

**Common Cause/NY
Reinvent Albany
BetaNYC
League of Women Voters of NYS
League of Women Voters of the City of New York
New York Public Interest Research Group
Tri-State Transportation Campaign**

February 28, 2022

Submitted Via Email

Kathy C. Hochul
Governor, State of New York

Andrea Stewart-Cousins
Majority Leader, New York State Senate

Robert Ort
Minority Leader, New York State Senate

Carl Heastie
Speaker, New York State Assembly

William Barclay
Minority Leader, New York State Assembly

Re: Halt Penn Station Area development until the ESD is fully and publicly transparent about project financing and forthcoming IBO report findings are addressed.

Dear Governor Hochul, Majority Leader Stewart-Cousins, Minority Leader Ort, Speaker Heastie, and Minority Leader Barclay:

We join Senators Krueger, Hoylman, NYC Public Advocate Williams, the NYC City Planning Commission and many others in urging you to halt the enormous Penn Station Area development project until at a minimum:

1. The Empire State Development Corporation (ESD) provides “[concrete](#)” details to the public about the project financing, including the cost in lost revenue to NYC, potential subsidies to Vornado and risks to taxpayers if the commercial development fails.
2. State and City elected officials and the interested public can absorb the forthcoming analysis by the [NYC Independent Budget Office](#) and ESD responds publicly and in writing to questions raised by IBO.

Along with ESD’s shocking lack of transparency about project finances, we are greatly concerned about many aspects of the proposed Penn Station Area development project, which at 19.6 million square feet is bigger than the nearby 18 million square foot

Hudson Yards. In 2018, Governor Cuomo proposed, and the state legislature passed a budget which declared Penn Station a “public safety hazard,” paving the way for transferring control of the zoning and the rights to future property taxes for the area around Penn Station (which is owned by Vornado) from the City of New York to ESD.

We believe this was a wrongheaded and potentially hugely costly usurpation of NYC home rule and a terrible precedent.

As explained by Governor Hochul and ESD, the state intends to give Vornado Realty Trust permission in the form of a General Project Plan (GPP) to build ten buildings far larger than what is allowed by current city zoning. In return, the state will take Payment in Lieu of Taxes (PILOTs) from Vornado’s new buildings to pay back bonds which will be used to pay for the state’s share of renovating Penn Station. These PILOTs are instead of Vornado paying NYC property taxes. Based on public documents and Governor Hochul’s [public statements](#), we believe the Penn Station project will probably result in the state diverting roughly \$5B in future NYC property tax revenue that could go to bus lanes, Fair Fares, schools, parks, clean water, social services or other priorities determined by New York City.

All of our groups strongly support public investment in the MTA and many of us worked hard to help get federal funding to help keep transit going despite the ravages of COVID-19. However, the Penn Station Area project is not a transit project; it’s a secretive state maneuver to unilaterally take future NYC property tax dollars to pay for the state’s refurbishment of Penn Station and possibly provide extremely large subsidies to the politically connected Vornado Realty Trust. Taxpayers and elected leaders deserve to know why the ESD’s convoluted and secretive way of paying for public infrastructure makes more sense than traditional government bonding for capital projects and whether the public is getting the best possible deal from giving Vornado this massive upzoning gift.

Finally, it is simply absurd, utterly undemocratic, and presumptuous that a 19.6 million square foot development in the heart of Midtown will not go through New York City’s Uniform Land Use and Review Process (ULURP). ULURP was specifically intended to give the community and their elected representatives a voice before mega-projects like Penn Station are finalized. ULURP is imperfect, but is massively superior to the Empire State Development Corporation making unilateral decisions about the future of a crucial part of New York City and potentially billions in NYC tax revenue.

[Governor Hochul](#) has said: "From Day One, I've been committed to restoring New Yorkers' faith in their government by improving transparency and increasing

accountability." Unfortunately, Penn Station Area Development, which is probably the biggest project her ESD has underway anywhere in the state, has become a symbol of secretiveness and the unaccountability of State power. We ask the Governor and you to halt this project until it is completely and publicly transparent and the people of New York City and their elected representatives are given a fully informed and meaningful voice.

Sincerely,

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Senator Michael Gianaris

Senator Brad Hoylman

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Council Speaker Adrienne Adams