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MANHATTAN NEWS

# Penn Station Megaproject Suit Seeks Documents State Withheld as 'Trade Secrets'

*Manhattan lawyer alleges state has been shielding role played by property owner Vornado, which has valuable holdings affected by Gov. Kathy Hochul's Midtown development plan.*

BY **GABRIEL POBLETE** | SEP 9, 2022, 2:12PM EST



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Vornado's "The Penn District" sign on scaffolding along 7th Ave., June 20, 2022. | Hiram Alejandro Durán/THE CITY

The New York State agency pushing a controversial redevelopment of the Penn Station area is refusing to release records that could reveal financial details behind the massive project — claiming that its communications with property owners are trade secrets.

A [lawsuit](#) filed last week in Manhattan state Supreme Court by an attorney active in city development battles demands that Empire State Development (ESD) release records related to the state's negotiations with the developer Vornado, the largest property owner affected.

“Vornado was there every step of the way — and not just as an observer,” lawyer Charles Weinstock said to THE CITY. Weinstock is representing himself as plaintiff in this case.

His complaint alleges “ESD has been particularly zealous in concealing the central role played by Vornado Realty Trust,” whose principals were big donors to former Gov. Andrew Cuomo.

Weinstock also claims in court papers that “the documents ESD has produced thus far establish the continuous involvement of Vornado in the project’s development” showing “collusion between a state agency and the private company that would be the project’s primary beneficiary.”

The attorney is seeking a court order after ESD denied three record requests — and appeals — he made under the state’s Freedom of Information Law. In emailed responses, the agency cited exemptions applying to trade secrets, pending contracts, interagency materials and technology security as reasons to keep financial documents under wraps.

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The Penn project has stirred controversy both because of its vast scale and because of big unanswered questions about the state’s promise that fees charged on new large-scale real estate development, known as payments in lieu of taxes (PILOT), will pay for major improvements to Penn Station.

Gov. Kathy Hochul has estimated the project could cost the state \$7 billion. The plan proposed by the state would enable 18 million square feet of office and other commercial space in as many as 10 buildings.

While Hochul announced in July the state had reached an agreement with Mayor Eric Adams to compensate the city for lost tax revenue from Penn-area real estate, the state has been secretive about key elements of its financial plan — including whether developers will receive a tax break, as is common in PILOT deals such as Hudson Yards, located to Penn Station’s west.



MTA head Janno Lieber speaks with Gov. Kathy Hochul at the Moynihan Train Hall about Penn Station improvements, June 9, 2022. | Ben Fractenberg/THE CITY

In May, the city Independent Budget Office concluded that too little was known about the project and its finances to evaluate them. The following month, State Sens. Leroy Comrie (D-Queens) and Liz Krueger (D-Manhattan) held a hearing at which Krueger suggested a state panel be empowered to block the project.

To gain insight into the value of the development rights and other details of the project's economics, Weinstock sought communications between former and current staffers of Empire State Development and executives of Vornado Realty Trust, including its CEO Steve Roth, as well as James Dolan, whose family owns Madison Square Garden.

For Weinstock, the goal of his record requests is finding how much influence Vornado had on the project. The lawyer requested documents — text messages, emails, phone logs and more — between executives of Vornado and executives of ESD that date back to the beginning of 2016, when Cuomo was still governor.

The real estate giant already owns about 20 million square feet of office space in Manhattan. Roth has been a major donor to Gov. Hochul as well as her predecessor, with Roth and his wife giving Cuomo \$384,000 to his political campaigns since 2015, [THE CITY has reported](#).

Vornado is an office space developer that owns five of the eight sites contemplated in the plan and intends to turn the Penn Station area into the [“Silicon Valley of New York,”](#) according to the company’s website.

Reinvent Albany, a good government group, released a [report in July](#) that found Vornado would save \$1.2 billion in the Penn plan if the PILOTs mirrored those of nearby Hudson Yards, which used a similar financial scheme that gave the developers of that project a 20% commercial tax break.

ESD declined to comment because of the pending litigation.

Vornado has not responded to a request for comment.

Weinstock, an attorney who is also a movie producer, has been involved in land use legal battles before, including one challenging a [52-story tower at 200 Amsterdam Ave.](#) and another over a proposed mixed-use project at [1045 Madison Ave.](#) on the Upper East Side. The lawyer was unsuccessful in both instances.

Weinstock called the Penn Station redevelopment plan lousy and explained his motive to get involved in these land use disputes: “I do this stuff because I hate what’s happening to the city.”

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