



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

## Letter from Senators on Penn Station Plan

BRAD HOYLMAN-SIGAL March 10, 2022

| ISSUE: **PENN STATION, MASS TRANSIT, SD 27, SENATOR BRAD HOYLMAN**

The plan to redevelop the area around Penn Station – one of the largest development projects in the history of New York – cannot move forward until critical questions are answered. We strongly urge Empire State Development (ESD) to halt this plan until there are explanations provided and agreements made associated with the cost, design, scope, bond liabilities, and other aspects of the project that remain unknown. We also ask that you refrain from voting on the plan until the New York City Independent Budget Office (IBO) releases its independent financial analysis of the project.

We agree that New York’s transportation infrastructure – and Penn Station in particular – must be updated and sufficiently funded. We also know that we have finite resources to put toward improvements, and that we must use them as wisely and effectively as possible. Yet vital information about the proposed Penn Station deal has still not been provided to taxpayers and the lawmakers elected to ensure their dollars are spent wisely and their city is developed smartly.

Perhaps most concerningly, the State has not released an updated economic analysis of how much the new development would yield in taxes to support the Penn Station project since COVID-19 devastated the market for commercial office space, with potential long-term ramifications. The commercial vacancy rate in Midtown is currently hovering around 19 percent, according to the State Comptroller. We also do not know how much the main developer of the project, Vornado, would contribute to public space and transportation upgrades in return for a massive windfall of development rights.

Before considering the Penn Station plan for approval, we request answers to the following questions:

- ? How much are Penn Station’s planned upgrades projected to cost? (If we do not know how much this will cost, how can we decide how much new development we need to pay for it?)
- ? Will Vornado, the project’s main developer, receive subsidies?
- ? Will Vornado contribute financially to the upgrades at Penn Station?

- ? Will the payments in lieu of taxes (PILOTs) paid by Vornado be equal to or less than what New York City property tax would yield?
- ? How much added floor area ratio will Vornado get?
- ? How much tax revenue will the City lose per year in perpetuity, and what is the State's plan to make the City whole?
- ? What are the State's bond liabilities? ESD may borrow upwards of \$5.7 billion based on potential Vornado development revenue, requiring upwards of \$330 million a year in bond payments.
- ? What happens if the expected rents from the project don't materialize? Will taxpayers still be on the hook?
- ? And what else is in it for New Yorkers? For example, can the plan be adjusted to bring much-needed social services and housing to people experiencing homelessness in the area? Can the plan yield much more affordable housing for New Yorkers who need it?

By circumventing normal City and State planning laws and reviews, the Empire State Development board now has sole authority to propose and approve the plan, and so the Board has tremendous responsibility to look out for the best interests of New Yorkers. As of this moment, far too many open questions remain for the Board to make an informed decision. You cannot push this plan forward without answers – we urge you to pause the Penn Station plan until those answers have been provided and the IBO has provided an independent financial analysis of the project.

Sincerely,

State Senator Liz Krueger, State Senator Brad Hoylman

State Senator Alessandra Biaggi, State Senator Jabari Brisport, State Senator Cordell Cleare, State Senator Leroy Comrie State Senator Robert Jackson, State Senator John C. Liu, State Senator Zellnor Myrie, State Senator Roxanne J. Persaud, State Senator Jessica Ramos, State Senator Elijah Reichlin-Melnick, State Senator

Gustavo Rivera, State Senator Julia Salazar, State Senator James Sanders Jr.