



**CITY OF ALBANY
OFFICE OF THE MAYOR**

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KATHY SHEEHAN
MAYOR

December 1, 2025

Hon. Dr. Dorsey Applys
Chief City Auditor, City of Albany
24 Eagle Street
Albany, NY 12207

Dear Chief City Auditor Applys:

Thank you for undertaking the comprehensive and in-depth housing audit led by your office. We appreciate the due diligence that was analyzed based on a variety of data sources, including the City's, and the conclusions and recommendations you were able to draw as a result.

We firmly believe your office's findings and concerns correlate with many of the positions my administration has taken over the last 12 years, including that:¹

- Albany functions as a regional employment hub
- Our population is aging as we lose young professionals
- Our aging housing stock amplifies our supply constraints
- Vacant units represent an untapped housing supply
- Lower-income households drive most housing demand, while shortages affect both low- and high-income residents
- The City of Albany bears a disproportionate share of the County's housing challenges
- The slow foreclosure process (managed by Albany County) leads to more vacant and deteriorating homes²
- Development activity has slowed because of both market pressures and the Common Council's new inclusionary zoning rules

Through innovations and partnerships forged by my administration across both the public and private sector, we have been able to drive down the number of vacant and abandoned buildings, increase the number of code enforcement inspections, and hold bad landlords accountable through the filing of more code enforcement court proceedings.

Additionally, through the first rezoning of our city in more than 50 years, grant programs made possible through the Albany Community Development Agency and Capitalize Albany, and attempts of greater alignment with the Albany County Land Bank (keeping in mind the Land Bank

¹ Pg. 7 of Draft Audit – "Key Housing Trends"

² Pg. 115 of Draft Audit – "Policy Commentary and Concerns"

is a County of Albany entity and not overseen by the City of Albany), my administration has been able to help support the creation of more than 2,500 units of market-rate housing and 2,500 units of subsidized housing during my 12 years in office.

While our subsidized housing pipeline remains steady, our market-rate pipeline has essentially dried up because of the Common Council's well-meaning but poorly designed 2023 updates to the City's inclusionary zoning rules – a finding that was reiterated within this audit (the “[m]arket-rate pipeline slowed sharply, while the perception is that nearby Troy is experiencing a housing boom”).³ It's also important to note this audit highlights the great need to build housing for residents up to 100% AMI, with an emphasis on residents who make up to 80% AMI – residents who have been left behind as a result of the Common Council's 2023 inclusionary zoning legislation that only builds affordable units for residents up to 60% AMI.⁴

Additionally, this audit provides a financial analysis to determine the feasibility of a project under the Common Council's 2023 inclusionary zoning changes. It highlights that in stronger markets, the internal rate of return is 12% to 15%, while local developers cited they target a range of 9.5% to 10% internal rate of return. Even with that lower return sought, this audit confirms what my administration has cited countless times over the last three-plus years: funding gaps exacerbated by the new inclusionary legislations cause development unbankable and therefore not feasible as compared to the same project had it been proposed under the pre-existing 2017 inclusionary zoning ordinance – legislation I signed into law.⁵ Stated another way: the Common Council's 2023 inclusionary zoning ordinance is making it too expensive to build market-rate housing in Albany and leading developers to invest their resources in our neighboring municipalities.

I truly implore the members of the Common Council to review these findings immediately to further understand the negative implications of the 2023 inclusionary zoning changes and implore the body to support Councilmember Clarke's proposed amendment to the inclusionary zoning law before the end of this term. The future of our city depends on it.

Sincerely,



Kathy M. Sheehan
Mayor, City of Albany

CC. Ashley Mohl, President & CEO, Capitalize Albany Corporation
Faye Andrews, Commissioner, Department of Neighborhood and Community Services
Brad Glass, Director, Department of Planning and Development
Robert Magee, Corporation Counsel
Gideon Grande, Acting Commissioner, Department of Administrative Services
David Galin, Chief of Staff

³ Pg. 139 of Draft Audit – “Inclusionary Housing in Albany”

⁴ Pg. 155 of Draft Audit – “IZ Policy Alignment with Housing Need”

⁵ Pg. 154 of Draft Audit – “Financial Analysis Results”