

HIGH TAXES, LOW GROWTH & MISSED OPPORTUNITIES

A Multi-Part Report by Concerned Geneva Taxpayers

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INTRODUCTION:

In many ways, these should be the golden days for our 200-year-old City. Geneva has what most of America was craving from coast to coast this past summer. Richly green countryside. Beautiful lakes. A booming regional vineyard and hospitality industry. Even global warming is cutting this City's way as its temperate climate stood in stark contrast to fires, tornadoes and historic hurricanes that have run rampant across the country.

We have virtually endless water amid a global drought, and other important and impactful assets. Yet there are economic laws, it turns out, that even in good times can trump Mother Nature and good intentions. Heading into another year end, the City of Geneva, which sits in the heart of the surging Finger Lakes region, is confronting the ghosts that linger from decades of decline and questionable civic management.

While nearby cities of similar size and assets are moving forward, Geneva operates with a tax rate so high that virtually no one has built a new, owner-occupied house here in over the last 25 years. When developers eye Geneva's ample assets, many quickly become discouraged after considering in more depth the implications of its high property taxes and the changing civic environment those high taxes have wrought.

City property taxes in Geneva, located in an already high property tax region, are on average more than **4.10 times higher** than the average of other municipalities in Ontario County. Owners of historic homes on this City's lovely South Main Street may have paid off their mortgages years ago but can face annual tax bills of \$20,000 or more for the privilege of living and aging here.

With a national increase in home prices bringing the first significant rise in Geneva in decades, the tax bite is beginning to reach down into lower-priced housing too. As required reassessments make their way through the region, an increase in values, exacerbated by years of little or no real

growth in the property tax base, forces some hard questions. Can generations-long residents, let alone new arrivals, afford to pay for services that are increasingly being paid for by fewer and fewer residents with seemingly less and less resources?

It was against this backdrop that some concerned Geneva taxpayers commissioned the non-partisan consultancy, Catalyst FLX, to conduct research concerning the City's property tax situation and associated problems. While this research of necessity required Catalyst FLX to look at perceived City issues, it was not intended to be negative for the sake of being negative. There are many positives. Rather, and simply put, it was believed that to fix problems, you have to recognize and understand them.

Among other findings, census figures reveal that as Geneva's population and its property tax base have declined over the last three decades, while City spending, adjusted for inflation, did not. Also, a decline in the condition of the City's housing stock went beyond simply the loss of houses, but declining prices led to many of the City's stately homes being carved up by landlords. In a largely rural region, these apartments became attractive for tenants using available Section 8 and other rent subsidies for the poor.

Today, Section 8 and other rental subsidy programs pump about \$4.8 MM per year into Geneva landlords' pockets. At the same time, Catalyst FLX reviewed the significant housing and tax base growth in the surrounding Town of Geneva. With the increase in Geneva's property tax rates and a decline in other key City metrics, the median value of an owner-occupied home in the City of Geneva has fallen to \$106,000, compared to \$244,900 nationally.

The residents of the Town clearly benefit from the presence of professionally operated City water, sewer, police and fire services. However, neither Town residents nor the operators of most of the tax-exempt properties in the City contribute significantly to the costs of City services.

Around 56% of assessed property value in the City is tax exempt, although as noted the public benefits justifying those exemptions extend well beyond the City's boundaries. This seems like a difficult proposition to defend in this age of equity.

Over the upcoming days, six installments of this Report will seek to explain (with an assist from confirmed information and data points) how and why it is that Geneva faces a precarious and uncertain financial future.

It is hoped that public leadership and influencers, and the City's professional management, will look thoughtfully at focusing on priorities and finding ways to economize and innovate. And there is hope that, as interest among tourists, developers and a burgeoning wine industry increase, it may be easier for the City to now face some long-avoided issues.

Next: Installment One - City Property Taxes.

Concerned Geneva Taxpayers is a small group of individuals with a mission of informing the public about aspects of the financial crisis that is engulfing the City of Geneva and threatening to further limit the quality of life here. More on the organization can be found at www.concernedgenevataxpayers.org.

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