



## **Public Comment to Manhattan Community Board Five**

*Re: New York State Can Fix Penn Station Without Tax Breaks for Vornado*

**March 1, 2023**

Good evening, members of Community Board Five. Thank you for the opportunity to present our thoughts on the Penn Station project's financing and the state budget. I am Rachael Fauss, Senior Policy Advisor for Reinvent Albany. We advocate for more transparent and accountable New York government.

Fortunately, the future of Penn Station does not depend on the success or even survival of struggling real estate developer Vornado, which is being crushed by debt and pandemic commuting patterns, and has [written down their portfolio](#) due to Midtown property value losses.

New York State [planning documents](#) say the State will pay \$1.75 billion of the \$7 billion needed to fix Penn Station (25%), with the feds (50%) and New Jersey (25%) paying the rest. As part of its funding, PILOTs would "cap" out at \$875 million in Payments in Lieu of Taxes (PILOTs) from new Vornado office towers in the Penn Station area. (These PILOTs are New York City property taxes diverted to the state.)

With Vornado's bombshell announcement in November 2022 and continued comments that it is delaying all new development around Penn Station for an indefinite period, some observers have wrongly concluded that Vornado's woes will delay fixing Penn Station.

This is not true. The Governor and Legislature can relatively easily find \$875 million more in NYS capital funds elsewhere and move quickly to fix Penn. For some perspective, \$875 million is only 1.5% of the current MTA capital plan or 8.25% of the Green CHIPS tax break. The FY2024 proposed executive budget already reappropriates \$1.2 billion in the capital budget for the Penn Station project, but is limited in its scope to Penn expansion OR below ground transportation improvements. \$100 million has been spent on design by the MTA, and the next MTA capital plan is slated for 2025-2029, with the MTA's 20-year needs assessment due in October 2023.

We caution, however, that given the delays to congestion pricing, the MTA should not be expected to fund Penn Station upgrades with its own resources, as its 2020-2024 capital plan is significantly behind (See our report on this topic – [Double Jeopardy, June 2022.](#))

We urge CB5 to look to the Governor, Senate, and Assembly to find state budget funds to fix Penn Station, [modernize the plan to improve capacity as requested by Senator Comrie](#) and others, eliminate any tax subsidies, and end the magical thinking that has plagued the Penn Station redevelopment project from day one.

Thank you for your consideration.