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Policy Crossroads: Reconsidering IDA Housing Tax Breaks in New York

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This report was written by Camille Brady, Hannah Kim, and Megan Gmytrasiewicz, an undergraduate student team in the 2024-2025 [State Policy Advocacy Clinic](#) at the Jeb E. Brooks School of Public Policy at Cornell University. Ron Deutsch, Senior Policy Fellow at Reinvent Albany, Elizabeth Marcello, PhD, Policy Fellow at Reinvent Albany, and Rashida Tyler, Deputy Director of the New York State Council of Churches all worked closely with students in The State Policy Advocacy Clinic at the Brooks School of Public Policy at Cornell University to prepare this report. John Kaehny, Executive Director of Reinvent Albany, and Neil DeMause also provided editing and technical expertise on this report.

The State Policy Advocacy Clinic is an academic course designed to teach students public policy research, design, and advocacy skills. The Clinic does not represent or speak for Cornell University or the Jeb E. Brooks School of Public Policy. Inquiries regarding this report should be directed to Alexandra Dufresne at alexandra.dufresne@cornell.edu.

Table of Contents

1. Introduction
2. Overview of General Municipal Law and Public Authorities
3. Constitutionality Concerns
4. Governor Hochul’s Executive Order No. 30
5. Legitimacy
 - a. Lack of Government Accountability and Transparency
 - b. Lack of Community Representation
 - c. Conflicts of Interest
6. Job Permanence
7. Quantifying Housing Activity
8. IDA Housing Abatements Case Study: Library Place
9. Legislative Landscape: Proposed and Enacted IDA Reforms
10. Recommendations and Further Questions
11. Conclusion

Introduction

We were prompted to write this report because of what many longtime fiscal watchdogs perceive as a rapid increase in the number and size of housing projects being subsidized by New York State's 107 local Industrial Development Agencies (IDAs) and calls by the governor to increase such subsidies. Some experts on New York State governance believe IDA housing subsidies are contrary to both the enacting legislation and the economic development section of the state constitution (Article VII, Section 8). Additionally, a number of state legislators and independent experts say IDA housing subsidies are bad policy because they create today's housing with tomorrow's property taxes – revenue that would otherwise pay for the very schools, parks, roads, and police and fire services used by the residents of the newly created housing.

New York's IDAs are [local public authorities](#) allowed by a 1969 state law that permits them to subsidize, usually through property tax abatements, local business and real estate projects that: 1) promote economic welfare within the locality, 2) create jobs, and 3) could not be completed without a public subsidy. New York's IDAs currently provide about \$1.1 billion in annual subsidies and have traditionally [focused on industrial and commercial projects](#).

In this report, we examine the democratic and fiscal implications of allowing IDAs to subsidize housing development, including a case study of the Tompkins County IDA's housing projects and an exploration of the constitutional frameworks governing IDAs.

Key Findings

1. **IDA Housing Development Constitutional and Legal Concerns:** IDAs are broadening their scope and moving past their original legislative intent by subsidizing housing development. A plain reading of the state constitution seems to prohibit IDAs from subsidizing housing, whether affordable or market rate.
2. **Community Issues with IDA Housing Projects:**

- a. IDA boards poorly represent the breadth of the communities they cover, with no requirements to include members of groups that would be affected by projects or affected by the reduction in future local revenue caused by IDA tax abatements.
 - b. IDA projects are often presented as necessary to increase housing affordability, but only about one-quarter of units built by IDAs are below-market, and much of the resulting development is out of financial reach to the majority of local residents.
 - c. Housing projects typically only provide temporary construction employment, and IDAs' stated mission is to produce permanent job gains.
3. **Greater Oversight of IDAs Needed:** Both the Authorities Budget Office and the Office of the State Comptroller perform audits of IDAs, but they are too heavily reliant on self-reported data that is often insufficiently sourced and unreliable. The history of IDAs includes substantial conflicts of interest and corruption, with little oversight to prevent further abuses of power. In order to create greater transparency and accountability, eliminate conflicts of interest, and ensure projects are compliant with existing laws and communities benefit, greater oversight and investigation is needed.
4. **New Legislation Needed to Limit Scope of IDAs:** Legislation is needed to limit IDAs and their ability to provide PILOT payments using local school tax revenues, create better community representation of stakeholders, and ensure data provided by IDAs is accurate and thorough.

General Municipal Law and Public Authorities Law Overview

IDAs derive their authority from [Article 18-A of the General Municipal Law \(GML §§ 850-888\)](#). IDAs were [authorized by the state Legislature](#) as public benefit corporations created by counties, cities, towns, and villages to “promote the economic welfare and prosperity of the State’s inhabitants and to actively promote, attract, encourage and develop economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration.”

IDAs are also regulated under portions of the [Public Authorities Law](#), which governs transparency, accountability, and financial reporting for public benefit corporations across the state. The interplay between these two statutes raises questions pertaining to legal authority, oversight, and constraint for IDA operations.

Statutory Purpose and Permissible Powers: IDAs are not state agencies, but operate with state-delegated powers. Under [General Municipal Law § 858](#), IDAs may exercise a range of powers to fulfill their economic development mission. These include:

1. Acquiring, constructing, or improving facilities
2. Entering into lease, sale, and financing agreements
3. Issuing tax-exempt or taxable industrial development bonds
4. Providing real property tax abatements through payment in lieu of taxes (PILOT) agreements
5. Conveying property to project users once obligations are met

These powers are explicitly public in nature, but the projects themselves may involve private beneficiaries under the condition that they serve broader economic development goals.

Eligible Project Types: As defined in [GML § 862](#), IDAs may support a range of projects, including:

1. Industrial, manufacturing, warehousing, and commercial facilities
2. Research and development enterprises
3. Civic facilities for not-for-profit corporations (e.g., hospitals, educational institutions)
4. Renewable energy and certain tourism-related projects

Framework of Public Authorities Law: While the General Municipal Law establishes IDAs, their governance and financial practices are further shaped by the [Public Authorities Accountability Act of 2005](#) and the [Public Authorities Reform Act of 2009](#), which amended the Public Authorities Law to introduce:

1. Mandatory financial disclosures

2. Annual reporting to the [Authorities Budget Office \(ABO\)](#)
3. Requirements for independent board governance and conflict of interest policies
4. Enhanced transparency for transactions, including project-level data

IDAs are required to register and file reports through the [Public Authorities Reporting Information System \(PARIS\)](#) to ensure public access and oversight.

Constitutionality Concerns

It is an open question whether the New York State Constitution allows IDAs to subsidize housing.¹ Article VII, Section 8, Paragraph 2 of the [constitution](#) states: “Subject to the limitations on indebtedness and taxation, nothing in this constitution contained shall prevent the Legislature from providing for the aid, care and support of the needy directly or through subdivisions of the state.”

Article VII, Section 8, Paragraph 3 [states](#): “Nothing in this constitution contained shall prevent the Legislature from authorizing the loan of the money of the state to a public corporation to be organized for the purpose of making loans to non-profit corporations or for the purpose of guaranteeing loans made by banking organizations, as that term shall be defined by the Legislature, to finance the construction of new industrial or manufacturing plants, the construction of new buildings to be used for research and development ... provided, however, that any such plants, buildings or facilities or machinery and equipment therefor shall not be (i) primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services or **(ii) used primarily as a hotel, apartment house or other place of business which furnishes dwelling space or accommodations to either residents or transients.**”

If the housing subsidized by IDAs is below-market housing for the poor, arguably it could be seen as falling within Article VII, Section 8, Paragraph 2. However, Article VII, Section 8, Paragraph 3 is the provision that addresses IDAs specifically, and it takes care to prohibit loans for facilities “used primarily” for housing. Generally, specific constitutional language is understood to trump broader language.

¹ We thank Professor Edward W. De Barbieri of Albany Law School for his helpful advice on this issue.

In practice, [lawmakers and regulators are split](#) on whether IDAs can grant exemptions to projects that include housing construction. IDAs continue to grant exemptions to projects that include housing, and [courts continue to find taxpayers lack standing](#) to challenge them. The state constitution is unlikely to limit exemption activity in this area so long as the Legislature does not specifically prevent it. In regard to job creation tax credits, the state constitution prevents transfers to private businesses, and yet courts have [not been willing to prohibit them](#) if the Legislature permits them.

In summary, IDAs can do whatever the Legislature, courts, and the Authorities Budget Office (through the Department of State) will permit. If developers make the argument that the housing included in a project subsidized by IDAs is necessary for the workforce needed for industrial or economic development, it is possible that such a project might be on firmer ground to justify the IDA subsidy. However, if the housing subsidized by IDAs is too expensive for workers or low-income people, the argument that IDA housing subsidies are unconstitutional becomes stronger.

Governor Hochul's Executive Order No. 30 (July 2023)

In July 2023, New York State Governor Kathleen Hochul issued [Executive Order No. 30](#), “Directing State Agencies, Authorities, and Entities to Prioritize the Allocation of Certain Discretionary Funds to Those Localities That Promote the Construction Of Housing.” The executive order aims to address the housing crisis in New York by calling for localities to encourage the construction of housing. Additionally, the order creates a “Pro-Housing Community Program Certification” to be awarded by the Division of Housing and Community Renewal for localities that have taken steps to increase housing growth. This authorizes state agencies, authorities, and other state-controlled bodies that oversee state housing incentive programs to prioritize funding to localities that applied to these various programs. Municipal housing authorities are empowered to [prioritize funding for certified localities](#).

IDAs have interpreted the executive order as authorization to increase tax breaks for housing developers. IDAs’ main purpose is to support economic development and increase job opportunities;

they are not explicitly authorized by the state to subsidize housing. The executive order gave public agencies, including IDAs, consideration to [expand their goals](#) to encompass housing creation. This also encourages IDAs to support housing projects by giving out subsidies and tax breaks to developers.

Governor Hochul's 2025 Housing Priorities

Governor Hochul has set housing as a major priority for 2025, including increased funding and incentives for infrastructure development. As a part of her [2025 State of the State address](#), Hochul proposed investing in critical housing infrastructure projects, helping nonprofit affordable housing owners qualify for self-insurance programs (known as insurance captives), reducing taxes on Mitchell-Lama buildings in NYC to provide additional assistance beyond tax abatements, and more.

Additionally, solutions to the housing crisis were presented in Governor Hochul's [FY 2025 Executive Budget](#), which proposed:

- Giving localities receiving Pro-Housing Community certification access a total of up to \$650 million in state discretionary funding
- Dedicating \$500 million in capital funds to developing up to 15,000 housing units on state-owned property
- Legislation to increase the housing supply in New York City, including new tax incentives, authority for the city to lift outdated residential density restrictions where appropriate, incentives to encourage affordable housing in office conversions, and a path toward legalizing basement and cellar apartments
- Legislation to increase protections for affordable housing providers by prohibiting insurance carriers from raising premiums on property owners based on tenant source of income, the existence of affordable housing units, or the receipt of government assistance
- Legislation to protect homeowners by creating a clear definition of the crime of deed theft to help enhance enforcement and other measures

Several of these items encourage IDAs to continue shifting their focus toward housing development. Additionally, with the \$500 million in capital funds being dedicated to developing

housing units, opportunities for IDAs to collaborate with housing projects will likely increase. By including new tax incentives and authorizing New York City to remove outdated residential density restrictions, room for housing development will likely expand. Despite the various benefits this will have for the housing crisis, it may present potential negatives through increased IDA participation in residential development.

By enacting these various housing development initiatives in conjunction with Executive Order No. 30, the state is providing IDAs with increased opportunities to engage in creating housing projects. As mentioned previously, this is not the original purpose of IDAs, bringing into question the effectiveness and democratic nature of IDA involvement in housing. With economic development being vastly different from community building, there are many factors that might be overlooked, contributing to a variety of issues.

Lack of Government Accountability

Because IDAs are quasi-governmental bodies and therefore not subject to the same oversight as routine government agencies, there have been a number of inconsistencies regarding accountability and transparency. IDAs are currently subject to providing [annual reports](#) to the:

- New York State Comptroller
- New York State Governor
- Chair and ranking member of the Senate Finance Committee
- Chair and ranking member of the Assembly Ways and Means Committee
- Authorities Budget Office

To maintain transparency, IDA financial statements [must be annually audited by an independent certified public accountant](#) and then submitted to the Office of the State Comptroller (OSC). Legislation passed in 1993 requires IDAs to adopt a uniform tax exemption policy, which more easily enables the state comptroller to ensure that IDAs have submitted substantially complete [financial statements](#). If an IDA fails to submit an audited statement, or if the comptroller finds it inadequate, the comptroller must send a series of notifications and potentially [suspend IDA operations](#). Although

the number of IDAs that have faced suspension is actually quite small, many more have been notified by the comptroller's office about gaps in their reports. A number of studies indicated inconsistencies and inaccuracies within annual reports, with nearly 3,500 projects obtaining IDA-related benefits without providing necessary data. For example, in 2004, out of the 3,474 projected reports, 521 [failed to provide complete reporting job data](#).

In June 2016, a number of legislators took steps to bring greater transparency and accountability to IDA operations. For example, a [new law](#) required a standard application for requests for financial assistance, uniform criteria for evaluation and project agreements, annual project progress assessments, and policies to recapture financial assistance provided. Furthermore, the Legislature added a [“but for” principle](#) to the financial assistance application that works as a standard for filtering applications for tax breaks. It asks, “Will a project indeed move forward if the IDA doesn't grant the requested incentives?” with the aim of minimizing the number of unnecessary tax abatements.

State Comptroller and IDA Oversight

The OSC monitors IDAs and publishes an annual IDA report, covering any failure to comply with duties or lack of administrative and financial oversight. Additionally, the report facilitates an [interactive regional map of IDA data](#), presenting the total project values, tax exemptions, and benefits estimates for various regions. These general recordkeeping measures are utilized to keep checks on the agencies. In 2022, according to an annual OSC report, tax exemptions for IDA projects totaled nearly \$2 billion, with real property taxes being the [largest total exemption at \\$1.7 billion](#).

Despite attempts by the comptroller's office to monitor IDA projects and financial data, gaps remain. For instance, various investigations into specific IDAs have found instances of misconduct and failures to comply with existing laws. For instance, after the Orange County Legislature [raised concerns](#) about its IDA in January 2021, the Orange County District Attorney's Office and OSC conducted an investigation that unearthed [a web of conflicts and corruption](#).

Exhibit #1: [Joint Investigation of the Orange County Industrial Development Agency](#)

In 2021, the comptroller's office came out with an investigation of the Orange County IDA, stating its failure to monitor its Accelerator program. This program was created to stimulate economic development by assisting start-up companies with various tools and subleased property needed to develop into independent businesses. The board gave nearly complete control of the program to its managing director Vincent Cozzolino, co-owner of Galileo Technology Group (GTG). Cozzolino was then able to influence the board to enter into contracts benefitting GTG, in a major conflict of interest.

Additionally, Cozzolino was able to strategically place GTG employees close to him in the IDA, as well as to pay off others with outside employment opportunities. Orange County IDA board member Edward Diana, who had previously served on the IDA board's audit committee, was hired by GTG after his reappointment to the IDA; as chair of the IDA's Accelerator Committee, he was able to oversee and directly vote on approving projects. When questioned by New York State Senator James Skoufis, chair of the Senate Investigations and Government Operations Committee, IDA CEO Laurie Villasuso lied about the number of people on the board who had conflicts of interest.

The investigation uncovered that GTG gained \$2,500,000 from the Accelerator program. It concluded with Cozzolino pleading guilty to corrupting the government in the third degree, Villasuso pleading guilty to the fourth degree, and Diana pleading guilty to offering a false instrument for filing and committing a prohibited conflict of interest. Through the plea dispositions, Cozzolino agreed to pay restitution of \$1,000,000, while Villasuso and Diana agreed to respectively pay \$1,750,000 and \$90,000 to the IDA by September 10, 2021.

Though the comptroller's office eventually discovered corruption at the Orange County IDA and acted against it, Cozzolino had been able to engage in these unlawful activities for a number of years before they were discovered. In order to address the lack of oversight, the state hired Brian Sanvidge to monitor the Orange County IDA. Yet his position is directly funded by the IDA, as stated in the [state budget proposal](#) made by state Senator James Skoufis. This highlights the insufficiencies in oversight and accountability measures by the various offices, pointing toward the necessity of an independent monitor for certain IDA boards.

Furthermore, following the comptroller's [2023 Annual Report](#), that office only published [six audits of IDAs](#) among the 107 audits it conducted during 2022, three of which observed issues in monitoring practices and approvals. This includes deficiencies in adequately documenting the evaluation and approval process, verifying applicants' project information, completing cost-benefit analyses, and continuing to monitor projects. The audits highlight the prevalence of IDAs' failure to comply with their duties and the shortcomings in their administrative and financial oversight. Without stronger enforcement mechanisms, these inconsistencies are likely to continue to go unaddressed.

Internal corruption and conflict of interest is often not easily noticed by the comptroller's office, which rarely examines individual subsidy deals. Rather, it typically analyzes trends in overall data about projects statewide, leaving most oversight to IDA board members. Without clear guidelines and requirements to be board members, there are instances where people are appointed based on political connections rather than financial expertise and previous experience of IDA-related work. This leaves much of the individual project monitoring, analysis accuracy, and community impacts for IDA support staff to manage. Unless egregiously illegal activity occurs or the community is directly harmed, problems are not regulated or deterred effectively. Aiming to mitigate these issues, school districts have increased calls to reserve a seat on each IDA board for a school board member.

Authorities Budget Office and IDA Oversight

The Authorities Budget Office (ABO) was established through the Public Authorities Accountability Act of 2005. In 2009, the ABO was reorganized through the Public Authorities Reform Act, which outlined new [responsibilities and duties](#), including:

- Conducting reviews and analysis of operations and practices of state and local authorities to assess their compliance with the law
- Maintaining a comprehensive inventory of annual reports from state and local authorities
- Making recommendations to the Legislature and governor on how to improve structure and oversight of state and local authorities

Additionally, the ABO has regulatory powers over authorities to aid in accomplishing the above duties. These include:

- Requesting and receiving information, documentation, and cooperation from any state or local authority as necessary for the ABO to perform its duties
- Receiving and acting on complaints from the public related to any authority
- Initiating formal investigations in response to complaints or noncompliance from authorities
- Issuing subpoenas in relation to investigations
- Publicly warning and censuring authorities for noncompliance
- Recommending suspension or dismissal of officers by entities that appointed them
- Reporting suspected criminal activities to the attorney general and prosecutorial agencies
- Compelling any authority that is not in compliance to submit a detailed explanation to the ABO on its failure to comply

Furthermore, according to [Section 2800](#) of Public Authorities Law, authorities are obligated to submit annual reports and financial statements to the ABO. The ABO publishes datasets compiled from the information submitted, covering [eight fiscal years](#) of IDA project data. The Public Authorities Reporting Information System (PARIS), managed by the ABO, compiles IDA data, requiring IDAs to identify the primary purposes of their projects. The ABO organizes IDA information by creating a directory of [annual reports](#) and statements. However, the ABO states that it is not responsible for “[verifying the accuracy or reasonableness of the data reported](#),” emphasizing the necessity for individual IDAs to clarify details.

[Exhibit #2: Testimony before the NYS ABO on IDA Oversight](#)

In September 2018, David Friedfel, the director of state studies for the Citizens Budget Commission (CBC) addressed a set of regulations proposed by the Authorities Budget Office aimed at creating additional disclosure requirements for IDAs. He commended the proposal for advocating for greater transparency from IDAs in reporting project approvals and data. Despite these positive steps, he acknowledged community concerns about the ABO’s lack of enforcement powers, mentioning its inability to suspend noncompliant IDAs. Furthermore, he discussed the need to expand ABO

resources to present a more thorough analysis of the data put into the Public Authority Reporting Information System.

The ABO is also authorized by [Title 2](#) of the Public Authorities Law to assess public authorities' compliance with relevant state statutes by analyzing their operations and reviewing their practices. Accordingly, the ABO conducts audits of individual IDAs, in order to correct data discrepancies and find inconsistencies among reports submitted by the IDAs. However, as highlighted in the mandates listed above, the ABO's measures supporting accountability are heavily limited to warning, recommending, reporting, and publicizing concerns that arise. Without the ability to administer suspensions and obtain definitive IDA data, it is difficult for the ABO to maintain accountability and oversight. State representatives and nonprofits have expressed concerns that the ABO lacks the necessary power to effectively regulate IDAs, especially in regard to housing.

[Exhibit #3: Authorities Budget Office's Statement on the Orange County Industrial Development Agency](#)

In 2023, James Skoufis, state senator for the 42nd District, and Jeff Pearlman, director of the ABO, spoke out on the legitimacy of IDAs' involvement in housing development. Discussing the Orange County IDA's use of property tax breaks for housing, they highlighted how housing should not be within the scope of IDA projects, since it is not industrial. Furthermore, the purpose of IDAs is to aid in long-lasting job creation, and housing development projects fail to meet this goal.

It is clear that even the ABO itself has concerns about IDAs' involvement in housing, thanks to major discrepancies with the agency's goals. Given the ABO's limited ability to supervise IDAs, their participation in housing projects could lead to more underregulated impacts on local communities.

Legislation Targeting Greater Accountability Through Transparency

After [seven iterations](#) of a bill to establish a searchable database of subsidies and economic development benefits issued by local authorities, the Legislature finally passed [Senate Bill S1737](#) into law in the [2023-2024 legislative session](#), and the database [is now available online](#).

The bill amended the Public Authorities Law by allowing the ABO to outline the aggregate amounts of [state investments](#) in IDA projects. The database also includes rates of job permanence, so authorities can get a better picture of how occupationally viable these projects are. One of the primary issues for economic development projects subsidized by IDAs is their ability to create long-term jobs. Often, the bulk of jobs on a housing project site are part-time, temporary construction jobs. Modeled after Empire State Development's database, the searchable database includes:

- Project name
- Project information
- Location
- Amount of time the benefit will last
- Number of employees
- Number of jobs to be retained or created
- Type of benefit received
- Total benefits received
- Amount of public and private funding
- Project compliance

[Exhibit #4: Memo In Support of S1737/A6762](#)

Reinvent Albany, Common Cause, Citizens Union, League of Women Voters, and New York Public Interest Research Group signed a memo in support of S1737/A6762 in February 2024. The memo explained major concerns about the public's lack of awareness around potential revenues lost by IDAs and the economic effectiveness of its incentives. Furthermore, it highlighted the importance of turning tracked estimates of how much state agencies spend on tax incentives into precise data.

Lack of Community Representation

The composition of IDA boards plays a crucial role in determining how responsive these entities are to the communities they are supposed to serve. Under the current structure, most IDA boards consist of three to seven unpaid members, typically appointed by the governing body of the sponsoring municipality – often a county executive or local legislative body. These appointees may include local government representatives, employees, or officials or members of school boards or of organized labor or business groups. However, there is no requirement that boards be proportionately representative of the community or reflect the demographics or interests of affected constituencies. This lack of mandated representation raises questions about the degree to which IDAs are aligned with the needs of their local communities, particularly in cases where public resources are allocated with limited input from schools, labor organizations, or neighborhood-based groups. The Industrial Development Agency Act’s broad interpretation of eligible board members often results in boards dominated by strategic appointees or individuals without a direct connection to impacted communities.

Board capacity is another major problem across IDAs, as many operate with minimal support staff – typically only two to three employees each – which significantly limits their ability to independently verify complex financial data submitted by developers. In such cases, boards often rely on external consultants to provide financial analysis and project evaluation. This can yield uneven oversight, particularly when board members themselves lack formal training in finance or economic development. As a result, decisions can rely more on external advice than internal expertise.

In response to these concerns, legislation has been introduced to improve board inclusivity. In 2023, Senator Shelley Mayer and Assemblymember Michaelle Solages introduced [S7347](#), which would require each IDA board to include either school district personnel or a labor representative. The bill is intended to enhance public accountability and ensure that key community interests are accurately represented in decision-making processes that impact taxpayers. After the bill was vetoed by Governor Hochul during the 2023-24 legislative session, it was reintroduced in 2025. If enacted, this bill would

mandate a more balanced and representative board composition, with potential implications for how IDAs evaluate the public benefits of the projects they approve.

Conflicts of Interest and Transparency

Because IDA spending is not included in the state budget, many cases of internal differences that impact authorities' decisions remain not fully publicized. Transparency of IDA meetings and decisions vary widely, as do policies for addressing potential conflicts of interest among board members. Analyzing the various experiences of community members, previous IDA board members, and developers, we will assess the concerns of unfairness and biases that may exist.

Exhibit #1: Rashida Tyler, Former Ulster County IDA Board Member

Rashida Tyler is a former board member of the Ulster County IDA (UCIDA) between the years of 2022 to 2024. She was not on the IDA board when [the Kingstonian project](#), a plan to provide housing and other development in the city of Kingston, was approved. Tyler was originally recruited to the board to advocate for community responsiveness and greater public engagement following the public outcry of the Kingstonian decision. The role of the UCIDA has been historically ineffective in addressing housing issues, and public perception of the IDA was generally negative.

Tyler explains that the Kingstonian project in particular was a catalyst for housing-related IDA activity. The project was intended to be a transformative affordable housing initiative for the City of Kingston, with its advocates claiming that it would create large-scale community benefits at little public cost. A [proposed \\$57 million plan](#) consisting of 143 apartments, a boutique hotel, retail space, and a garage, the development plan heavily outlined government funding, with a revised agreement that lowered the total tax break to \$28 million from the original goal of \$30 million and increased the intended PILOTs to approximately \$5 million.

Despite the various promises made about the Kingstonian, Tyler explains, there was enormous community pushback on the project. With only 14 affordable housing units, the project was seen as insufficient to address the community's housing needs.

Tyler also expresses concerns about the dynamics among IDA board members around economic decisions. She alleges that there were various cases where board members were appointed based on personal relationships, despite potential conflicts of interest. For these reasons, Tyler claims, there was apparent favoritism in the decision-making and project approval process, directly impacting which projects the IDA took on.

IDA boards' ability to issue, approve, and extend tax abatements for various projects can result in large-scale community impacts. However, since IDA boards are appointed, community members have limited say in who makes IDA decisions. Issues of conflicts of interest come down to individual board policies and the limited oversight available via the comptroller's office, the Authority Budget Office, and the local district attorney's office.

Conflict of interest policies often vary depending on the IDA, a situation that can create unequal oversight. This can lead to cases where board members make decisions that benefit their close relationships with certain developers. The Ulster County IDA's conflict of interest policy takes into account [recommendations from the ABO](#), outlining specific rules to avoid perceived or actual conflicts. However, such terms as "personal interest" and "personal advantage" are [not clearly defined](#), leaving room for loopholes. Gray areas can include cases where board members have close relationships with developers but do not receive direct financial gain from the transaction.

When there is a potential case of conflict of interest, Ulster County IDA board members have a [duty to disclose](#) it to the IDA's governance committee and/or ethics officer. Furthermore, they are [expected to seek guidance](#) from counsel or New York State agencies, including the Authorities Budget Office, the State Inspector General, or the New York State Commission on Ethics and Lobbying in Government. The IDA's Governance Committee Charter [requires the governance committee to have three members](#) – at least two of whom must be independent of the board as defined by [Article II, Section 1\(B\)](#) of the bylaws of the IDA. The members can be appointed and serve at the discretion of the board. Yet, the UCIDA website shows that as of June 2025 the governance committee consists of three members who are all board members. Even worse, many other IDA boards lack any ethics or

governance committee, leaving many cases of conflict of interest to go unchecked. And in some cases, conflicts of interest have not been fully disclosed, as was discovered with regard to the Tompkins County IDA.

Exhibit #2: [Failure of Tompkins County IDA to Disclose Conflict of Interest](#)

When the ABO conducted its operational review of the Tompkins County IDA in 2018, it discovered various conflict of interest issues. According to the agency's established code of ethics, conflicts are limited only to instances of employment, direct investments in transactions, and payments for services. The ABO found that in 2016, two members of the agency's board were simultaneously serving on the board of directors for Tompkins County Area Development (TCAD), the region's economic development nonprofit. The individuals did not disclose this potential conflict even as they approved a \$262,000 contract with TCAD in 2016 and a \$314,000 contract in 2017 to provide the IDA with administrative services.

With growing concerns about conflicts of interest on IDA boards, a number of IDAs have made increased efforts to avoid these issues. In recent years, many boards have taken stronger initiatives to avoid any appearance of potential corruption or biased decision-making.

Exhibit #3: Ducson Nguyen, Current Tompkins County IDA Board Member (Part 1)

Ducson Nguyen has served on the Tompkins County IDA board for 2.5 years. Through his time on the board, he has observed that other members have taken conscientious steps toward avoiding and disclosing all potential conflict of interest cases. Beyond submitting an annual conflict of interest form required by the state, says Nguyen, many members have been transparent about their relationships with clients, working to prevent any biases that could occur.

Through greater awareness of these issues, IDA board members can take beneficial steps to reduce occurrences of unfair decision-making. Yet, without stronger standardized requirements across all IDA boards, conflicts of interest may continue to be a problem. It is imperative that stronger compliance initiatives and disclosure processes are established through legislation.

Purpose of IDAs and Conflict With Their Role in Housing

Besides concerns about individual board members, there are also worries regarding the original purpose of IDAs and how it can conflict with their involvement in housing development. As mentioned, IDAs' predominant goal is to create long-term jobs for the community and help foster economic growth. New York State law requires IDAs to [submit the number of jobs that each project would create and retain](#), as well as the number of employees present at the beginning of a project. However, this is often different from how housing developments and their community benefits are assessed, which usually includes such factors as [community satisfaction, income, and accessibility](#). Despite the welcomed push toward transparency, evaluating housing projects on the basis of job creation reinforces this as the role of IDAs, making it a poor measure of IDAs' influence in the housing sector. Therefore, due to the different inherent purposes of IDAs and housing development, the agencies' assessment of how to measure project success and whether to approve specific projects can be fundamentally incomplete.

To address this discrepancy in expertise, some IDA boards have established housing committees featuring an expert in county or urban planning. For example, the Tompkins County IDA currently has a [Housing Committee Ad Hoc](#) that includes members of the Tompkins County Department of Planning and Sustainability and the Ithaca Urban Renewal Agency, along with three from the IDA board itself. Additionally, the IDA's advisory board currently includes a member of the Tompkins County planning department. Through this, the board is able to incorporate perspectives and opinions from community development experts, assisting the IDA in its decision-making around project approvals. However, a handful of IDAs still lack specific housing-oriented committees or experts in community planning.

Exhibit #4: Ducson Nguyen, Current Tompkins County IDA Board Member (Part 2)

Nguyen is a big advocate for increasing housing development in Ithaca, explaining that the majority of the projects that the Tompkins County IDA takes on are residential-related. Despite the IDA's strong involvement in housing development, Nguyen acknowledges, many of the board members are not housing development or finance experts, relying heavily on a few expert staff. He further explains that the Tompkins County IDA's housing programs were generally conducted in coordination with the city of Ithaca and predated Governor Hochul's executive orders, during a time where there was almost no new housing construction in Ithaca. However, the program does not significantly target affordable housing, giving developers the option of either allocating at least 20% of their development to affordable units or contributing money to a community housing fund – most select the latter option. Additionally, Nguyen explains that applications for projects go directly to the IDA board, while the housing committee meets to address more policy-oriented issues. Currently, this committee has met only two or three times since Nguyen joined the IDA board two and a half years ago.

With the rising need for housing in Ithaca, it is evident that increasing residential projects can be beneficial, and it is a major focus of the county IDA. However, with little pressure to create affordable workforce housing, many of these developments struggle to maximize community benefits. With this being a major point of concern, there is a strong necessity for transparent data and cost-benefit analyses to accurately assess the effects of a potential project approval.

Unreliable Data and Lack of Internal Oversight

In addition to the lack of government accountability mentioned in the previous section, numerous IDAs have had internal conflicts around reporting and review of data. [State auditors](#), independent evaluators and [nonpartisan policy institutes](#) have expressed concerns about limited oversight of financial transactions and reporting obligations. Furthermore, despite certain IDAs understanding that their cost-benefit analyses are not wholly accurate, they have continued to approve

projects based on these faulty numbers, bringing into question the supposed “unbiased” nature of their decision-making.

Exhibit #5: Kingstonian Project Promoted With Fake Data

When the Hudson Valley Vindicator analyzed the Kingstonian project’s cost-benefit analysis and application submitted to the UCIDA, there turned out to be discrepancies in a variety of numbers and statements. The project application to the IDA directly states that the Kingstonian will create 40 permanent jobs, with 80% paying livable wages (\$15 an hour – the current minimum wage). Despite this, in September 2020, the developer told the IDA the project would only create 14 jobs. With the project set to receive a subsidy of \$28 million in local tax breaks, this would mean a cost of \$2 million per job created. Furthermore, three economic consultancies tasked with producing tax revenue projections of the Kingstonian project produced potential data inconsistencies:

Camoin Associates: As initially discussed in a [2013 article](#), the former Camoin Associates Vice President Michael N’dolo directly mentioned how PILOT tax breaks can hurt school districts. The Kingstonian project’s fact sheet discusses the Camoin projections. However, a larger issue with the report is that it discreetly states that the information is for “discussion purposes only,” and Camoin did not attempt to verify its accuracy.

National Development Corporation: In October 2020, the National Development Corporation was tasked with producing a benefits analysis report for the project. However, after the consultants originally found that the project would create a \$3.4 million loss for the community, County Executive Patrick Ryan facilitated a meeting with the developers, the UCIDA, and county executives. A few days later, a second report projected \$256,000 in benefits.

Center for Governmental Research: The Center for Governmental Research had used various software products to project public benefits of the Kingstonian project. However, as with Camoin’s projections, the company does not verify the information provided by the developers that they feed into its algorithms. The center says it makes no representations with respect to the accuracy of the data analyzed by the software, since it is supplied by the developers.

When boards are able to push economic consultants to produce data favorable to the IDA's goals, it raises concerns of reliability given potential recklessness and ulterior motives. With the possibility for systemic biases and the use of skewed numbers, [experts have expressed rising concerns](#) about the use of false data by corporations and IDAs to win project approvals.

Exhibit #6: [Tompkins County IDA and Unreliable Data](#)

In the ABO's operational review of the Tompkins County IDA (TCIDA) in 2018, it was discovered that the IDA did not always provide accurate cost-benefit analyses. Between 2016 and 2017, the authority approved 15 projects, but only produced five reliable and completed cost-benefit analyses. The analyses for two projects contained misleading property tax abatement information, five projects did not include sale or mortgage tax exemptions, and two had inaccurate job creation data. Additionally, in one instance the board approved increasing support for a project without issuing a new cost-benefit analysis, despite major changes having been made to the development plan. The cost-benefit analysis for the project, with Harold's Holding LLC, was originally correctly set to show a property tax abatement of over \$3.6 million. However, changes were made in order to comply with energy efficiency measures set by the TCIDA. Four months later, the board increased the approved property tax abatement to over \$4.8 million – yet never issued a revised cost-benefit analysis.

However, since the ABO's operational review, the Tompkins County IDA has relied heavily on expert staff to validate the financial need of projects, as well as to provide cost-benefit analyses. Nguyen further addresses his concern that a lack of bandwidth can hamper the approval process:

Exhibit #7: Ducson Nguyen, Current Tompkins County IDA Board Member (Part 3)

Given the multitude of factors IDAs must consider before approving potential projects, Nguyen recommends hiring an independent consultant to assess whether applicants demonstrate genuine financial need. He notes that board members often lack the specialized financial expertise required to evaluate every proposal thoroughly, and IDAs typically operate with only two support staff, limiting their capacity for in-depth analysis and confidence for project approval.

Despite the high priority the IDA board places on presenting data that has been approved by experts, low staffing levels can present a major obstacle to data transparency. In addition to Tompkins County, community members and organizations in other regions have expressed concern about the deficiency of experts and lack of oversight on skilled decision-making among boards of other IDAs as well. IDAs need to incorporate stronger mechanisms for requiring housing development and community planning experts on their boards, while conducting multiple reviews of cost-benefit analyses.

Low Job Permanence and Questionable Economic Impact

Job permanence remains a primary concern when evaluating the legitimacy and long-term impact of Industrial Development Agency activity. One of the primary functions of an IDA is to support sustained economic development through job creation and retention. However, when IDAs subsidize housing-related projects, the types of employment generated are often temporary or marginal in nature. Most occupations associated with these developments are short-term construction positions. While some permanent roles – such as project managers, maintenance staff, or small business operations in mixed-use complexes – do exist, these positions tend to be limited in number and pay lower wages. This caveat raises questions about whether such projects fulfill the economic development mission under which IDAs operate.

In addition to the transitory nature of employment tied to housing development, some IDA-backed projects generate employment opportunities that do not necessarily benefit in-state residents. For example, IDAs have occasionally subsidized manufacturing or commercial facilities for out-of-state companies seeking to establish operations in New York. Although such projects may produce a measurable number of jobs, the workers hired are not always New York residents. This disconnect between local subsidy and local benefit has prompted a legislative response from Senator Dean Murray, who [reintroduced bill S1969](#) this past session. This legislative proposal would require IDAs to only count jobs filled by New York state residents when reporting on job creation or retention for subsidized projects of any kind. The bill seeks to ensure that public incentives are producing verifiable in-state economic returns, rather than inflating job metrics with out-of-state labor.

Compounding these concerns is the difficulty of verifying job creation and retention outcomes for IDA-backed projects. While IDAs are [legally required](#) under §859 of the General Municipal Law and §2800 of the Public Authorities Law to [submit annual reports](#) detailing financial assistance and employment outcomes to the New York State Authorities Budget Office, there is a notable enforcement gap because the ABO does not verify the accuracy or reasonableness of the data reported. As a result, job figures submitted by IDAs lack precise confirmation, which makes it challenging to determine whether projects are meeting their stated employment goals or generating meaningful local impact. The absence of standardized accountability measures raises broader concerns about how the public can evaluate the true effectiveness of IDA subsidies and tax abatements. Recent legislative efforts have attempted to address this lack of transparency, particularly in relation to IDA bookkeeping and the oversight of PILOT agreements. Assemblymember Edward Flood’s bill ([A5793](#)) and a corresponding bill sponsored by Senator Shelley Mayer and Assemblymember Michaelle Solages ([S5563/A7666](#)) propose extending audit authority to county-level comptrollers. These measures would allow local auditors to review IDA operations and financial records – particularly when PILOT agreements are being renewed or renegotiated – to add an important layer of local accountability and oversight.

In tandem, these bills respond directly to the issue of off-budget financing. Because IDAs do not appear as line items in local government budgets, they are able to distribute financial assistance through tax abatements, tax-exempt bond financing, and lease agreements with limited legislative supervision or public criticism. As a result, the economic development role played by IDAs is largely insulated from standard public finance mechanisms. In the context of housing-related development – where job permanence is minimal, reporting is inconsistent, and auditing authority is limited – questions arise as to whether the benefits of IDA subsidies and tax abatements are equitably distributed or adequately documented.

Quantifying Housing Activity by Industrial Development Agencies

While IDAs are not explicitly granted statutory authority to subsidize housing-related projects, no statute expressly prohibits such activity. This legislative loophole has allotted IDAs considerable

discretion, allowing them to approve housing developments that arguably stretch the intent of their statutory mandate under Article 18-A of the General Municipal Law.

Between 2018 and 2022, data compiled by the New York State Economic Development Council recorded [425 IDA-approved projects](#). These projects collectively resulted in the [construction of 39,625 new housing units](#), approximately 25% of which – 10,080 units – were designed or designated as affordable. The total capital investment across these developments amounted to [approximately \\$14.7 billion](#) over five fiscal years. Most notably, these residential projects were [not confined to one region](#), but were geographically dispersed, with the highest concentrations appearing on Long Island (19%), in Western New York (15%), in the Capital Region (14%), and in the Mid-Hudson Region (13%).

Unfortunately, efforts to monitor and assess the progress of these housing projects are complicated by the decentralized nature of IDA reporting. Each agency is responsible for [maintaining its own records](#), and their annual reporting requirements to the New York State Authorities Budget Office are limited in scope, which creates challenges for statewide data aggregation. Since its inception in 2015, the ABO has collected [Industrial Development Agencies Project Data](#), which includes key metrics reported by IDAs, including the amount of financial assistance allocated to each project, as well as the number of jobs created or retained – but only for fields marked as mandatory. As a result, significant gaps exist in the data, and the full extent of IDA involvement in residential development is difficult to determine with precision. A closer examination of the dataset’s “Project Purpose” column reveals there is no explicit category for housing-related initiatives. Instead, these projects are often categorized under broader labels such as “Construction,” “Civic Facility,” or “Finance, Insurance, and Real Estate,” obscuring their true intent. Moreover, this dataset does not specify housing type – student housing, retirement or assisted-living facilities, affordable units, workforce housing, or market-rate developments – which further complicates the ability of developers to effectively assess public need.

It is also worth noting that most housing projects subsidized through IDAs are often listed at market rate upon completion, with a handful of units reserved for residents facing affordability

constraints. This disconnect raises important questions about whether IDA investments are compatible or align with state and local housing equity objectives. Frequently, IDA subsidies and tax abatements do not require minimum numbers of affordable units, which significantly limits their effectiveness in addressing New York’s ongoing housing crisis, even when overall supply is increasing.

To better evaluate the transparency and integrity of IDAs in addressing community needs, an accountability checklist can be used to assess the presence (or absence) of key governance practices:

Figure 1. Industrial Development Agency Accountability Checklist

Criteria	Score
The policies and decisions of the agency are always consistent with the broader New York State mission to spur economic growth	
The agency effectively submits its annual report to the New York State Authorities Budget Office with detailed information, requesting developers to fill any gaps	
The agency effectively submits its financial statements to the New York State Authorities Budget Office with detailed information	
The agency publishes detailed, transparent data re projects (e.g., job outcomes, project costs, community benefits)	
The agency operates in compliance with the duties bestowed upon it under Article 18-A of the General Municipal Law	
The agency operates in compliance with the duties bestowed upon it under Article 8 of the Public Authorities Law	
The agency responds to inquiries from the public (e.g., FOIL requests, standard questions)	
The makeup of the board is representative of the community in which it resides (e.g.,	

school board members, local advocates, city council members, union members, business accountants, labor organizations)	
The agency approves housing/residential-related projects that cater to community needs	
The decisions of the agency are free of political influence or self-interest, effectively representing the needs of the community it serves based on explicit demand	

Each criterion is scored on a scale from 1 (low transparency) to 5 (high transparency). Although this method inherently relies on the interpretation of scorers, it is grounded in publicly accessible information provided by each IDA, while simultaneously serving as a checkpoint for transparency. Ideally, the IDAs themselves would be responsible for conducting the scoring – possibly as a component of the annual report they are required to submit to the state Office of Management and Budget. This process would not only encourage IDAs to reflect on their current transparency practices, but also generate a consistent paper trail that is accessible to the public. In doing so, the checklist becomes both a diagnostic tool and a mechanism for accountability.

Both the scale of IDA involvement in residential development and the variability in transparency across agencies require closer scrutiny. While not all IDA activity may be incongruous or inefficient, the current statutory structure leaves ample room for ambiguity, prompting a broader debate over the legitimacy and oversight of these quasi-governmental entities in shaping the state's housing landscape.

Tompkins County IDA Housing Abatements | Case Study: Library Place

The Tompkins County Industrial Development Agency, administered by Ithaca Area Economic Development ([IAED](#)), plays a critical role in providing economic incentives to support both housing and mixed-use development. These incentives include real property tax abatements, state and local tax abatements, mortgage recording tax abatements, and bond financing. The primary stated goal of TCIDA's tax abatement programs, including the Community Investment Incentive Tax Abatement

Program ([CIITAP](#)), is to “offer economic incentives to Tompkins County businesses in order to create and retain quality employment opportunities and strengthen the local tax base.”

In 2019, TCIDA initiated [Library Place](#), a project intended to provide senior housing in Ithaca, approving significant property tax incentives through a PILOT agreement. The resulting project highlights the trade-offs of providing economic incentives for development, as well as the potential resulting strain on housing affordability, public finances, and accessibility for lower-income residents. An analysis of Library Place serves as a model for understanding the effectiveness of housing abatements in achieving public policy objectives and provides key considerations for future projects.

Tompkins County IDAs’ Economic Incentive Tools

Administered by IAED, the TCIDA offers [several economic incentives](#) to developers:

- 1) Real property tax incentives: temporary reductions in property taxes to support redevelopment
- 2) State and local sales abatements: exemptions on construction materials and equipment purchases
- 3) Mortgage tax abatements: reductions in mortgage recording taxes
- 4) Bond financing: tax-exempt or taxable bond issuances for large-scale projects.

These incentives are designed to attract private investment, while aligning with community development goals.

Community Investment Incentive Tax Abatement Program

A key policy tool within TCIDA’s housing incentive framework is the Community Investment Incentive Tax Abatement Program, which aims to promote urban density and revitalization in designated areas, particularly in the city of Ithaca. The [eligibility requirements](#) under the CIITAP are as follows:

- A) The project must increase the assessed property value by at least \$500,000
- B) Developments must contain a minimum of three occupiable stories or involve substantial rehabilitation of an existing structure
- C) Projects must be located within the [Town of Ithaca’s density district](#) or designated redevelopment zones

D) Developers must comply with all municipal tax and zoning obligations

CIITAP provides property tax abatements for up to seven years, gradually phasing in full tax liability. This structure is designed to reduce financial barriers for developers while ensuring long-term tax revenue growth.

Insights: Library Place Development

Located at 105 West Court Street in Ithaca, Library Place was [approved by TCIDA on May 8, 2019](#), as a 66-unit luxury senior housing complex developed by Ex Libris, LLC. The project was intended to provide market-rate rental units for Ithaca's growing elderly population. To incentivize the project, TCIDA granted [financial benefits](#), including:

- A) Exemption from state and local sales tax on construction materials and equipment
- B) Exemption from mortgage recording taxes, except for portions allocated to transportation districts
- C) Partial real property tax abatement through a substantial PILOT

Over the 10-year PILOT agreement, Library Place developers receive tax reductions starting at a 100% abatement in Year 1 and gradually decreasing to 10% in Year 10. The estimated property tax abatement totals \$3.95 million over 10 years, while total tax exemptions amount to \$5.2 million in cumulative benefits. A detailed breakdown of tax abatements and exemptions across various years is presented in Table I:

[Table I. Current 10-Year Tax Abatement Schedule](#)

Year	Abatement %	County Taxes Abated (\$)	City Taxes Abated (\$)	School Taxes Abated (\$)
1	100%	86,421	156,245	228,973
2	100%	89,878	162,495	238,132
3	90%	93,473	168,995	247,657
4	90%	87,491	158,179	231,807

5	90%	90,990	164,506	241,079
6	90%	94,630	171,086	250,723
7	70%	76,545	138,390	202,807
8	50%	56,862	102,804	150,656
9	30%	35,482	64,150	94,010
10	10%	12,300	22,239	32,590
	-	724,073	1,309,088	1,918,435 ²
10-Year Tax Incentive Total =	-	3,951,596		

<i>Projected Economic Impacts</i>
Private sector investment: estimated at \$31.71 million
Cumulative new property tax revenue: estimated at \$1.7 million (nominal over 10 years, not discounted to present value)
Additional consumer spending: Expected from new senior residents contributing to local businesses. However, this exact number is currently unknown.

Figure 2. Housing Affordability vs. Market Reality

Unit Type	Monthly Cost	Annual Cost
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² Figures do not exactly add up due to rounding.

One-bedroom unit	\$2,545–\$3,122	\$30,540–\$37,464
Two-/three-bedroom unit	\$3,648–\$5,935	\$43,776–\$71,220

Assessing Affordability

Despite its intent to address senior housing needs, Library Place is not entirely affordable to seniors who need housing the most. For the typical Ithaca resident, the rents offered at Library Place exceed what is considered affordable – housing costs no more than [30% of a household's income](#). This particularly impacts older adults whose average income falls below [Ithaca's median](#), which is estimated to be \$45,468 to \$48,617. Only 744 to 1,932 senior residents (based on Ithaca's median income), out of [roughly 6,300](#) senior citizens total, could afford to rent units in Library Place.

Policy Implications and Public Benefit

- 1) The effectiveness of tax incentives: The total tax exemptions granted for Library Place are out of scale with the benefits to local public finances. In fact, over the 10 years, the \$5.32 million in tax exemptions is far greater than the \$1.7 million in projected new property tax revenue. Given the high market rates for housing units, the project's ability to achieve sustainable public benefit is questionable.
- 2) Accessibility concerns: Library Place was approved as a 55+ senior housing complex. However, the developer made a request to [remove the age restriction](#) in December 2024, though this was rejected by the TCIDA. The request may indicate that demand for senior-only housing is lower than anticipated – or that the developer recognizes that market-rate rents may be unaffordable for many seniors and was seeking to target higher-income, non-senior tenants instead. This raises questions about the project's long-term viability and alignment with its original purpose.

Legislative Landscape: Proposed and Enacted IDA Reforms

As scrutiny of IDAs intensifies, a number of legislative proposals have emerged that reflect diverging perspectives on the authorities' structures, powers, and accountability efforts. Recent bills introduced in both the State Senate and Assembly focus on two competing priorities: increasing transparency and limiting the discretionary authority of IDAs versus expanding their role in addressing the state's housing crisis. Collectively, these proposals highlight the unresolved tension between development policy and democratic oversight.

- I. ***Legislative Efforts to Enhance IDA Regulation and Transparency.*** Several enacted laws and pending bills aim to constrain IDA authority and increase accountability, particularly in relation to tax exemptions, conflicts of interest, and procedural oversight:

| S1337/A977 - Senator Leroy Comrie and Assemblymember Michaelle Solages [SIGNED 2023-24]: This enacted legislation, passed during the 2023-2024 legislative session, requires IDAs to [formally notify their local chief executives](#) and school district clerks of proposed financial incentives and any deviations from uniform tax exemption policies via certified mail or email with a read receipt. By expanding notification methods, this law not only eases the administrative burden of IDAs, it clarifies how and when local jurisdictions are informed of changes in or departures from original project agreements. More importantly, this law strengthens transparency and facilitates oversight by allowing school districts to anticipate revenue shifts and ensuring local authorities have a formal opportunity to review and respond to projects that might negatively impact the local tax base.

| S132/A4927 - Senator Sean Ryan and Assemblymember Harry Bronson [2025-26]: This bill seeks to [prohibit IDAs from abating the share of property taxes](#) that would otherwise be allocated to school districts. In fiscal year 2021 alone, New York public schools [lost an estimated \\$1.8 billion in revenue](#) due to IDA tax abatements, according to research by Good Jobs First. These waivers often divert essential funds from schools, impacting their ability to provide quality education. By preventing IDAs from abating school taxes, the bill seeks to ensure that schools receive their full share of property

tax revenues, thereby stabilizing and potentially increasing funding for educational programs and resources.

| S4039 - Senator James Skoufis [2025-26]: Focusing on ethics reform, this bill [prohibits elected officials, state employees, and political party chairs](#) – along with local officers and municipal staff – from receiving compensation for legal, consulting, or other services they perform for IDAs or related authorities. This bill [targets potential conflicts of interest](#) and addresses the so-called “revolving door” between public service and private gain. By extending these restrictions to those who own significant shares in firms contracted by public authorities for project approval assistance, this bill aims to uphold ethical standards and eliminate opportunities for self-dealing in the economic development space.

| S3368 - Senator James Skoufis [2025-26]: This comprehensive bill [introduces several structural reforms](#) intended to improve accountability of IDAs and increase civic engagement in project approval. Among its most notable provisions are: 1) [expanding the definition of “project”](#) to include civic facilities and continuing care retirement communities; 2) increasing the minimum number of IDA board members from three to five to promote broader representation; and 3) requiring public hearings at least 30 days prior to granting financial assistance exceeding \$100,000 – which encompasses most approved projects. Additionally, [complete records of public hearings](#), including all documents and statements, must be maintained and made available to board members and the public.

II. ***Legislative Efforts to Expand IDA Authority for Housing.*** Contrasting bills seek to expand the statutory authority of IDAs to enable and encourage housing development as part of broader economic policy:

| S256/A5557 - Senator Monica Martinez and Assemblymember Billy Jones [2025-26]: This bill would formally declare [the promotion of affordable, workforce, and senior housing](#) as a policy of the state, thereby expanding the legal definition of “project” under the General Municipal Law to include residential development. As an accountability mechanism, this bill would also require IDAs to [consider how proposed projects advance state housing goals](#) when performing cost-benefit analyses and establishing uniform tax exemption policies. By codifying housing as part of New York State’s

economic development strategy, this bill positions IDAs as potential actors in alleviating the housing crisis while simultaneously addressing how such authority would be regulated and evaluated.

| A4635 - Assemblymember Gary Pretlow [2023-24]: This bill would authorize IDAs in Westchester County to [support multi-family residential projects](#) in urban renewal areas. By [permitting both technical and financial assistance](#) for these “qualified residential facilities,” the bill aims to have IDAs catalyze redevelopment in underutilized urban areas. While localized in scope, this bill is framed as a potential model for broader applications, which would enable other local municipalities to tailor IDA-based housing initiatives to their communities based on need.

Recent legislative proposals signal a growing awareness of the complex role that IDAs play in shaping local government outcomes, particularly as they increasingly engage in housing-related projects. It is important to recognize that none of the above bills introduced or enacted seek to prohibit IDA involvement in housing altogether. Rather, these proposals share a common thread: the need for greater accountability, transparency, and alignment with community interests. IDAs have the potential to play a constructive role in addressing New York’s housing crisis, particularly given their financing tools and local reach. However, this potential is contingent upon the implementation of meaningful structural reforms. In their current form, IDAs operate with considerable discretion and uneven oversight, which shrouds their impact and complicates assessments of public benefit. Strengthening transparency requirements, improving intergovernmental coordination, and restructuring community engagement would align economic development incentives with long-term community needs, as well as statewide housing priorities.

Recommendations

Given the aforementioned concerns, it is evident that steps need to be taken to improve the management of Industrial Development Agencies. With the recommendations below, we hope to target improving accountability, transparency, and community representation. These recommendations are designed to directly align with the criteria in Figure 1: Industrial Development

Agency Accountability Checklist, serving as actionable steps to raise scores across each category and promote more consistent, legitimate IDA governance standards.

1. Accountability:

- a. Implement mandatory ethics/governance boards that report back to the comptroller's office or ABO, with regular meetings and third-party members.
 - i. This recommendation strengthens S4039 (Skoufis), which targets conflicts of interest and expands restrictions on who may financially benefit from IDA operations. Ethics boards would institutionalize this oversight.
- b. Strengthen oversight measures to ensure IDAs are appropriately submitting all their data within the required timeframe.
 - i. This recommendation supports general oversight reforms, as well as S3368 (Skoufis), which increases procedural requirements, such as pre-approval public hearings and formal documentation.
- c. Track individual IDA compliance with the law by utilizing the Accountability Checklist given in Figure 1.

2. Transparency:

- a. Improve data accuracy by preventing IDA boards from publishing egregiously inaccurate cost-benefit projections, requiring boards to have projections evaluated by multiple reputable experts before accepting a project.
 - i. This recommendation aligns with the intent of S1337/A977 (Comrie/Solanges), which increases accountability through formal project notifications. The expansion of accuracy requirements complements this effort.
- b. Metricize and score IDAs' compliance with policies and transparency efforts in a public annual report, potentially as an addition to the comptroller's Annual IDA Report.

- i. This recommendation also supports S3368 (Skoufis), which introduces structural reforms and expands documentation requirements. Adding a standardized score would operationalize this bill's transparency goals.
- c. Expand reports and IDA databases to include information on such factors as housing/renting cost, the cost of the property relative to residential properties in the local area, number of available housing units built, and other metrics of community benefit for housing projects.
- d. Strengthen timelines and oversight measures to confirm that all databases are actively and accurately updated.
 - i. This recommendation supports the administrative aims of S1137/A977, as well as the broader transparency mandates across S3368 and housing-related bills.

3. **Representation/Accessibility:**

- a. Reserve one position on each IDA board for a school board member.
 - i. This recommendation supports S132/A4927 (Ryan/Bronson), which prohibits abating school taxes. The inclusion of educational stakeholders would ensure schools have a voice in financial decisions affecting them.
- b. Require IDA board meetings to occur at generally accessible times for people to join.
 - i. This recommendation supports S3368 (Skoufis), which enhances public hearing requirements and recordkeeping. This recommendation will ensure that accessibility complements procedural transparency.
- c. Require IDAs that take on housing projects to have a housing committee that meets regularly, with a community planning expert serving on it.

4. **Specific Policies/Bills:**

- a. Reevaluate the constitutionality of IDAs' involvement in housing development.
- b. Expand the jurisdiction of the ABO and comptroller's office to give them power to suspend entire IDAs, not just individual board members, that are significantly failing compliance and transparency measures.

- c. Reevaluate the use of PILOTs and abatements for market-rate housing, strengthening the due diligence process to ensure that subsidies are only granted when absolutely necessary.
 - i. This recommendation will investigate, and critically scrutinize, A4635 and any future housing-related IDA expansions. This will align with broader recommendations to restrict discretionary incentives and protect public resources.

Further Questions

1. Are IDAs' involvement in housing development constitutional?
2. Are there measurable benefits to IDAs' involvement in housing development? Is creating majority market-rate housing better than not supporting these projects at all?
3. Are the cost-benefit analyses performed by IDAs mostly accurate? What are the major components measured and assessed when deciding that a project would benefit the community?
4. Can increasing the regulatory power of the ABO and the comptroller's office assist in incentivizing greater compliance with transparency policies?
5. Are IDAs understaffed in financial and housing development experts? Would requiring IDA boards to have a certain level of expert staffing assist in creating greater data accuracy in decision-making?

Conclusion

As New York State explores strategies to address its housing crisis, the expanding role of Industrial Development Agencies in residential development presents important questions about statutory interpretation, fiscal impact, and public benefit. While IDAs were originally established to promote industrial and commercial development, recent policy shifts – particularly through executive action – have prompted agencies to consider a broader array of projects, including housing. This evolving landscape warrants careful analysis.

This report has sought to clarify the legal frameworks governing IDAs, assess their evolving role, and highlight areas where governance structures and accountability mechanisms may not fully align with current practices. Through the examination of legislative proposals, constitutional questions, and localized case studies, it is evident that IDA involvement in housing development introduces both opportunities and challenges.

Given the complexity of this issue, further research is necessary to assess the long-term implications of using IDA mechanisms to subsidize housing – especially with regard to affordability, local fiscal impacts, and community engagement. Additionally, questions surrounding transparency, compliance, and statutory authority merit continued evaluation, particularly as legislative proposals evolve and new executive directives are issued.

The recommendations outlined in this report aim to provide a starting point for discussion. Rather than endorsing any single policy approach, this report encourages continued examination of how IDAs can operate in a manner that is transparent, accountable, and responsive to local needs. Future research and stakeholder engagement will be critical in determining whether the current trajectory of IDA policy aligns with the broader public interest.