LIZ KRUEGER
SENATOR, 28TH DISTRICT

ALBANY OFFICE
STATE CAPITOL BUILDING
ROOM 416
ALBANY, NEW YORK 12247
(518) 455-2297
FAX (518) 426-6874

DISTRICT OFFICE
211 EAST 43RD STREET, STE. 1201
NEW YORK, NEW YORK 10017
(212) 490-9535
FAX (212) 499-2558.2556

E-MAIL
LKRUEGER@NYSENATE.GOV

NEW YORK STATE SENATE
ALBANY, NEW YORK 12247

CHAIR, MAJORITY MEMBER
FINANCE

COMMITTEES:
RULES
BUDGET & REVENUE

Comments to NYS Urban Development Corporation Directors Regarding Approval of the Final Environmental Impact Statement for the Pennsylvania Station Area Civic and Land Use Improvement Project

State Senator Liz Krueger

June 29, 2022

I continue to have lingering questions about the projects' finances and effect on the neighborhood that have not been adequately answered by the FEIS. I ask that the Board of Directors answer these questions before approving the FEIS. If any of these questions are unanswerable at the moment, the ESD Board of Directors should wait to approve the FEIS until all substantial environmental impact questions are addressed. Thank you for taking these concerns into consideration before voting on the FEIS.

How will displaced residents be compensated?

During the joint Senate hearing on June 24, Senator Krueger asked Commissioner Knight what ESD's commitment to displaced residents is. Commissioner Knight would only say that ESD would follow federal regulations. These regulations, which offer residents a maximum one-time payment of $7,200, are inadequate considering the value of property in the area and the high cost of rent.

In addition, there have been no guarantees that rent regulated tenants would be able to keep their status in the event that they are relocated. Current rent regulated tenants at risk of displacement should remain rent regulated regardless of whether they are income qualified for an affordable unit. Before this FEIS is approved, ESD must make a clearer commitment to how both residents and businesses would be relocated equitably.

Is the construction of new affordable housing dependent on the approval of a southern expansion of Penn Station onto Sites 1 through 3?

According to ESD's CT-8 Response, only Site 1A would be "required" to include residential uses. Residential uses are "permitted" on Sites 1B, 4, and 8. The response goes on to state that "up to 1,798 residential units could be built, of which 540 would be permanently affordable." I am worried about the uncertainty of the word "could." The least we can do for our neighbors who are relocated from homes they've had for decades is to ensure that housing for them is prioritized. Residential buildings should be the first ones built, and if Site 1A is not built, housing must be guaranteed on other sites.

If New Jersey and the federal government do not come through with their portion of financing for Penn Station redevelopment and/or expansion, is it possible that we could have development without station improvement?

During the June 24th hearing, Hope Knight stated that this is a possibility, and that any PILOT that does not go toward funding the Penn Station project would go to the city. What steps are being taken to ensure that we do not have real estate development without transit improvements?

Given the high demand for Class A office space, why must we financially incentivize developers to build it?

ESD's CT-4 Response makes a compelling argument that demand for Class A office space is high despite the pandemic and will continue to increase. Given that, what reason does ESD have that developers would need to be financially incentivized to build Class A office space? In Hudson Yards, it made a lot more sense to incentivize development given that the area was extremely lacking in economic development and transportation infrastructure. With Penn Station's coming reconstruction, as well as the Gateway Program and Metro-North Penn Station Access, this area will continue to be a thriving transportation hub. So, given the high demand for Class A office space, and the centrality of the Penn Station neighborhood, why does ESD insist that developers have to be incentivized?

Is Tax Increment Financing the best mechanism for financing this project?

Given the uncertainties about long-term revenue projections for the proposed development, I have concerns about whether reliance on Tax Increment Financing to fund large portions of the project is the best financing model. Have other options such as state bonding been fully evaluated? Bonding has traditionally been a safe way to fund transportation infrastructure, has it been fully considered as a funding alternative?