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Penn Station project gets key approval by NY state board, moves to next phase

By Stephen Nessen and Jon CampbellPublished Jul 27, 20227 commentsShareFacebookTwitterRedditEmail : 7-9 minutes

A key state oversight body approved the financing plan to redevelop Penn Station and its surrounding neighborhood Wednesday, greenlighting one of Gov. Kathy Hochul's loftiest projects, which is estimated to cost a total of \$22 billion.

The Public Authorities Control Board (PACB) — an obscure state board that sank former Gov. Andrew Cuomo's Amazon project — was charged Wednesday with approving the way the Penn Station project would be funded. [A two-page sheet](#) published a day before the vote noted it would rely on 50% federal funds, with New York and New Jersey evenly splitting the rest of the costs. Along with Penn Station's revitalization, which is expected to cost \$7.2 billion alone, the plans will see the construction of 10 skyscrapers around Midtown and the creation of eight acres of open space. The state is calling it one of the biggest projects in city history.

"For far too long, Penn Station has been an overcrowded, cramped, and neglected mess. This vote is a major milestone in our plan to fix Penn Station and transform the surrounding neighborhood," Hochul wrote in a statement after the vote.

Hear WNYC's Stephen Nessen discuss the key vote advancing the Penn Station redevelopment plan:

Part of the financing plan will involve charging developers of the 10 skyscrapers, mainly Vornado Realty Corp., a fee instead of collecting city real estate taxes, a financing arrangement known as Payments In Lieu of Taxes (PILOTs). Mayor Eric Adams has previously said he's on board with the arrangement.

PACB Vote

The approval was required to be unanimous. Assemblymember Amy Paulin, a board member, recused herself from the vote due to an unspecified conflict of interest.

State Sen. Leroy Comrie of Queens, who had been critical of the project, spoke briefly before affirming his cautious support.

"To be clear, while I will vote 'yes' on today's resolution, I will not vote in favor of any future PILOT agreements for individual aboveground buildings in this project footprint until we have secured necessary federal approvals and the fair share of funding from the federal government and New Jersey," Comrie said.

Comrie added that he would still like to see the refurbished Penn Station allow the LIRR and NJ Transit trains to share tracks as they pass through. The Empire State Development Corporation — the authority currently overseeing the project — has rejected this idea in the past.

Speaking at the meeting, Holly Leicht, executive vice president of real estate development and planning at ESD, said Wednesday's vote was the first of many the board would be holding on the project. She said as the

state acquires each of the eight project sites, it would have to be individually negotiated and the PACB would hold a vote on each one.

The approval of the PILOT funding comes despite the board not having an exact figure for how much in fees the developers would pay.

State Sens. Brad Hoylman, Liz Krueger, and Robert Jackson — who have been critical of the plan — put out a joint statement suggesting the fight for a fair deal continues.

“What today’s vote did not do was establish any deals with any real estate developers for the blocks surrounding Penn Station. Any future deals will have to return to the PACB, and we will continue fighting alongside the community to ensure that those deals are not just corporate welfare for developers,” they wrote.

The senators added they’re still seeking guarantees for “affordable housing, and no unnecessary tax breaks that reward developers for building projects they wanted to build anyway.”

Critics of the plan, including watchdogs at Reinvent Albany, which [put out a report](#) that found developers could reap \$1.2 billion in tax breaks, blasted Wednesday’s vote.

“Instead of voting on an actual financing plan with actual dollars, the PACB chose to ‘approve’ a non-binding, framework agreement which includes no dollar figures. Under the law, it is not the PACB’s job to approve non-binding, framework agreements. So what does this vote mean and why did they do it?” John Kaehny, executive director of Reinvent Albany, said in a written statement. “We think this vote means nothing legally, but a lot politically. The Senate and Assembly think they’ve created a fig leaf for themselves to placate the growing legions of critics while delivering the governor the headline she wants: ‘Deal Approved.’”

Opposition vs. support

The board crammed into a long, windowless conference room on the Capitol’s first floor alongside 30 or so staff members, onlookers, and reporters while more than a dozen protesters watched a stream of the meeting from a staircase just outside the room’s closed door.

Before the vote, a few dozen opponents of the Penn Station project traveled to the Capitol to urge the board to vote against it, calling the redevelopment plan a giveaway to Vornado – whose CEO Steven Roth, along with members of his family, is a major campaign contributor to Hochul and Cuomo.

They rallied on the Capitol’s ornate Million Dollar Staircase, where they chanted “trains, not towers” and held signs that said things like “Show Me The Money” – a reference to the lack of a full, publicly released financial plan for the project.

Damina Townes of lower Manhattan was among those who traveled to Albany for the rally. She said the redevelopment project is too focused on building office towers and not focused enough on the public transit and preservation needs of the surrounding neighborhood.

“I’m saying office towers are not necessary in that area,” she said. “If we want this Penn Station project to be about Penn Station, that should be the main focus.”

The governor has also touted the project as a job generator. Carlo Scissura, president and CEO of the New York Building Congress, has been a booster.

"Today, we can officially, finally, look forward to righting one of the biggest missed opportunities of this city's past by reimagining our most vital transit hub and the neighborhoods surrounding it," Scissura wrote in a statement.

Some, like Diana Gonzalez of New Yorkers for a Better Penn Plan, painted the vote as a positive development since the board members made clear that Wednesday's vote was not the final say in the matter.

"We are interpreting this as an absolute, unequivocal win," Gonzalez said. "We are going to continue the fight to make sure that this very terrible plan doesn't come to pass."

Next phase

Future financing plans for the project will have to go before the PACB again, at which point critics will get another chance to make their voices heard.

Layla Law-Gisiko, who sits on the executive committee of Manhattan's Community Board 5, said she was frustrated by the "very vague framework" the PACB voted on, leaving her questioning whether the state is serious about fixing Penn Station.

"I think we're getting misguided in the way we're setting our priorities," said Law-Gisiko, a former Assembly candidate. "We need to figure out how we're going to pay for the construction and potential expansion of Penn Station, then we can think about 10 towers. And very clearly, we heard today that they make absolutely no commitment that these towers are going to provide any revenue."

She continued: "What are we doing? Why are we wasting our time?"

The next phase of the project includes securing the sites. This summer or early fall the governor is also expected to select a design for the new Penn Station train hall, which will include a skylight and more floor space than Grand Central Terminal. The governor has also promised to rename the station.