Reinvent Albany Recommendations for ESD's Community Investment Framework Per Governor's EO No. 62, Data Center Moratorium

Mitigate Adverse Effects of Data Centers Via Investment in Place-Based and Community-Wide Measures – Not Goodies to Buy Off Individual Residents

August 12, 2026

The [Governor's EO 62 pauses data center development] and charges Empire State Development (ESD) with creating a Community Investment Framework (CIF) by November 2026. [ESD released its policy outline for the CIF in July] and is seeking comments through August 13th. According to ESD, the Framework is supposed to help host communities negotiate with prospective data centers.

Reinvent Albany has seen many Community Investment or Benefits Agreements associated with economic development projects that do little to mitigate actual impacts and essentially amount to pay-offs to buy the political acquiescence of local power brokers, community groups, and residents. In this cynical exercise, taxpayer subsidies are recycled by subsidized businesses into goodies for local squeaky wheels. This creates a dynamic in which local officials approve projects and subsidies, based on the payoff they can extract now, rather than their measurable long-term benefits.

We recommend ESD create a CIF centered around broad community investments that directly mitigate the impact of data centers and provide durable, broad benefits for years. We urge [ESD to look to the MTA's $105 million commitment to mitigate the potential adverse effects of congestion pricing on the Bronx]. Here, the MTA is *reimbursing* NYC agencies for expanding existing

Final Mitigation Plan for Place-Based Mitigation

Table 1. Place-Based Mitigation Measures, Communities, and Allocated Funds

	Mitigation Measures ($ Millions)							
	Allocation ($ Millions)	Replacement of Transport Refrigeration Units $15M	Asthma Initiatives $20M	Electric Truck Charging $20M	Air Filtration Systems $10M	Parks and Greenspace $25M	Roadside Vegetation $10M	**TOTAL**
Crotona-Tremont	**22.6**		7.7	4.7	2.8	7.2	0.2	**22.6**
High Bridge-Morrisania	**9.2**		2.5	1.4	0.4	3.6	1.3	**9.2**
Hunts Point-Mott Haven	**18.9**	15.0	4.0	3.2	1.8	-	-	**24.0**
Northeast Bronx	**4.4**		2.5	1.9	0.1	-	-	**4.5**
Pelham-Throgs Neck	**16.6**		3.3	5.5	0.5	4.5	2.8	**16.6**
Downtown Brooklyn-Fort Greene	**5.7**			1.6	1.3	2.0	0.8	**5.7**
South Williamsburg	**7.4**			1.4	-	6.0	-	**7.4**
East Harlem	**4.4**			0.3	0.7	3.5	-	**4.5**
Randall's Island	**0.9**			0.0*	-	0.9	-	**0.9**
Fort Lee	**1.4**				-	1.4	-	**1.4**
Orange	**0.9**				-	0.9	-	**0.9**
East Orange	**1.8**				-	-	1.8	**1.8**
Newark	**5.7**				2.4	-	3.3	**5.7**
	TOTAL	**15.0**	**20.0**	**20.0**	**10.0**	**30.0**	**10.2**	**105.2**

programs that directly mitigate potential environmental impacts.

In the Bronx, the MTA and City of New York focused on long-term, broadly beneficial actions that directly mitigate potential harms. They deliberately avoided creating slush funds prone to waste and abuse, or direct benefits to current residents that do nothing for future residents and are typically costly, inefficient, and hard to track and administer. We therefore believe the CIF should restrict energy affordability efforts referenced in the EO to community-wide energy infrastructure rather than checks to residents. we're also opposed to enhancements to K-12 programming or child care identified in the EO, which have nothing to do with impacts of data centers.

We urge ESD to modify its CIF by doing the following:

1. **Require the CIF to mitigate harms data centers impose on host communities by focusing on long-term investments that provide broad, lasting, place-based benefits directly related to data center operations.** Energy grid, wastewater treatment plants, irrigation systems, and other public infrastructure upgrades are appropriate measures in agreements directly linked to the impacts of data center projects.

2. **Create transparency requirements that supplement and align with information already reported to the state and local Database of Economic Incentives (DoEI) and the Authorities Budget Office, rather than duplicate or confuse data already transmitted.** Transparency requirements should include all subsidies (state and local) promised, capital investments, PILOTs, and jobs (full-time, part-time, and construction jobs) committed to in project agreements, and measure annually whether those are met with metrics reporting actual subsidies utilized, PILOTs paid, capital investments made, and jobs created or retained.

3. **Establish data center guidelines for IDAs' Uniform Tax Exemption Policies (UTEPs)** that:
    a. Standardize narrow ranges of subsidies – which should be reasonable and limited – for property tax, mortgage recording, and local sales tax abatements to data centers. These should be proportionate to the few permanent and the larger number of temporary jobs typically produced by data centers, as well as other related community benefits.
    b. Discourage state sales tax abatements for projects in IDA UTEPs in the near term and ban them altogether once a state law is passed, as the Governor has recently committed to.
    c. Offset any low-cost electricity subsidies from the New York Power Authority (NYPA) by a 1:1 reduction in other subsidies.
    d. Require clawback subsidies when jobs and other promised benefits are not met.

Recommended Line Edits to ESD's Policy Outline for the Data Center Community Investment Framework

Policy Outline for the New York State Data Center Community Investment Framework

In Executive Order No. 62 (Executive Order), Governor Hochul directed Empire State Development (ESD) to assist localities across the State in analyzing and attaining economic benefits and to mitigate potential negative effects of serving as a host community for a data center. Within 60 days, ESD will post on its website a Community Investment Framework (CIF). A CIF for data center projects, as defined in the Executive Order, is a document that includes an example of a structured policy or agreement that establishes how the developer will invest in and partner with the host community and workforce to address the impacts of the project and create lasting local benefits. It serves as a roadmap for balancing economic development with community interests.

Purpose

A CIF is designed to:
- *Ensure communities hosting large infrastructure projects share in the economic benefits.*
- *Mitigate negative impacts associated with construction and operations.*
- *Promote transparency and accountability.*
- *Build long-term partnerships between developers and local governments.*
- *Provide organized labor a seat at the table and fair pay for the workers who build and operate data centers.*
- *Create predictable expectations for both local governments and developers. Data centers have a unique profile compared to manufacturing or commercial developments, requiring a targeted approach to their development.*

Data Centers are projects which typically involve:
- *Large capital investments, but relatively few permanent jobs.*
- *Significant electricity and water demand.*
- *Dependence on local infrastructure including use of limited large scale industrial sites.*

Because of these characteristics, host communities often seek benefits that extend beyond employment, such as infrastructure improvements~~,~~ and environmental investments~~, and funding for community priorities~~.

Community Investment Fund: Structure to include mutually-agreed upon investments by the data center operator that ~~advance the long-term economic vitality and quality of life of the host community.~~ mitigate the negative effects of data centers.

Eligible investments may include~~, but are not limited to:~~

- *Public Infrastructure Improvements: Investments into parks, water and sewer upgrades, roads, energy transmission, ~~public transit systems, bicycle and pedestrian pathways,~~ irrigation systems, water treatment plants <u>related to the impacts of the data center project</u> ~~EV charging stations, plazas and gathering spaces, recycling facilities, etc.~~*

- ~~*Community Anchor Institutions: Investments for public libraries, local hospitals and community health centers, senior centers, food banks, museums, performing arts centers, small business support centers, family service organizations, etc.*~~

- *Housing Initiatives: Investment Housing Initiatives: Investments to support creation of ~~new housing including affordable and~~ <u>workforce housing linked to the data center project</u>, ~~mixed-use projects to increase community vibrancy, adaptive reuse of buildings for housing, weatherization and energy efficiency improvements to lower energy costs for renters, lead paint and asbestos abatement, infill housing development, down payment assistance programs, first time home buyer programs, senior housing improvements, etc.~~*

- *Workforce Development and Training Programs: Investments into ~~local community colleges, BOCES or other career and technical education programs,~~* registered apprenticeship programs <u>and</u> pre-apprenticeship programs~~*, adult education and literacy programs, STEAM education programs, internship / youth-employment,*~~ job-placement ~~*or career coaching efforts, etc*~~. <u>*linked to construction or full-time jobs on the project for local residents*</u>

- ~~*Childcare Facilities: Investments to establish new centers, expansions of existing centers, initiatives to increase access to childcare for local residents, safety upgrades to center spaces, childcare scholarships or tuition assistance investments, etc.*~~

- ~~*Broadband Expansion: Investments to support installation of fiber-optic networks, expansion of last mile service, wireless infrastructure including public wi-fi assets, network resiliency and redundancy improvements, direct connections and speed upgrades for community assets and local schools, digital literacy training, device lending and digital access programming, etc.*~~

- ~~*Public Safety Initiatives: Investments into local fire stations and police stations, funding for emergency medical services, public safety training facilities, operational investments to expand community policing initiatives,*~~

~~*installation of street lights upgrades to communications / systems, installation of public safety cameras, expansion of community based early intervention programming, cybersecurity enhancements for local government systems, continuity of operations planning and infrastructure, etc.*~~

- ~~*School Facility and EducationalEnhancements: Investments into school expansions or modernizations, enhanced K-12 programming, classroom renovations, STEM laboratories, library improvements, athletic facilities, playground improvements, school security improvements, direct investments into student programming and educational curricula, afterschool programming, enhanced internship options and college readiness programming, etc.*~~

- ~~*Blight Remediation: Investments to support rehabilitation and reuse of vacant or abandoned buildings, façade improvements, historic building restoration, adaptive reuse of underutilized sites, streetscape improvements, property acquisition for creative redevelopment, etc.*~~

- ~~*Other Locally Identified Energy Affordability and Community Development Priorities.*~~

Transparency: Structure to codify ongoing public reporting from the data center operator, to inform the community of key project elements, including regular and consistent reporting on: 1) the total dollar value of all state and local subsidies estimated to be provided for the entire project period in the project agreement; the itemized amount of each each subsidy estimated to be provided for the entire project period in the project agreement; 2) the number of jobs committed to for the entire project period, disaggregated by job type including for both jobs created and retained, full-time equivalents, part-time or seasonal jobs, and construction jobs in the project agreement; 3) Capital investments committed to for the entire project period in the project agreement; 4) actual project metrics for each of the three previous metrics reported on an annual basis and measured against project agreement commitments ~~full-time on-site jobs at the data center, average salary across all full-time on-site employees,~~ water and utility usage and energy demand, total annual tax revenue including PILOTs generated by the project and total tax revenue generated across all years of operation and compared to similar parcels and operations in the local or state tax rolls, ~~total construction workers utilized during site build~~, funding invested into the CIF and intended uses of funds, calculation of CIF investment provided in terms dollars- invested-per-megawatt-demand, environmental impacts and actions taken to mitigate impacts, etc.

As a baseline for negotiations, Empire State Development shall establish guidance related to contribution levels from data center operators, developed to create a *minimum threshold for contributions, such as at $1 million in data center operator contribution per 1 megawatt (MW) of anticipated utility demand per project. This recommended contribution level is intended to provide local governments and developers with a consistent starting point for negotiations, while allowing the final investment levels and eligible uses of the Fund to be tailored to the unique needs, priorities, and circumstances of each host community.*

Megawatts (MW)	*Recommended Community Investment Level to Mitigate Project Impacts*
50	*$50,000,000*
100	*$100,000,000*
150	*$150,000,000*
200	*$200,000,000*
250	*$250,000,000*
300	*$300,000,000*
350	*$350,000,000*
400	*$400,000,000*