



MOUNT VERNON CITY SCHOOL DISTRICT

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March 23, 2026

Honorable Shawyn Patterson-Howard
Mount Vernon City Hall
1 Roosevelt Square
Mount Vernon, NY 10550

RE: The Urbanomics Analysis

Dear Honorable Patterson Howard,

The Mount Vernon City School District submits this statement in response to the Urbanomics *Mount Vernon Industrial Development Agency: Public School Child & Fiscal Assessment* (the “Urbanomics Report”), dated March 6, 2026. The District welcomes the Report as a meaningful contribution to analytical rigor in the evaluation of PILOT agreements and submits these comments in a spirit of constructive collaboration. The District’s position is straightforward: responsible economic development and adequate school funding are not mutually exclusive. The District supports development structured on terms that are fair to the entire community.

I. The Urbanomics Report’s Findings

The Urbanomics Report provides the most rigorous independent analysis of PILOT impacts on the District to date. Its findings are significant. The Report confirms that past PILOT agreements have underestimated municipal and school district costs, resulting in net deficits for both the City and the District. The three existing PILOT-receiving properties analyzed will each produce municipal net deficits over their PILOT terms, with one project (630 East Lincoln Ave, aka “Oakwood Gardens”) projecting a school district deficit of approximately \$14.9 million over 35 years. Two recently approved PILOTs (115 S. MacQuesten Parkway, and 1 & 25 North MacQuesten Parkway) are projected to produce *school district cost deficits of approximately \$25.8 million and \$12.1 million, respectively, over their 30-year terms — even before accounting for the tax levy cap effects described in Section IV below.* The District is grateful the MVIDA commissioned this analysis and views it as a foundation for building a more sustainable PILOT framework going forward.

II. The Enrollment Multiplier

The Urbanomics Report uses a student enrollment multiplier of approximately 1 student per 4.6 units for recently approved affordable housing developments. This is meaningfully higher than the 1 per 6.6 units and 1 per 5.5 units used by Storrs Associates for the 115 S. MacQuesten Parkway, and 1& 25 North MacQuesten Parkway, respectively. Notably, the Urbanomics multiplier is consistent with the estimate the District’s counsel presented to the Board in January 2024, which is roughly 1 student per 4 units. The convergence of two independent analyses on this higher multiplier suggests that the District’s enrollment estimates deserve greater weight in future PILOT evaluations than they have historically received.

The District also notes a data entry error in Figure 36 of the Report: the “Estimated Annual School District Costs” column appears to reproduce the municipal cost figures rather than the correct school district figures. The 30-year totals are internally consistent with the correct calculation (68 students × \$19,929 ≈ \$1,355,172 annually), confirming the annual column contains a data entry error. The MVIDA should request a corrected version of Figure 36 from Urbanomics before relying on it in any proceeding.

III. The “\$0 Marginal Cost” Argument

The Urbanomics Report suggests that because District enrollment is declining, children living in PILOT properties may not represent “net new” students and that the marginal cost to the District could therefore be treated as \$0. The District respectfully but firmly rejects this argument.

A. Declining Enrollment Has Not Produced Declining Costs

Enrollment has fallen by more than 1,800 students over eight years, yet the District’s total budget has grown to \$272.2 million for 2025–26. The District has been under a “significant fiscal stress” designation by the NYS Comptroller since 2022, and its fund balance has dropped from \$33.1 million in 2018–19 to under \$7 million today. For 2025–26, the District closed three school buildings and eliminated 92 staff positions — not because capacity was surplus, but because it had no financial alternative. A district cutting programs under fiscal distress has not achieved the “free capacity” the \$0 marginal cost argument requires.

B. The Fixed Cost Structure Means Real Costs Are Incurred

Urbanomics correctly identifies administrative costs (\$27.1 million) as fixed and excludes them from its marginal cost calculation. But this same logic confirms that those costs cannot be reduced as enrollment declines. Debt service, facilities maintenance, and contractual obligations represent a large and largely inflexible share of the District’s budget. The variable cost of educating each additional student — teacher time, materials, transportation, pupil services — is real and measurable. Urbanomics’ own figure of \$19,929 per student is a defensible and appropriate basis for PILOT cost-benefit analysis.

C. The Argument Is Self-Defeating Over a 30-Year Horizon

The Urbanomics Report itself projects that enrollment will stabilize and potentially recover as new housing is built, noting that new development could generate 1,000 or more students over ten years. The MVIDA has approved a pipeline of more than 2,100 new multifamily units. At the enrollment rates that Urbanomics and the District’s analysis independently confirm, the “net new” assumption dissolves over the life of any individual PILOT agreement, while cost deficits accumulate year after year.

IV. The Tax Levy Cap: A Hidden Cost

Neither the Storrs Associates report nor the Urbanomics Report fully accounts for one of the most consequential impacts of PILOT agreements on the District: their interaction with New York State’s property tax cap law. The mechanism creates two compounding effects.

First, when a new building receives an IDA tax abatement, it is excluded from the “tax base growth factor” in the State’s levy limit formula. This permanently suppresses the District’s levy limit baseline, and that suppression compounds each year the 2% growth cap is applied to an artificially small base. Critically, this harm is never corrected: when the PILOT expires, the property is not treated as “new growth,” so it never enters the growth formula — not during the PILOT, and not after.

Second, PILOT payments receivable are subtracted directly from the District’s tax levy limit under the State Comptroller’s formula. Every dollar the District receives as a PILOT payment reduces by one dollar the amount it may raise from all other taxpayers. The PILOT does not supplement the District’s revenue — it structurally displaces it. When both effects are combined, the net fiscal benefit to the District from PILOT payments may approach zero across any given agreement’s term — a result that neither the Storrs nor the Urbanomics analysis captures.

The District raises these effects not to criticize past decisions, but to ensure the MVIDA has a complete picture when evaluating future agreements. The structural dynamic is a consequence of State law; it can and should, however, be factored into PILOT design going forward.

V. The District's Requests

A. Procedural Reform

All future PILOT impact analyses should include a section specifically quantifying the tax levy cap effects of the proposed agreement — including the suppression of the tax base growth factor and the dollar-for-dollar reduction in levy capacity from PILOT payments — and should present a net fiscal impact to the District that accounts for these effects.

B. Substantive Standards

PILOT payment schedules should be calibrated using the \$19,929 per-student marginal cost figure established in the Urbanomics Report, applied to enrollment multipliers consistent with the Urbanomics methodology. All PILOT agreements should be structured to cover projected school district costs in full. Where this cannot be achieved, the MVIDA should decline to abate the school district's portion of Real Property Taxes. PILOT agreements for residential developments should include annual enrollment verification provisions, with payment adjustments tied to material variances from projections. The MVIDA should evaluate the cumulative impact of all active and proposed PILOT agreements on the District's tax levy capacity before approving any additional agreement.

C. Correction of the Record

The District requests that Urbanomics be directed to correct the data entry error in Figure 36 before the Report is finalized or relied upon in any IDA proceeding, and to prepare a supplemental analysis quantifying the aggregate tax levy cap impact of all current and pending MVIDA PILOT agreements on the District's levy limit.

Conclusion

The Mount Vernon City School District supports the City's growth and recognizes the important role affordable housing plays in the lives of District families — including the students in our classrooms. The District does not oppose development. It is committed to working collaboratively with the MVIDA to build a PILOT framework that is fair to developers, fair to the City, and fair to the children of Mount Vernon.

The Urbanomics Report is a valuable foundation for that work, and its findings call for reform. The District stands ready to engage as a constructive partner in developing a more sustainable and equitable framework, and welcomes the opportunity to do so.

Respectfully submitted,



Chris McDonough, Ph.D.
Trustee, MVCSD

/s/ *Donna Marable*

Donna Marable, Ed.D.
Board President, MVCSD

cc: Warren Mitchell, Vice President
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