

# Derail this Penn redevelopment plan

Richard Ravitch : 5-6 minutes : 7/27/2022

In my more than 60 years in and around government in New York, I've learned one thing for sure: When it comes to spending taxpayers' money to score political points, very few elected officials care about the price tag. That is why I had to help oversee painful turnarounds of both New York City's finances in the 1970s and the Metropolitan Transportation Authority in the 1980s — and why taxpayers will be paying a steep price once again if the governor's wrongheaded Penn Station plan is approved today.

Vornado — the primary developer — has an option of infinite duration. Right now, there is no prospect of anyone building more office space, given the fact there's a [16% commercial vacancy rate](#) and a 5% sublease vacancy rate in New York. Furthermore, the City of New York will not receive property taxes when it is developed, but will be required to provide essential services.

But perhaps the most outrageous thing about the plan is how little we know about it. When I wrote this column Tuesday, for instance, it was still unclear exactly what the state Public Authorities Control Board (PACB) will be voting on today when it is asked to authorize this scheme to fund the station improvements with captured property taxes from the new development. The PACB's sole authority is to make sure that taxpayers can afford the projects their government is proposing, yet [on their agenda for today's meeting](#) under the "Amount" column for the Penn plan was "N/A."

Say no. (Don Pollard)

That ludicrously low level of transparency is reason enough to postpone this plan. New York State through its Empire State Development Corp. (ESD) and the offices of two governors over several years had more than enough time to disclose how they would finance this project, yet has still not explained in detail why New Yorkers can be certain it will pay for itself.

In fact, a financial analysis of this plan to build 18 million square feet of mostly office space has not been done post-COVID and post the work-from-home revolution. Nor has the state adequately explained why other financing options, such as bonding or other mechanisms to leverage investment from the federal government, won't work. Also, by the way, there are many different agencies and authorities outside of the state's control that have their own ideas about what Penn Station should become, and they have not officially signed off on this plan.

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The city's Independent Budget Office made these points months ago in an [unusual rebuke of the state](#), writing, "Many key questions remain unanswered under the state's current proposal." A large majority of the state Senate's city members sent an urgent letter earlier this year as well, demanding to know the answers to more than a dozen basic questions about the plan from ESD, stating simply, "We strongly urge Empire State Development to halt this plan." It is relevant to note that they are all Democrats like the governor.

Fortunately, taxpayers have the PACB for exactly this reason. It is supposed to be a sentinel blocking the state's coffers from barbarians looking to pillage for political gain. The concept is similar to the state Financial Control Board that Gov. Hugh Carey put together in 1975 to protect New York City from its own financial ruin.

Decades of largesse on layaway put the greatest city in the world on the precipice of an abyss. It nearly killed us — and it could happen again.

Although the PACB's authority was narrowed by Gov. Cuomo following its members' refusal to approve his ill-fated Amazon headquarters deal in Queens, the board still has the legal authority to determine whether ESD "has demonstrated that there is the commitment of funds sufficient to finance the acquisition and construction of the project." More importantly, in addition, if a PACB member determines that the amount of committed funds is not sufficient to finance a project, then such member is obligated to vote against such project.

The conditions to obey that responsibility for the PACB could not be more clear in the case of the state's Penn project. New Yorkers deserve a better Penn plan, one that puts transit improvements first and is not a trumped-up real estate scheme that could leave taxpayers on a very sharp hook for generations to come. But we can only proceed with that plan once this one is dealt a deserved fatal blow by the PACB.

The Public Authorities Control Board is obligated to vote no on this plan. I hope by the time you read this, they already have, and we can all rest easier knowing Penn Station — and our state's finances — are on the right track.

*Ravitch is the former lieutenant governor of New York, and former chairman of the New York State Urban Development Corp. and Metropolitan Transportation Authority.*