of whether the IDA is the appropriate vehicle for financing it. After all, the IDA's statutory mission is job creation and economic development, not rental housing for economically disadvantaged families.

The Design Problem

- Every unit in this building is income-restricted. 124 of 138 rentable units are at or below 60% of AMI. Zero market-rate units. This is **not** "mixed-income" housing. **This is, by design, concentrated low-income rental housing.**

- The research from Opportunity Insights at Harvard — the most rigorous work that exists on this topic — tells us what helps children escape poverty is growing up in mixed-income environments. Not new buildings. Mixed-income communities. Mixed-income neighborhoods.
- *Income diversity* is what changes outcomes for kids from income-restricted households. The proposed project does not offer that. The research predicts that the Library Square design will limit economic mobility for children, not enhance it.
- If we're going to commit public resources for thirty years and ask the school district to absorb a deficit every year, the least we can do is design a building that gives these kids a real shot at economic mobility.

Estimated city service costs are very likely too low

- Storrs estimates city service costs at \$967 per household — a flat average for all of Mount Vernon. That treats a 50% AMI household the same as 250% AMI household.
- However, we know from decades of research that **concentrated income-restricted housing generates higher demand for police, emergency medical, social services, and other public resources**. That cost is not factored into Ms. Storrs's analysis.
- If we reduce “community investments” to \$685k and increase service costs to reflect the higher needs of this building, the nominal \$15k benefit to the city all but vanishes. Either way, the deficit to the school district remains.

The tax cap growth factor problem

- When this property becomes an IDA project, it disappears from the tax base. It doesn't count in the growth factor that determines how much the school district can increase its levy under the tax cap. A \$124 million development will be invisible to the formulas that determine our fiscal capacity. For thirty years. Actually forever, because only “new growth” is counted and if this PILOT ends in 30 years it is not considered “new growth” so it never adds to the tax base.

Mount Vernon's children deserve a fully funded school system and a housing environment that gives them a real chance. This project, as currently designed, doesn't deliver either one. Thank you.