

July 20, 2020

Stamford Board of Representatives
888 Washington Boulevard
Stamford, CT 06901

I am raising an objection to the proposed tax abatement agreement between the City of Stamford and St. John Urban Development Corporation. The written proposal is short sighted and would shift the tax burden onto families already struggling to remain in their homes. Additionally, the fact that St. John Urban Development Corporation is a 501(c) is irrelevant. A review of its most recent publicly available Form 990 (2018) shows that St. John Urban Development Corporation is generating between \$3.3 million to \$3.7 million in revenue annually. Furthermore, it is a self-supporting non-profit, one which does not rely on contributions as a revenue source. For these reasons and others listed below, the proposed tax abatement agreement is bad policy that sets an even worse precedent.

Bad Precedent

The City of Stamford has shown a willingness to abate property taxes for entities that register as a 501(c) with the Internal Revenue Service, even as such entities are self-supporting, thereby not relying on contributions and grants as a funding source. The statute is clear that subsidized low-income housing does not necessarily constitute a charitable purpose (*CGS § 12-81(7)B*). In this case, St. John Urban Development Corporation is requesting tax abatement for low- and middle-income rental units. Rather than seek tax abatement under a statute for which it clearly does not qualify, St. John Urban Development Corporation is seeking a tax abatement under a Stamford ordinance that is much broader. This much broader written ordinance is an invitation for other parties to make similar abatement requests in the future, merely by establishing a 501(c) with the Internal Revenue Service and either keeping rents below market rates or making improvements to an existing structure.

The ordinance is a work around for entities such as St. John Urban Development Corporation to receive tax abatement which they normally would not be eligible for. Once granted, holders of investment properties will be emboldened to request similar tax abatements under this inviting ordinance.

Tax Abatement Agreement

In this agreement, St. John Urban Development Corporation requests a thirty (30) year contract, commencing from 2015. Furthermore, in requesting a 75% tax abatement, it would normally be eligible for a refund of prior taxes paid. However, St. John Urban Development Corp. has only made partial tax payments since 2015 and currently owes the city \$3,686,774.60. The proposed agreement would reduce this total down to \$706,093.40. Applying partial payments submitted, St. John Urban Development Corporation will have a final tax bill of \$319,316.40, covering all outstanding taxes from 2015-2020. This does not even factor into the equation the \$415,730.86 tax adjustment received in 2014, resulting in a final tax bill of \$73,223.39 paid for that year.

I have identified three specific problems with the tax abatement agreement itself. *First*, St. John Urban Development Corporation has failed to submit any tax payment for four of the six years in which retroactive tax abatement is being requested. A willful failure to submit any tax payment during four of six tax years raises serious questions of management and whether the Board of St. John Urban Development Corporation has adequately provided meaningful oversight over the financial concerns plaguing this property. A review of the most recent Form 990 shows that as revenue dropped 11.72% between July 1, 2018 – June 30, 2019, salaries and benefits increased by 22.72%. Clearly a drop in revenue may be attributable to the high vacancy rate in Tower C (133 Tresser Blvd.). Yet, what is equally troubling is that St. John Urban Development Corp. is requesting tax abatement on a building that has seen its occupancy rate drop down to five or six families occupying an entire structure. The request that the City of Stamford grant retroactive tax abatement for years in which affordable housing units were being eliminated and subsidize half a dozen families occupying two floors in one structure is an abhorrent request.

Second, I object to the thirty (30) year term of the proposed contract; in that it ties the hands of successive city governments. Accounting for six years of retroactivity, future administrations will be bound to this contract for the next twenty-four years. Considering the obvious financial struggles of St. John Urban Development Corporation, the City of Stamford should not be party to a contract extending beyond twenty years.

Thirdly, while Chapter 220 of the Stamford Charter and Code of Ordinances has good intentions, I am concerned that it is vulnerable to tax abatement requests by entities struggling financially and the self-supporting non-profits for which such tax abatements were never intended for. In granting such relief, the City of Stamford is inconceivably passing the cost of this lost revenue onto families equally struggling financially, in the form of higher property taxes.

New Neighborhoods is similarly structured as a 501(c) with the Internal Revenue Service and it provides similar housing for low- and middle-income families. Yet, none of its ten properties in Stamford currently receive tax abatements. If the Board of Representatives were to approve the tax abatement requested by St. John Urban Development Corporation, then what would preclude similarly situated non-profits, such as New Neighborhoods, from seeking a similar arrangement?

Conclusion

There is no doubt that St. John Urban Development Corporation is struggling financially, but it is not the task of taxpayers to foot the bill for its self-created impairments. Of 240 units, only half are currently occupied. Instead of asking Stamford's struggling middle class to pay its property taxes, St. John Urban Development Corporation should take advantage of the current real estate market and dispose of Tower C (133 Tresser Blvd.). It can then use any sales proceeds to pay property taxes owed to the City of Stamford and make necessary repairs to Tower B (109 Tresser Blvd.).

Any argument that selling off 133 Tresser Blvd. would reduce their inventory of available low to middle income units is not supported by current conditions on the ground. Selling off Tower C would displace a handful of families, considering that the structure itself is largely unoccupied.

Of the displaced families from Tower C, most if not all could be resettled in Tower B.

For the reasons stated above, I urge the Board of Representatives to not adopt the agreement as proposed. In its current form it does not serve the interests of taxpayers.

Thomas Concannon
Stamford, CT