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MAYOR BLOOMBERG, GOVERNOR PATAKI, AND MTA CHAIRMAN KALIKOW ANNOUNCE AGREEMENT TO DEVELOP RAIL YARDS ON MANHATTAN'S FAR WEST SIDE AND PROCEED WITH CONSTRUCTION OF #7 SUBWAY LINE EXTENSION

MTA Will Receive All Development Revenues and the City Will Spearhead Creation of Guidelines for Western Rail Yard Development; MTA Board Approval of Agreement Will Lead to Transformation of Hudson Yards Area Into a New Commercial and Residential Neighborhood

Speaker Quinn Promises Prompt Action at City Council to Advance Plan

Mayor Michael R. Bloomberg, Governor George E. Pataki, and Metropolitan Transportation Authority (MTA) Chairman Peter S. Kalikow today announced that the City and the MTA have reached an agreement to proceed with development of the MTA's rail yards on the far west side of Manhattan. City Council Speaker Christine C. Quinn is seeking approval of the plan with the City Council. Under the agreement, which will be submitted to the MTA Board for approval at its September 28 meeting, the MTA will receive all sale or lease revenues from development on the rail yards and the City will prepare planning and design guidelines in consultation with the MTA, the City Council, and the local community. Development of the Eastern Rail Yards will proceed according to the zoning adopted as part of the overall Hudson Yards rezoning in 2005. The MTA will initiate a competitive process consistent with the Eastern Rail Yard zoning and Western Rail Yards guidelines to sell or lease the sites to one or more developers. The developer of the Western Rail Yards will then be obligated to secure approval of a plan pursuant to the City's land use review process. The City will receive all payments in lieu of property taxes generated by development of the rail yards. The MTA also has accepted, subject to Board approval, the City's proposal to acquire for \$200 million a 50% interest in the Eastern Rail Yards transferable development rights, which will be sold to owners of other Hudson Yards development sites.

"With this agreement, we have established a workable framework to transform the Hudson Yards area and spur much-needed residential and commercial development on the Far West Side of Manhattan," said Mayor Bloomberg. "This is a win for the City and residents of all five boroughs, and on behalf of them I want to thank Governor Pataki for his leadership on this issue. The agreement will help us continue to move forward with our plan to build more affordable housing, create jobs, and extend the #7 subway line past Times Square, which together will grow this underutilized asset into a vibrant new community."

"Today, we move one step closer to achieving our comprehensive plan for New York City's West Side," said Governor Pataki. "Working with Mayor Bloomberg, we are already realizing our vision for a world class convention center. The new Javits Center will act as a magnet - attracting business from around the nation and around the world and it will spark new and more vigorous economic activity that will benefit the entire City. We are also making historic investments in transportation, with the expansion of the #7 subway line and the continued efforts to realize the Moynihan Station redevelopment project, a project over a decade in the making that will serve as a spectacular gateway to our city and to the west side, unleashing tremendous value that will allow for the economic growth of the City-extending the number of jobs and businesses well into the 21st century and serving hundreds of thousands of riders a day. We must not wait. The time to begin these projects is now. Uptown, downtown and across the five boroughs, we must continue to build New York's competitive edge in the global marketplace by investing in the infrastructure and bright economic future for New York."

"I have been working for many years to see the Hudson Yards become a vital part of our City.," said Speaker Quinn. "Today, I am happy to say that we are taking an important step forward in this direction. I have worked closely with the Mayor and the Metropolitan Transit Authority to put together a plan for the future of Hudson Yards. This plan involves the cooperation of the City and the State. We all share the goal of developing the Hudson Yards area. I will work now with my Colleagues to review the details of this plan to ensure that it is, as I believe it to be, the best possible plan for our City."

"This agreement represents an historic partnership between the MTA and the City in the development of the MTA's rail yards located on the west side of Manhattan," said MTA Chairman Kalikow. "Through this process, the MTA will receive the best value for its assets and direct the funds to its current Capital Plan. In addition, the City's pledge to finance the extension of the #7 subway line to the Far West Side is a great opportunity for the MTA, as well as an investment that will reap benefits for generations to come."

The MTA will ask its board to approve a Memorandum of Understanding (MOU) governing the extension of the #7 subway line. This extension will help catalyze the transformation of the Far West Side of Manhattan into a vibrant, mixed-use neighborhood known as Hudson Yards, creating hundreds of thousands of new permanent and construction jobs, and tens of billions of dollars of surplus tax revenues.

Under the agreement, the Hudson Yards Development Corporation (HYDC), a City-created local development corporation, will work with a variety of stakeholders - including community groups and the public - to prepare within six months a statement of planning and design guidelines for the Western Rail Yards, located between 11th and 12th Avenues and between 30th and 33rd Streets. The guidelines will include specifics on key elements of development such as permissible uses and densities. Guidelines already exist for the Eastern Rail Yards, located between 10th and 11th Avenues and between 30th and 33rd Streets, as a result of the Hudson Yards rezoning approved by the City Council in January of 2005.

The MTA will prepare and issue a request-for-proposals (RFP) reflecting these guidelines within two months after their completion. The MTA will complete the evaluation of responses within three months after the release of the RFP, for either or both of the Eastern Rail Yards and the Western Rail Yards. A selection committee, the majority of which will be representatives of the MTA and which will include two representatives chosen by the City, will then select winning responses within 45 days. Any disposition (sale or lease) will be subject to the approval of the MTA Board. In addition, the MTA has agreed that the development on the Western Rail Yards envisioned by the City-MTA agreement will be subject to the City's Uniform Land Use Review Procedure (ULURP) including appropriate environmental review.

All proceeds from the sale or lease of the Eastern Rail Yards and the Western Rail Yards will go to the MTA, after reimbursement to HYDC for out-of-pocket costs incurred on planning and engineering work. Additionally, the disposition terms for both rail yards will require payments in lieu of property taxes (PILOTs) to be paid to the Hudson Yards Infrastructure Corporation (HYIC), a City-created local development corporation, to help finance necessary infrastructure improvements in the Hudson Yards area, including the extension of the #7 subway. The level of required PILOTs will be consistent with the Uniform Tax Exemption Policy for the Hudson Yards recently approved by the board of the New York City Industrial Development Agency.

The City and the MTA also will submit for Board approval an MOU that will govern the 1.5-mile extension of the #7 subway line. In order to promote the redevelopment of this new neighborhood and the success of the expanded Javits Convention Center, the MTA will bring the #7 subway line west from its current terminus at Times Square along 41st Street to 11th Avenue, and south to a new terminus at 34th Street. The budget for the extension is \$2 billion, which the HYIC will fund. The City and the MTA also will agree on terms under which the City, HYIC or HYDC will provide an additional \$100,000,000 for cost overruns, if any.

The MTA and the City also have agreed that HYIC will acquire for \$200 million a 50% interest in approximately 4.5 million square feet of transferable development rights (TDRs) associated with the Eastern Rail Yards, and that HYDC will manage their sale. These TDRs cannot be used on the Eastern Rail Yards itself, but instead may be sold to the developers of sites on eight blocks directly to the north of the Eastern Rail Yards, giving them the right to construct larger buildings on those sites. By managing the sale of the TDRs, the City will be better able to ensure the timely development of the area. HYDC will have the right to negotiate sales on behalf of the MTA as long as the price exceeds agreed-upon levels. Once the HYIC has been reimbursed for its \$200 million investment plus interest, the MTA will receive all proceeds from the further sale of the TDRs.

With the agreements in place, the City announced its intent to proceed this fall with the infrastructure improvements to the Hudson Yards area. The HYIC will work with underwriters and rating agencies to issue bonds to pay for the extension of the #7 subway line and the construction of a network of parks and open spaces.

"Today we can begin to realize a new future for the Far West Side of Manhattan, one with much-needed new housing, businesses, parks, and improved transportation access," said Deputy Mayor for Economic Development and Rebuilding Dan Doctoroff. "This comprehensive agreement with the MTA will allow us to accomplish our three principal objectives: First, the City receives the PILOT payments which enable the #7 subway line to move forward; second, the City gains the ability to control development in the area through its shared ownership of the transferable development rights; and third, the agreement establishes a firm process for moving ahead with the development of the rail yards."

In June of 2004 the Bloomberg Administration put forward a comprehensive plan to transform the Hudson Yards area on Manhattan's Far West Side into a vibrant new neighborhood that could serve as an economic engine for the entire city and provide much-needed housing for a cross-section of New Yorkers. In January of 2005, the City Council approved both the zoning and the financing plan by near-unanimous votes. The approved plan provides for the creation of approximately 24 million square feet of commercial space, more than 13,000 units of housing (of which 28% are expected to be affordable to low and moderate-income families), one million square feet of hotels, one million square feet of retail space, and more than 20 acres of new public open space.

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