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The Authorities Budget Office Issues Report on the Capitalize Albany Corporation

The Authorities Budget Office released its report on the operating practices and governance structure of the Capitalize Albany Corporation (CAC), a local development corporation responsible for economic development and job creation within the City of Albany.

The review found that the CAC has taken positive steps to comply with reporting and transparency requirements of law and has undertaken projects of significant importance to the City of Albany. While the corporate structure of CAC is independent from the City of Albany, its operations are closely integrated with the City's Department of Development and Planning, as well as other economic development entities created by the City. This relationship has led the CAC to make decisions that, at times, are inconsistent with its independent role. For example, the report notes that the CAC spends more than \$160,000 annually to subsidize the operations of these agencies. The ABO's report also identified specific costs paid by CAC on behalf of the City. These expenses only benefitted the City and were an unnecessary CAC expense.

The ABO's review found that CAC has purchased City-owned property with no intended purpose for the property at the time of the purchase. The report determined that six of the seven properties acquired from the City of Albany have never been redeveloped for use, although some were purchased as early as 2002. The report questions whether the timing of these transactions was essential to advance CAC's mission, or whether they were made to provide over \$1 million in financial relief to the City of Albany. The ABO also reported that CAC received preferential treatment from the City regarding the taxable status of some of its properties. Two of CAC's properties are leased to for-profit businesses, which should result in the leased portion of the properties being taxable. Yet, the properties are classified as tax exempt on the City's tax roles. As a result, over \$26,000 in annual tax revenue has been lost to the City, County and school district.

The ABO's report also made some recommendations for improving the practices by which loans are awarded and monitored, and recommended that CAC consider reinstating board member term limits.

A copy of the full report is available at www.abo.ny.gov.