Questions abound about Penn Station renewal plan

A rendering of proposed upgrades at Penn Station. Credit: New York State Urban Development/Empire State Development

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Long Island Rail Road riders arriving in Penn Station now emerge from the platforms into a brighter concourse, with higher ceilings and wider walkways. But a few steps farther finds them back in the familiar dingy and cramped relic of old.

The remaking of the LIRR concourse is a piece of a larger effort to improve the commuting experience through Penn, an effort that began with the addition of Moynihan Train Hall last year. The bigger plan — an $8 billion project to remake the transit labyrinth into a single-level train hall full of natural light, modern amenities, and wider passageways — is critical to improving the overall Penn Station experience for LIRR, Amtrak, NJ Transit and subway riders. Overhauling more of existing Penn remains an important goal. And, as Metropolitan Transportation Authority executives have suggested, doing it in the time frame between the LIRR's East Side Access connection to Grand Central Terminal and Metro-North Railroad's Penn Access connection to Penn Station makes sense.

But Gov. Kathy Hochul and others continue to connect the Penn plan with an enormous real estate project for the surrounding area, which could add 10 new buildings, primarily office towers. That's where things get murky. Legitimate questions must be addressed about the viability of all those offices and the appropriate mix with residential and other space; what those buildings will look like; the likely winners and losers; and the broader financing — the linchpin that connects the real estate with Penn.

Unsurprisingly, the money issue is perhaps the most complicated.

The state assumes that the Penn redevelopment will fall under the same financing framework as the rest of the Gateway project — the meaty effort to build new train tunnels under the Hudson River and expand the platforms and tracks underground. Under that cost split, New York will cover 25%, New Jersey 25%, and the federal government 50%. But the assumption that the same framework will hold for existing Penn above ground hasn't been confirmed by federal or New Jersey officials, who need to approve the Penn plans.

Other questions remain. In July, Hochul and New York City Mayor Eric Adams agreed to split the state's expected share of Penn's redevelopment. New York City's 12.5% would come from payments in lieu of taxes, or PILOTs, from the surrounding development. For the rest, the state expects to use development rights sales and other funds, but details are unclear.

Beyond financing, Gateway remains a key piece of the Penn puzzle, but its long-term timetable can't put the brakes on the more immediate station work. Then there's real estate giant Vornado Realty Trust, which could become the biggest winner of all. That raises more concerns, such as whether the real estate development piece of the project is just a giveaway to a developer who's a longtime political player.

Penn needs its overhaul. But first, federal, state, city and MTA officials have questions to answer, and details to address.

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