

February 18, 2025

The Honorable Thomas P. DiNapoli  
Office of the New York State Comptroller  
110 State Street  
Albany, New York 12236

RE: 180-Day Response to the New York State Office of Comptroller Audit Report 2022-S-14: ESD's Real Property Portfolio

Dear Comptroller DiNapoli:

In accordance with Section 170 of the Executive Law, this letter shall serve as Empire State Development's ("ESD") 180-day update of its compliance with the findings and recommendations identified in the Office of the State Comptroller ("OSC") final audit report 2022-S-14 – ESD's Real Property Portfolio dated August 21, 2024. The stated purpose of the audit was to determine whether ESD fully and accurately accounted for and reported on its real property holdings and the need to either hold or dispose of properties, and if ESD disposed of real property in a manner beneficial to the State. The audit covered the period from April 2019 through June 2023.

#### I. ESD's Response to OSC's Recommendations

***Recommendation #1: Develop and implement processes and procedures to ensure ESD's real property portfolio is accurate and required reporting and publishing requirements are met.***

**Response:** ESD continues to post a real property list annually. ESD has instituted processes and procedures to ensure the accuracy of the annual published list of real property and disposition. ESD has instituted an asset management team comprised of four members of the Real Estate department. The team continues to hold quarterly meetings to review the acquisition and disposition of property to ensure that property lists are up to date, and that all required reporting and publishing requirements are met.

***Recommendation #2: Periodically assess vacant properties and identify solutions that maximize the economic benefits to the surrounding localities and the State, which may include, but not be limited to, collaboration with other State entities to align solutions with the State's goals.***

**Response:** The asset management team at ESD meets regularly with ESD regional staff and leadership to discuss the disposition of real property. The Real Estate department has grown substantially in size since this audit, and as a result, ESD has greater ability to maximize economic benefit efforts for New York State. The department is managing a large volume of projects, many that utilize the sites on our property list.

***Recommendation #3: Establish and implement policies directing ESD and subsidiary management to provide sufficiently detailed information for proposed transfers, especially those below fair market value.***

**Response:** ESD provides all legally required and other information in Board materials that staff deems relevant and important for inclusion, such that the Board has the necessary information to analyze the transaction. ESD will continue to meet the legal mandates and to provide the Board with a fulsome analysis of proposed transfers of property.

## II. Conclusion

ESD's real property portfolio aligns with its economic development mission to promote a vigorous, inclusive and growing state economy, and to assist in the development of underutilized property to spur community revitalization, housing, and commercial activity.

Yours truly,

*Felisa R. Hochheiser*

Felisa R. Hochheiser  
Director of Compliance

cc:

Governor Kathy Hochul  
Senator Andrea Stewart-Cousins  
Senator Robert G. Ort  
Senator Liz Krueger  
Senator Thomas O'Mara  
Speaker Carl E. Heastie  
Assemblymember Crystal B. Peoples-Stokes  
Assemblymember William A. Barclay  
Assemblymember J. Gary Pretlow  
Assemblymember Edward P. Ra