

HIGH TAXES, LOW GROWTH & MISSED OPPORTUNITIES

A Multi-Part Report by Concerned Geneva Taxpayers

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INSTALLMENT THREE: NEW DEVELOPMENT

In Geneva, as in many places throughout the country, development seems to be a dirty word. This is not particularly hard to understand, given the abuses, tactics and economic failure that in general and over time have accompanied many developer efforts. Many communities rue the day they agreed to approve and perhaps incentivize a poorly conceived and/or executed development scheme. Nevertheless, opposition to development in Geneva has been loud, though seemingly voiced by relatively few.

On the other hand, it seems equally true, that a community that fights or seeks to unreasonably control every development idea, will see adverse consequences. These adverse consequences include little or no developer interest or growth in the community's property tax base, a lack of a youthful presence and vitality, and an absence of other commonly expected amenities. Perhaps that's what the citizens of Geneva want, but it's hard to understand how the City, with its declines in population and the condition of its housing stock, can compete in a region that is reawakening and proactively contending for tourist dollars as a means to survive and thrive. The City has been working on a comprehensive update to its zoning ordinance for quite some time now, and City Council is moving towards adoption in early 2024. This action is very important in connection with two key questions: How much prime developable land will essentially be "zoned" as off limits to the types of developments that could positively impact the City's property tax base, and will the new zoning ordinance and its administration be sufficiently flexible as to encourage, as opposed to discourage, sound and responsible development?

Here again, one has to ask whether the zoning update project has been undertaken in the context of a clear understanding of the impact the new ordinance could have on achieving our leaders' vision for the City? Aside from the added complexity involved from a development standpoint, one has to ask whether designation of Geneva's lakefront and sizeable acreage to the south of Glenwood Cemetery as "Open Space" unreasonably "restricts" the development of land that could substantially improve Geneva's property tax base?

Aside from zoning classification issues, there are very few obvious development spaces in Geneva which could help with the growth of its tax base and fiscal health, but very little seems to be happening with any of them. Four in particular come to mind, the City's lakefront property, the so-called OEO property on Exchange Street, the acreage to the south and west of Glenwood Cemetery on the City's South side, and, as a group, the large number of City-owned lots and tracts of land throughout the City.

The lakefront property, in particular, has been the subject of discussion for a number of years, but a small and vocal group of opposed citizens have seemingly convinced the City and many of its citizens that development would be both ill-advised and somehow destructive of a distinctive Geneva feature (an open and unobstructed lakefront). Of course, an open and unobstructed lakefront may be deemed desirable in certain respects but could be considered a luxury the City simply **can't afford**. It is hoped that a productive use of this property doesn't get preempted by the mere adoption of a new zoning ordinance or the sentiments reflected in the Comprehensive Plan.

One of the non-profits in Geneva commissioned The Center for Governmental Research in Rochester to conduct a study (completed in early 2017) to determine what positive impact the lakefront's development could have on the City's property tax base. This consultant's report advised, based on a set of assumptions that preserved the right of the public to use its entire lakefront, that it would **grow the City's tax base by roughly 22%**. The value assumptions made in this study on the resulting assessable values seem low and conservative today.

What the City of Canandaigua has done with its lakefront, while often the subject of ridicule by many of those opposed to development of Geneva's lakefront, reflects in part the advantages of doing something. Keeping Geneva's lakefront "pristine" for some that think that's just the way it should be ignores the hard financial realities with which the City is confronted. Thinking that its development is inappropriate in any and every respect would seem, if nothing else, an unreasonable limitation on the City's options to deal with its financial issues.

On a broader basis, some question whether the public is being informed of all significant development proposals being presented to the City. How are such proposals being handled if knowledge of them is known only to a few? Wouldn't this area be a clear example of when the community's input, so often sought on other issues, should be heard?

One factor bearing on new real estate development in the area that can't be overlooked is the suppressant effect New York State's general business climate (primarily over regulation and high taxes) and its effect on the State's population. According to E.J. Antoni of the Heritage Foundation, New York State has the highest tax burden in the country and the second worst overall business climate, along with the fourth-highest property taxes and local sales tax rates, on average. No wonder that the State has had a net loss of businesses to other states every year since 1994. During the period from July 2021 to July 2022, 300,000 more people moved out of the State than moved in.

Geneva's story is a microcosm of the business flight the State has seen generally, having lost businesses and associated employment over recent years. While recruitment of conventional businesses may occasionally yield positive results, it is highly unlikely that those recruitment successes will fill the void created by prior losses.

It is believed that Geneva needs to develop solidarity and a broad-based commitment behind a reasonably specific vision for its future. While it does have a Comprehensive Plan, perhaps that document can be re-visited to seek engagement and awareness on the part of many more of the City's citizens. Getting meaningful and/or useful public input has typically been a difficult proposition in Geneva, but successfully doing so seems a necessary predicate to moving Geneva forward on an appropriate track in an impactful way. In fact, this was one of the seminal points made by a hired consultant in a study conducted on behalf of the Geneva Business Improvement District back in 2009.

In addition to the adverse public sentiment usually expressed and the ever-present hurdle of high property taxes, there are other constraints on exactly what can be built. These include, in addition to a limited supply of available land, finite capacities on existing sewer, water and other infrastructure resources. When speaking of infrastructure capacities, it is believed that the City's policy of affording access to that capacity to the Town of Geneva should be re-examined. More tightly controlling (or actually denying) the use of that capacity by third parties (particularly the Town) would reserve its use to the City for purposes of supporting developments that will contribute to its own property tax base rather than that of a competing municipality.

In an analysis of Finger Lakes communities with high-percentage increases in their property tax base, three places stand out: Ithaca, Skaneateles, and Corning.

Ithaca

Of the 10 cities in the 14-county region, Ithaca ranks first in growth. As the site of Cornell University, a renowned research institution, the community has an advantage over all other small cities in the State. It attracts millions of dollars in government and R&D funding, along with entrepreneurs eager to put this work to use in for-profit startups.

Also, Ithaca's gorges, lakeside setting and proximity to parks are natural assets that boost tourism.

However, Ithaca also benefits from a forward-thinking Business Improvement District, construction of new hotels, housing and meeting spaces, and expansion of parking in its commercial areas.

Between 2000 and 2020, the city added:

- 878 new housing units
- 80,500 square feet of retail space
- 340,000 square feet of office space
- 568 hotel rooms

With the sprawling Cornell campus, Ithaca's 59% rate of tax exempt properties is slightly higher than that of Geneva, where the figure is 56%. Nevertheless, its tax rate in 2022 was \$13.08 per \$1,000 assessed value, considerably lower than the \$17.63 in Geneva.

Skaneateles

Combined, the town and village of Skaneateles have a population of nearly 10,000. The proportions are the reverse of the relationship between the Town and City of Geneva; three-fourths of the combined Skaneateles population lives in the town. The public image of the community, however, is the commercial/residential area at the north end of the lake, which experienced a 12.8% increase in its property tax base from 2013 to 2022.

Economic stability and property tax base growth are largely a reflection of deep-rooted affluence in Skaneateles. The median income in 2020 was \$100,250 (compared to \$56,019 in the City of Geneva). The village poverty rate was just 4.4% (compared to 18.6% by the same measure in Geneva). And, the median value of owner-occupied homes was \$448,500 (compared to \$104,100 in Geneva).

The local economy long benefited from the presence of Welch Allyn, a medical diagnostics company now owned by Baxter International Inc. The Allyn Family Foundation, established by the founder's family, is a major philanthropic presence in Skaneateles, with assets of more than \$118 million.

Corning

Corning turned disaster into opportunity after Hurricane Agnes caused flooding throughout the Southern Tier in 1972. With government assistance and ongoing commitment from Corning Inc., the city rebuilt, transforming Market Street into a tourist destination. The Museum of Glass, among the properties flooded, cleaned up, and expanded several times in the ensuing years.

In 2002, the community adopted a master plan that resulted in new housing, traffic improvements, heightened walkability, and an historic tax exemption. City officials recently secured a State grant to update the plan.

Corning is now one of the few cities in New York experiencing a rising population. The increase is slight – just 1.2% from 2020 to 2022, but it still stands in contrast to other cities, including Geneva. Corning has more housing units per population than Geneva, a higher proportion of owner-occupied housing, and a lower tax rate.

Not everyone will be pleased with what it may take for Geneva to “develop itself” into some degree of long-term financial viability. Opinions do legitimately differ, and often both sides have a fair point. Whatever the outcome, hopefully the City's leadership and its citizens can agree on actions relating to proposed developments and meaningful growth in its property tax base that will serve all constituencies well.

Next: Installment Four – Revenue and Expense

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.concernedgenevatxpayers.org.