

## OPINION

# Penn upgrade project must be rebuilt from scratch

By Layla Law-Gisiko  
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Three years ago, when Gov. Cuomo tried to force-feed a calamitous plan to destroy six city blocks around Penn Station, the justification was that the state needed it to pay for Penn Station upgrades.

I remember being escorted to a private room during an Association for a Better New York (ABNY) function that gathered a thousand New York leaders and captains of industry, on [Jan. 6, 2020](#). Cuomo was about to address the crowd in his cinematic and flamboyant style. His staff was tasked with briefing elected officials and community representatives. Staffers told us that the Penn Station plan would generate new revenues to pay for transit improvements by capturing the value of new development through a Payments in Lieu of Taxes (PILOT) structure.

At that event, Cuomo reminded the crowd that even if you [lifted MSG with a crane](#) and replaced it with the Taj Mahal, you would not increase Penn Station's capacity. A strange pronouncement given that no one, other than him, had ever thought of replacing MSG with the Taj Mahal. His explanation of the Penn funding scheme was as nebulous as his Indian mausoleum metaphor.

That was pre-COVID, pre-harassment scandal, and pre-resignation. A certain New York native was president. [Office occupancy rate flirted with the high 90s](#). Now, in 2023, so much has changed. The world has been rocked by a global pandemic. That governor stepped down amidst a retirement home COVID death scandal, a book deal scandal, and a sexual harassment scandal. Donald Trump is no longer president. The city Independent Budget Office (IBO), state Comptroller Tom DiNapoli, [former Lt. Gov. Richard Ravitch](#), the Daily News Editorial Board, the [New York Post Editorial Board](#), [New School](#) scholars, and [Vornado chairman Steve Roth](#) himself issued letters, statements, briefings, reports, analyses, and opinions, all

stating that the plan — introduced by Cuomo and now carried by Gov. Hochul — does not add up.

In 2022, Ravitch warned us about the plan: “Decades of largesse on layaway put the greatest city in the world on the precipice of an abyss. It nearly killed us — and it could happen again.”

And yet, the plan is still being promoted as the solution to pay for Penn Station’s vertiginous \$7 billion price tag. On Feb. 9, at a legislative budget hearing, Hope Knight, Empire State Development (ESD) president [stated](#) “We are in partnership with the MTA, Amtrak, New Jersey Transit and we continue to talk to the majority property owner to execute a project pursuant to the GPP [Penn Project General Project Plan]. We believe that the value capture scheme is the best way to fund transit improvements.”

The Penn Project is dead. Even the “majority property owner” to use ESD’s euphemism, has said loud and clear, [at two consecutive earnings calls with his investors](#), that he is not planning to build anything anytime soon. No building means no value capture, no additional tax revenue, no bonding opportunity, and no funding for Penn Station upgrades. It will not provide the necessary revenue. Full stop.

There is no graver danger to our institutions than a government that ignores fiscal failures even in the face of clear evidence. Fiscal deniers will put tax payers on the hook for decades to come when they should show leadership by pivoting to a more effective funding scheme.

It is time for the governor and the Legislature to emerge from this nightmare and realize that fiscally sound options do exist to upgrade Penn Station and to create a truly modernized transit hub that will promote additional connectivity, capacity growth, and transit justice.

Now that we know the Penn Project will not deliver necessary resources, it is imperative to identify reliable sources of funding for Penn Station itself. There is plenty of good news on that front and we should not succumb to the false narrative that the state cannot fund this large project without a massive real estate deal.

Let’s start with what we have: in 2021, the state appropriated \$1.3 billion for Penn Station. This funding is still authorized, sitting safely in the current budget.

Looking forward, it is likely that the project will be eligible for up to **80% in federal funding**. The Infrastructure Investment and Jobs Act (IIJA), a one trillion-dollar infrastructure bill signed into law by President Biden, has a generous allocation of funds for the Northeast Corridor, of which Penn Station is the heart. Sen. Chuck Schumer has heroically negotiated on our behalf, so that this heart keeps pumping its commuters through the region.

Finally, last November, New York voters **overwhelmingly approved** the Clean Water, Clean Air and Green Jobs Environmental Bond Act, a ballot proposition to make \$4.2 billion available for environmental and community projects. What better definition of environmental justice than truly upgrading the largest train hub in the Western hemisphere to create added connectivity, increase train speed, and enhance service?

Put together, these sources of funding would cover the cost of fixing Penn.

Instead of spreading fiscal trouble with a pestiferous funding scheme, the state can launch a truly responsible fiscal path to success. It is budget season in Albany. Rather than ESD borrowing money against Don Quixote's windmills, let's embrace a fiscal future guided by stability.

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