

# NEWS FROM THE ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.  
Comptroller



Alicia DeMarco, CPA  
Deputy Comptroller

Contact: Dafne DeJesus, 845-853-6730

For release: Immediately

## Ulster County Comptroller March Gallagher Issues Recommendations to Ulster County Industrial Development Agency

*Kingston, NY (October 14, 2021)* – Ulster County Comptroller March Gallagher, former Board Chair of the Ulster County Industrial Development Agency (UCIDA), issued recommendations to the Agency to facilitate housing development and build community trust.

“Ulster County is experiencing a housing crisis,” said Ulster County Comptroller March Gallagher. “Median home sale prices increased 41% between 2016 and 2020. Much of our rental stock is now being rented as Airbnbs. The sharp housing price increases in Ulster County have put housing out of reach for regular working families. After observing the process for the Kingstonian project and my own discussions with housing developers, I offer these recommendations to UCIDA. The lack of workforce housing is a county-wide issue that impacts every business and industry sector of our economy. Housing is an industrial development issue.”

Comptroller Gallagher made eight recommendations to UCIDA, including addressing community engagement around housing tax abatements as well as moving towards an expanded set of Payment in Lieu of Taxes (PILOT) options as a part of UCIDA’s Uniform Tax Exemption Policy that would standardize certain schedules of abatement while encouraging new developments in affordable housing, investment in existing structures, and green building.

Comptroller Gallagher further recommended changes to the UCIDA process, advising that UCIDA analyze projects to better account for the full range of economic development incentives and contract with a third-party consultant to regularly conduct cost-benefit analyses.

March Gallagher served as Chair of UCIDA from 2006 through 2007, as board member in 2008, and as staff to UCIDA between 2011-13.

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UCIDA Letter Attached

# ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.  
Comptroller



Alicia DeMarco, CPA  
Deputy Comptroller

October 13, 2021

Ulster County Industrial Development Agency  
PO Box 4265  
Kingston, NY 12402

Dear Chairman Malcolm:

As you know Ulster County is experiencing a lack of affordable and workforce housing, made worse by a variety of factors including short-term rentals, pandemic population influx from metro-New York and very limited new construction over the last decade. Housing inventory at all price levels is limited. In addition to the work of the County Executive's Office and the County Legislature on items such as the Ulster County Housing Action Plan, the Ulster County Housing Development Corporation, a potential land bank and more, our office has also identified and documented information on the lack of available housing.

As the former chair of UCIDA, staff to UCIDA, and now the fiscal watchdog for the people of Ulster County observing the current housing market and the work of the Ulster County Industrial Development Agency over the last year, I have been keenly watching your deliberations. I would like to take this opportunity to offer some comments regarding how the Ulster UCIDA might play a larger role in facilitating additional housing which is desperately needed by our residents. Below are my recommendations:

- 1) **Engage the community to encourage public input on potential PILOT programs.** With a broad demographic and geographic representation, determine what the community wants to see in policies that dictate potential IDA benefits for housing projects through listening sessions and a call for written submissions. This could encourage public input on the types of housing being incentivized, the locations of potential housing projects, the length of potential PILOTs, etc., to inform the Uniform Tax Exemption Policy (UTEP) modification process.
- 2) **Detail the criteria for housing projects in the body of the Uniform Tax Exemption Policy without reference to outside policies.** The UTEP goes through a specific adoption process that includes notice and comment to municipalities. It is reviewed annually and provides guidelines for projects moving forward. UCIDA's change to the Housing Policy during consideration of the Kingstonian raised community concerns. While it may have been policy clean up, this type of modification is concerning when it affects projects mid-stream.
- 3) **Create a PILOT for housing that mirrors the benefits afforded "as-of-right" in Real Property Tax Law 581-a.** The Comptroller's Office has heard from multiple housing developers that the implementation of 581-a has significant uncertainty based on the interpretation by local assessors. This exemption could be formalized in a PILOT program and implemented by the IDA with no arguable financial impact to the taxing jurisdictions.

- 4) **Create another housing PILOT that encourages mixed income developments.** Using community input, further expand the current definitions of housing now in the UCIDA Housing Policy to require a minimum percentage of affordable units as measured by the HUD fair market rent which takes family size into account. Furthermore, the policy should prioritize green building standards, reuse of existing structures such as schools, hotels, industrial buildings, and development in preferred areas based on geography such as Tech City or other locations identified by municipalities through an overlay district or other mechanism.
- 5) **Create an investment strategy to encourage housing development.** The IDA could include within the PILOT payment schedule a portion of the payment returning to the IDA itself to help fund additional housing-related investments (like tax increment financing) that could support investments in infrastructure, feasibility studies, etc.
- 6) **Ensure that future “but for” analyses include consideration of all other economic development benefits.** Each development should consider all available benefits at play including federal and state programs like Opportunity Zones and the Downtown Revitalization Initiative funds.
- 7) **Consider contracting with a third-party vendor to conduct cost-benefit analyses for all projects.** This would isolate board and staff who can have a fiduciary responsibility to the agency’s fee generation from the calculations, giving the community greater confidence in the examination while providing the board dispassionate analysis for its decision-making.
- 8) **Continue to strive to match tax benefits to those priorities of the community.** Tax benefits to encourage brownfield redevelopment, infill development, green building standards, higher wage jobs, etc., should be aligned with the County’s needs and future goals. This will require constant iteration and evolution of the policies of the organization as you have continued to do and must do going forward.

Please know that these suggestions are offered as suggestions in a collegial way. I appreciate the service your organization to the community and I recognize your job is not always easy or pleasant. The tools of the IDA are critical to the future of Ulster County’s housing and job markets. Confidence in your work is needed to ensure that our community grows in a constructive way that mirrors our priorities.

Sincerely,



March Gallagher  
Ulster County Comptroller