

October 24, 2007

Preliminary Penn Station Plans Released; a Test for Spitzer

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Special to the Sun

The sweeping redevelopment of Pennsylvania Station and the surrounding area will mark a test for Governor Spitzer, as his administration goes to bat to for hundreds of millions in private dollars for the huge public works and economic development project.

Mr. Spitzer and his deputies have promised parsimony in negotiating with developers, bringing down the level of public subsidy by standing firm in deals with the private sector.

The state yesterday released its preliminary plans for the station, which include a complete remake of Pennsylvania Station, and moving Madison Square Garden to the rear of the neighboring Farley Post Office, which would also house a new train hall.

The state has been negotiating an agreement with private developers Vornado Realty Trust and the Related Companies to complete the project, known as Moynihan Station, and develop land in the surrounding area.

While the new Pennsylvania Station could cost more than \$2 billion, state officials have said, the developers could see enormous returns from surrounding development, as the project agreement allows them to use an additional 7.5 million square feet of air rights nearby, the equivalent of more than two Empire State Buildings. Last year, the chairman of Vornado, Steven Roth, said the project could cre-

ate more than \$1 billion in new value on his properties in the area, where the firm has significant holdings.

Last month, the downstate chairman of New York's Empire State Development Corporation, Patrick Foye, said the private developers would contribute at least \$450 million, an amount that is expected to rise.

The developers are hoping much of the funding will come from federal dollars, though a spokeswoman for the House transportation committee said a bill for Amtrak, which could provide substantial funding for the project, is not likely to advance until 2008.

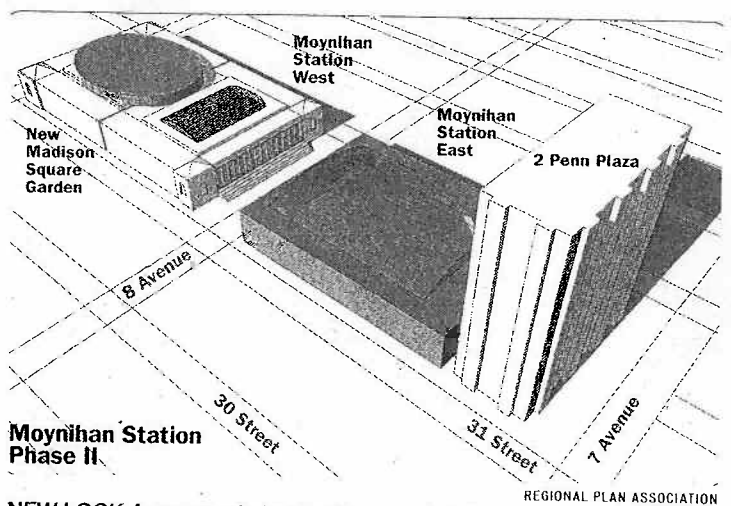
The project also seems unlikely to qualify for more than \$200 million in a historic preservation tax credit, people briefed by the state say, an incentive once looked to as a lucrative source of funds.

"It will always be complicated," the founder of the Friends of Moynihan Station advocacy group, Maura Moynihan, said of the funding agreements.

Ms. Moynihan praised the release of a scoping document yesterday, though she said she was anxious to see physical movement on the project.

"I'm always worried. I'm going to be worried until they start building," she said.

The plan unveiled by the state yesterday would allow for the transfer of 4.3 million square feet of development rights around the station, though no sites were specified to receive the rights.



Moynihan Station Phase II. NEW LOOK A proposed plan for Moynihan Station.