



NEW YORK STATE SENATOR

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Testimony on the Pennsylvania Station Area Civic and Land Use Project Final Environmental Impact Statement

BRAD HOYLMAN-SIGAL July 11, 2022

| ISSUE: **PENN STATION REDEVELOPMENT, PENN STATION**

Signed by: U.S. Representatives Jerrold Nadler & Carolyn Maloney; Manhattan Borough President Mark Levine; State Senators Brad Hoylman, Robert Jackson, & Liz Krueger; Assembly Member Richard Gottfried; Councilmember Erik Bottcher

We appreciate the opportunity to submit comments regarding the General Project Plan for the Pennsylvania Station Area Civic and Land Use Improvement Project.

Our districts, which cover Penn Station and the neighborhoods around it, including the proposed expansion and development areas, have seen enormous growth in residential and commercial development and the associated congestion in our transit system and on our streets over the last two decades. The increase in scale and density on Manhattan's West Side as a result of rezonings and development has led to a dramatic increase in the number of people who live and work around Penn Station and who rely on this transit hub.

The Empire Station Community Advisory Committee Working Group (CACWG) released its initial response to Empire State Development's proposed General Project Plan for Pennsylvania Station and its surrounding area in August of 2021. The report reflected input from two town halls, and a series of issue-focused meetings ranging from transportation to financing to public space, with significant engagement and support from ESD, the

Metropolitan Transportation Authority, and Amtrak on technical details of the proposal. We are thankful for the improvements that have been included as a result of the CACWG's work, yet they were not enough.

What follows are key areas that require further consideration. Many of these points are expanded upon in the testimonies submitted by Manhattan Community Boards 4 and 5. As the communities most impacted by Penn Station and its operations, we encourage your thorough review of their testimonies. It is disappointing that we have previously submitted many of these points and that there have not been more changes related to these items that are of grave concern to our communities. We are of the opinion that the GPP should not go forward until these issues are addressed and questions are answered.

Resident Displacement

We are very disappointed that the plan calls for residential displacement and understand that any residents displaced by the Penn Expansion projects on sites 1-3 who income certify would have a right to return to an affordable unit on Site 1A and displaced residents will receive assistance under federal regulations. There are concerns that the compensation received under federal regulations is inadequate.

The GPP must provide for the permanent relocation of residential tenants, within the immediate area, if desired, at the tenant's existing affordability levels. Current rent regulated tenants at risk of displacement should remain rent regulated in any new unit, regardless of whether they are income qualified for an affordable unit. We want to ensure that the residential buildings are the first to be built, to provide an easier transition for the residents who will be displaced. As stated above, there must be affordable and supportive housing provided on Sites 4-8, and displaced residents should have the option to move into those units before their buildings are demolished. If site 1A is not built, residents should be

relocated onto another site.

Governance Structure

We are disappointed to see that there is no current plan to create a single entity to coordinate and implement the Penn Station reconstruction, the potential Penn Station expansion, and the above-grade development. As ESD notes in the response to the previous public comments, there are multiple agencies that must approve different aspects of this project. As below ground track work progresses, there must be coordination with regard to the above-ground station improvement. Proposals must have public review. As previously requested numerous times, there should be one agency that leads the implementation of an overall integrated plan with a single project director who coordinates all agencies and developers involved, and collects community input, as was done for the rebuilding of lower Manhattan and the World Trade Center (the Lower Manhattan Development Corporation) with consolidated operation for the station once the improvements are complete.

Community Benefits

The revised November 2021 GPP included many recommendations by the CACWG. We are heartened to see that ESD would set aside space and work with the community to provide homeless services on Sites 1, 2, and/or 3, as well as soliciting and implementing innovative ideas for the provision of social services within or proximate to the Project Area. We hope ESD in partnership with the MTA will consider how the Penn Station redevelopment can provide a drop-in center in Penn Station for homeless New Yorkers to provide everything from supportive and affordable housing resources to job training, addiction services and employment assistance.

It remains that many of the recommendations relating to direct community benefits are not guaranteed and are reliant on the separate approval of the southern expansion alternative

for Penn Station. If the southern expansion does not occur, there would be no requirement for a community facility on any of the remaining sites as currently proposed. Additionally, if development on sites 1-3 does not occur, requirements for housing, notably affordable housing, would also disappear. We hope to see an alternative site proposal for these benefits if the southern expansion does not occur.

Affordable Housing and Density

We appreciate the significant reduction in commercial density from the original plan with consideration of shadows and sightlines. However, there is still too much office space. With commercial vacancy rates at 16%, office occupancy only at 41%, and unused office space at World Trade and Hudson Yards, pre-pandemic, more office space is not what we need. With this level of density, there must be increased residential zoning, including mandatory affordable and supportive housing, on sites 4-8.

The only site currently required to be residential is site 1A, with sites 1B, 4 and 8 allowing the option for residential development. As stated earlier, if an alternative Penn Station capacity project is selected that is not the southern expansion, Site 1A may not see development at all, negating any potential affordable housing gains from this project. A project this large must confront New York's housing crisis head-on, with 1,000 affordable units, including at least 200 supportive units. The remainder of these units, not yet included in the proposal should be located on sites that are not reliant on the southern expansion currently under consideration. These sites must be included in the "piggybank." Affordable housing should be included in the first phase of construction.

Environmental Considerations

Community representatives need to be included in the planning, scheduling, scoping, and execution of any and all construction/development to ensure clear communication and

managing quality of life impacts to the existing residents, including to mitigate construction noise.

Net zero requirements for buildings should exclude the possibility of purchasing carbon offsets.

We are pleased to see that the design guidelines will encourage exceeding LEED Gold standards for building performance and the inclusion of all electric buildings. As the construction timeline for these projects is over the course of decades, design guidelines should seek to encompass technology that may not be readily available yet. With such a great undertaking, there is a real opportunity to exceed the energy conservation requirements of Local Law 97 and achieve a carbon negative Penn District and we hope that this is reflected in subsequent guidance.

Small Business Displacement

Any plan that results in the displacement of small businesses should offer temporary spaces during the construction period and relocation within the new towers for existing small businesses, stores and nonprofits, of similar size to current locations, at current rent levels and terms. It is important we retain the estimated 8,937 jobs attached to these spaces that contribute to the vibrancy of this area.

Public Realm

We are pleased to see the creation of a public realm task force and look forward to the participation of a wide array of stakeholders. Coordinated public realm improvements should be the centerpiece of this plan, and the creation of this task force will help ensure that occurs. Concerns have been raised, which we share, regarding the funding mechanism for the Penn Station Area Public Realm Fund. We agree with Community Board Four's

request that a fixed proportion of the PILOTs be guaranteed for public realm funding. Previous testimony on this matter has received the response that specific funding arrangements for the fund have not been arranged. Until there is a set arrangement, we remain concerned over the ability of the fund to provide the promised benefits to the community.

It is critical that all new development be designed with the pedestrian experience at the forefront, such as ensuring large commercial building entrances and unactivated street frontage do not replace any potential vibrant street life. While the November 2021 revision to the GPP reduces maximum lobby widths, it still allows lobbies to take up to 100 feet of avenue facing blocks in multiple locations, and should be further reduced. Station entrances should be required to be large, easy to find and consistent in design to ensure convenient wayfinding for transit users.

New pedestrian space should not become hijacked by other needs. Amenities such as accessible seating and tables should be available in all public spaces. Garbage, loading, utilities and other building operations must be handled inside of the building.

The multiple developments in the area, including the Port Authority Bus Terminal alongside the Penn Station redevelopment project will have significant and compounded impacts on traffic volume, pedestrians, transit, air quality, and noise in the area of the project. These cumulative impacts were not fully taken into account in the FEIS. It is essential that the GPP outline mechanisms to monitor and mitigate the impact of these developments on transit, pedestrians, traffic, and residents.

Train Hall & Madison Square Garden

The gateway to New York, its largest transportation hub, should represent the City. A new grand train hall can be built if Madison Square Garden is moved to a more appropriate site.

Of the two options for a train hall on the potential southern expansion block, we have a strong preference for the avenue facing option, rather than a mid block train hall; however, either option will be off-set from the majority of tracks. We continue to demand that Amtrak, MTA and New Jersey Transit engage the users of Penn Station and the surrounding community in discussions on the renovation of the station and the Penn Station Master Plan. As evidenced by this process, early engagement of key stakeholders leads to improvements.

The impact of MSG operations must be taken into account when planning for the surrounding streets and sidewalks, including customer flow and loading operations. All trucks associated with MSG and its operations, including loading and news vehicles, should be accommodated within the building, and taken off our streets, sidewalks and open spaces. While the MSG site is not included in the current GPP, the impacts of its presence and operations will continue to have an adverse impact on the surrounding streetscape that will be difficult to mitigate. Understanding the challenges of moving MSG, we maintain that moving MSG is in the best long term interests of our city: the ability to provide for a grand above-ground train hall, enable the construction of wider platforms and realigned tracks, allow for track expansion without displacing residents, facilitate ease of public realm improvements, and provide for the addition of through running. We request that a group of stakeholders be convened to explore alternative locations for MSG.

View Corridors/ Shadows

While the FEIS includes improvements to view corridors from the original plan, we agree with the local community about the overall impact on views. ESD should work to minimize shadows and negative impacts from new development on sightlines.

Local Hiring

The FEIS states that currently information related to prevailing wage and community benefits have not been developed and that these are outside the scope of SEQRA. Before finalizing the GPP, Project Labor Agreements should be developed and local and community benefits should be included. A provision to explore local hiring agreements during construction in partnership with the Building Trades Employer Association should be included in the plan and ESD should work towards an agreement with trade unions to establish and fund a pre-apprenticeship program that links economically disadvantaged New Yorkers to union careers in the construction trades, with outreach to the local community. As the Penn Station rebuild and expansion nears completion, a local hiring office should be opened in the vicinity to connect local community members with jobs in the new station as well as in surrounding development sites. This office would collaborate with community-based organizations on outreach to economically disadvantaged job seekers and communities.

Financial Framework

We appreciate ESD and MTA exploring funding strategies to eliminate the City's risk and minimize public risk and ensure timely repayment of any loans or bonds. However, more details regarding how the state will decrease risk to state taxpayers and the City are needed and there are a number of outstanding questions that should be answered before any future votes by the board:

1. How will future PILOT agreements adjust to cost overruns of the project, which are frequent on mega projects?
2. How is ESD calculating potential revenues from the project? Will ESD share these projections and assumptions?

3. What is the total cost to city and state taxpayers of this financing plan, versus the State using conventional borrowing?
4. We understand that it is the intent of ESD to make the city whole for existing property taxes. Where will these funds come from? How does this impact the state's ability to pay back potential bonds? What is the impact on city real estate tax revenues, given the proximity to Hudson Yards? What assumptions are going into making the City "whole" in terms of projections from current tax revenues as well as increased costs for city services?
5. How much does the State intend to give the developer in tax breaks via discounted PILOTs? If the Hudson Yards model is used, there could be \$1 billion or more in tax breaks (see research from the [Schwartz Center for Economic Policy](#)).
6. How long will taxpayers pay interest payments on project bonding before Vornado properties generate any revenue? What steps is ESD taking to mitigate risk to New York State taxpayers? Please explain the funding strategies you are pursuing to minimize public risk and ensure timely repayment of any loans or bonds issued. Please also explain the credit enhancement you foresee undergoing and how the state will financially support that process.
7. How much will the State be paying in credit enhancement mechanisms?
8. What are the risks to the taxpayers if development does not go as planned, and PILOTs come in at lower levels or Vornado decides not to develop certain sites? (See IBO's research [about city payments made in Hudson Yards](#).)
9. How will the sunset period for the PILOTs be determined?

10. Please provide details about how baseline projections have been modeled against potential unfavorable conditions, particularly recessions and cost overruns.

11. With federal funding sources having come online within the last few months, please explain how ESD has factored these potential revenue sources into discussions and considerations about the State's share.