



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

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INSPECTOR GENERAL FINDS INSUFFICIENT OVERSIGHT BY STATE DORMITORY AUTHORITY

*Results in Improper Removal of Deed Restriction
for Development at Queens County Creedmoor Psychiatric Site*

The proposed construction of two residential towers on property formerly part of the Creedmoor Psychiatric Center in Queens became possible when the group sponsoring the project convinced the Dormitory Authority of the State of New York (DASNY) to remove a deed restriction that would have barred the towers' construction, according to a [report](#) released today by New York State Inspector General Catherine Leahy Scott. A 2006 statute was enacted with the purpose of permitting a proposed land sale to build a two story community center for the Indian-American community in eastern Queens. The language of the statute, however, did not explicitly articulate this legislative intent, and the Indian Cultural and Community Center, Inc. (ICCC) exploited DASNY's failure to identify the limited scope of the law.

"With proper scrutiny and checks and balances, this significant housing project would never have been approved and advanced as far as it did in contradiction of the law's intent," said Inspector General Scott. "The people of the State of New York should be able to trust that public servants charged with oversight of a land sale affecting their community will engage in a comprehensive assessment of the intended specifications. Unfortunately, that oversight was not present here."

The Inspector General's investigation confirmed that the legislative history associated with the statute that authorized the land sale was clear: the project contemplated by the legislation was a community center that did not include a residential tower project.

Following a 2007 DASNY environmental review which focused on the feasibility of the construction of a 15,000 square foot community center, the site of the proposed community center was sold to the ICCC for \$1,795,000. This sale price included a discount DASNY applied for deed restrictions permitting only a community center, as well as a discount to compensate for property remediation costs. During the transaction process, however, ICCC successfully lobbied DASNY to remove a restriction from the deed permitting only the construction of a community center.

As a result of her investigation, Inspector General Scott has recommended that:

- DASNY exercise heightened scrutiny and employ proper checks and balances when deeding public property to purchasers without competition;
- Property sold by any state agency should be appraised for the purpose for which the purchaser actually intends to use the property;
- DASNY or any agency charged with effectuating property sales – which are authorized by statute – must examine all relevant documentation attendant to the sale authorization, and not simply the bill language;
- DASNY train staff to ensure review not only of enabling legislation but the history and intent of the legislature in passing such legislation.

The Inspector General also found that in seeking assistance in financing the project, ICCG inappropriately solicited funds from contributors with apartment ownership as an incentive. This promise was in contravention of deed restrictions which required the property be solely owned by ICCG.

DASNY has agreed to implement Inspector General Scott's recommendations.

Inspector General Scott has referred her [report](#) to the Office of New York State Attorney General Office for review.

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