

City may use new tax tool

Yonkers project to try funding system never used in N.Y.

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The Journal News

YONKERS — Most New Yorkers don't know anything about a financial tool that allows cash-strapped cities to pay for infrastructure improvements in blighted areas without raising taxes.

If developers have their way, the term "tax-increment financing," or TIF, will soon roll off local tongues.

A handful of residents got their first lesson in TIF Wednesday night at a public forum organized by the development partnership Streuver Fidelco Cappelli. The company has told the city

that it will not build a \$3.1 billion redevelopment plan downtown unless the city uses TIF to pay for aged infrastructure like sewers.

"It's a prerequisite because there are hundreds of millions of infrastructure improvements that need to be designed and built for the projects to move forward," said Joseph Apicella, an executive with Streuver Fidelco Cappelli.

Apicella's company wants to build retail-residential complexes on four different parcels surrounding City Hall. Details of the plans are posted on the city's Web site www.cityofyonkers.com and at www.sfcyonkers.com.

The company assembled a panel of four financial experts and bankers to explain the benefits and advantages of TIF to the small crowd. Some of the bankers made a similar presenta-

tion to the City Council on Tuesday night.

Tax-increment financing allows a city to use future property taxes to pay for bonds issued to build roads, sewers or parking garages.

If property taxes from a TIF district are not high enough to pay the debt, the developers — not the city — must pay the debt.

Tax-increment financing has been legal in New York for about 20 years, but it has not been used. In California, where TIF was invented, municipalities have issued more than \$3 billion in TIF bonds.

Critics of TIF in other states have questioned the lack of public oversight over the districts once they are created.

After the tax presentation at the Yonkers Public Library, Warburton Avenue resident Margaret Setterholm was impressed.

"It is an absolutely incredible and creative way to use the tax system. This is artistry with taxes," said Setterholm, who on Tuesday received a proclamation from the City Council for her environmental work in the city. "That's why people say it's too good to be true. I think we're covered."

Ludlow Park resident Nan Beer was more skeptical and had several concerns. She said the amount of tax revenues seemed small in comparison to the total city budget and she also noted that no one at the Wednesday meeting represented the city's interests.

"Yonkers has to be vigilant that it gets a good return, either a revitalized downtown or an increment in the tax base or a mix of both," Beer said.

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