

# The ABCs of IDAs on Long Island

They are maligned and misunderstood, but their economic impact is clear

BY KYLE STROBER AND MITCH PALLY

Some say the region is in desperate need of more multifamily housing, but that developers who can create those units should be denied access to industrial development agency tax incentives to build them.

There is an intractable Long Island Gordian knot confronting the construction of multifamily housing that will never be resolved unless we address a tax system that is unsustainable and local zoning that suffocates. Until these two issues are resolved the use of the maligned and misunderstood incentives provided by the region's industrial development agencies will continue to be the only reliable means of bringing significant multifamily housing to market.

There are a myriad number of reasons for the paucity of housing stock, but they mostly lie at the feet of restrictive zoning codes, high taxes, NIMBYism, and the significant time and costs of getting municipal approvals. With time to ribbon cut-

ting usually measured in years, few developers (and investors) are prepared to risk that amount of capital for an indeterminate amount of time. It's easier to build elsewhere, and they do.

The role of the IDA continues to be demonized by those who are ideologically opposed, but the main objections come from those who misunderstand how the deals work. For example, to suggest that the premise of broadening a community's tax base breaks down if a project receives IDA tax relief is incorrect. IDAs do not invest in real estate projects. IDA benefits allow new and increased tax revenue to phase in over time. Those new projects invariably pay significantly more real estate taxes than the previous use of the property from Day One. Secondly, there are the jobs created by the project. Some of them, particularly construction-related jobs, may last two to three years, while other jobs are permanent. These jobs also create a number of new indirect jobs. These individuals then purchase goods and services that



Rendering of apartments proposed for the Superblock property in Long Beach.

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generate local sales taxes.

In the example of a hotel project, which will not impact schools as it will not be producing additional children into the system, it also generates hotel-motel tax revenue, which fuels our billion dollar tourism industry, and generates millions in sales tax revenue as its guests spend money in the region.

An IDA's strategic role is to encourage developers to come to the marketplace and incentivize them to risk millions of dollars. If the margins are too thin, the capital market goes hunting for

other projects in welcoming parts of the country. To dismiss IDA programs with "[tax] breaks are free money" is inaccurate and misinformed but far worse, it hurts the development community. The truth is Long Island's real estate taxes, compounded by local zoning density restrictions, very often make or break the financing structure. IDA PILOT programs come close to leveling the financial playing field.

The claim that IDAs shifts the tax burden to residents and businesses equally needs attention.

While new developments require additional municipal services, multifamily and hotel projects undergo an economic impact analysis report. In the case of the recent Long Beach "Superblock," the report, commissioned by the city, showed a net positive impact of \$476,323 in year one after deducting city expenses, and more than \$33 million over the life of the PILOT, after deducting city expenses. New projects are consistently reviewed to ensure they generate increased tax revenue above the cost of additional municipal services and expenses.

The debate over the role of IDAs will continue because everyone is entitled to his or her opinion. However, they are not entitled to their own facts. The facts show that IDAs have enormous economic power, offering the means to strengthen a regional economy now more vulnerable than ever to those across the country seeking to poach Long Island investment, jobs, and tax revenue.

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A Long Island Rail Road ticket-vending machine in Mineola.

HOWARD SCHINAPF

current political discourse. It was like a breath of fresh air.

John Meehan,  
Huntington Station

## Let's abide by laws and principles

Lane Filler writes about this election being about the last

chance to save America from the loss of values such as fairness, kindness, dignity and nobility ["America is at its best when it's good," Opinion, Sept. 29]. I believe that it doesn't matter whether former Vice President Joe Biden or President Donald Trump wins the election if the people have lost their will to fol-

low fundamental human decency toward others. Whether Biden or Trump wins doesn't change the way people will continue to hate their neighbor. The only way that people can reach the values Filler writes about is by resorting to a belief in their personal deity. Every religion has a book of laws and principles to follow, and right now it seems that some folks are not following them. I believe an acknowledgment of a higher power and a fear of eternal retribution is what motivates people to lift themselves off the floor. I believe worshipping oneself leads to depravity and wanton excess. Atheists would argue with me, but they haven't lived their lives out yet to see the outcome of "I created myself."

Catherine Finelli,  
Bellmore

## We need to address climate change

Your editorial "Furious fires,

fateful floods" on climate change [Sept. 26] made good points about the threats of climate change, but I feel you gave short shrift to President Donald Trump's open hostility and actions to undermine state steps to address this threat, which is no longer looming but already here and sure to get worse. His own intelligence community has warned him of the increasing threat of water and food insecurity around the world, including in our own nation, which could lead to armed conflict and an increase of refugees, many to arrive on our shores. He denies the science of climate change and does not listen to experts about the looming crisis. He sows ignorance and contempt, leaving states alone to fill the void. But states face a federal government committed to combating state-mandated lower emissions of autos and power generation. Remember when a president would take seriously threats to our na-

tion, sit down with members of Congress and other world leaders, and show leadership? Who knew "making America great again" required doing the exact opposite?

Jeffrey Fass  
Sayville

## 'Anarchists'? NY should keep taxes

So New York City residents are now "anarchists" after that designation by the Department of Justice, and the Trump administration will not provide federal funds, thus "defunding" the city ["Leaders reject 'anarchist' label," News, Sept. 22]. So how about we New Yorkers all stop paying our federal taxes and let President Donald Trump and company figure out where to get the \$26.6 billion it will lose. Let's fund ourselves and tell Washington to take a hike.

Frank Socci,  
West Babylon