



**FULFILLING THE PROMISE  
OF MANHATTAN'S FAR WEST SIDE**

A Regional Plan Association Position Paper

{ July 2004 }

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## FOREWORD

RPA envisions the growth of a new, 21st Century business district on the Far West Side of Midtown Manhattan— a 24/7 mixed-use neighborhood that emphasizes office development but includes significant residential, retail and entertainment uses. Its modern buildings are environmentally-friendly and nurture a tapestry of activities, with office space, housing units, retail and nightlife activities woven tightly together. It is a place with grand new public open spaces that draw its residents, workers and visitors to the great Hudson River waterfront that defines its western edge.

The City and State of New York have put forward an ambitious proposal aimed at realizing this vision. Over the last year, RPA has undertaken an intense assessment of the City-State proposal in the context of the region's needs and outlook. In the process, RPA has studied several current and past alternative plans, including the visions for the Far West Side that RPA articulated in each of its three regional plans. The effort also included analyses of current trends, future projections and critical issues, much of which were articulated in three RPA research papers addressing development, transportation and design issues.

As important as the research, however, has been an extensive dialogue with a wide range of stakeholders and experts. Throughout this process, the plan's supporters, including City and State officials, the New York Jets and NYC2012, have been open and accessible. Their willingness to clarify and debate elements of the plan have certainly improved it and provided considerable opportunities for public discussion. Numerous meetings with public officials, civic and academic observers, and both proponents and opponents of the plan culminated in RPA's Regional Assembly on April 16, 2004. More than 600 participants heard and debated a range of views on the Hudson Yards plan, the RPA research papers and alternative visions for the district.

In the months before and after the Regional Assembly, RPA's 56-member Board of Directors engaged in a dialogue with the RPA staff far

more extensive than Board participation on any other issue in memory. The Board represents the region's great diversity of professions, places and interests, and naturally includes a broad range of opinions on any topic. In the course of the Board's discussions, several Board members expressed the view that the City's plan had been prepared as a package and the concern that removing any single element could put the whole effort at risk and jeopardize this unique opportunity to develop the Far West Side. Others strongly supported certain aspects of the City's plan that RPA opposes, most notably the proposed New York Sports and Convention Center. In keeping with 80 years of tradition, at the end of this process the Board broadly supported the release of this Regional Plan Association position paper.

Even after a year of research, this paper has gone through several iterations and has been modified based on input from the City and the RPA Board of Directors, and a review of the Environmental Impact Statement released in June. The paper articulates the principles and objectives that shape RPA's recommendations. The Hudson Yards plan reflects a particular set of values and priorities that determine how the City and State weigh the potential benefits and risks of different policy choices. Similarly, RPA's vision for the Far West Side is rooted in development priorities that reflect our mission of promoting the long-term prosperity of New York City and the region. RPA's goal is to inform the public on this critical debate and promote further dialogue with the City, the State and the public to achieve the best possible outcome for the citizens of New York City and the metropolitan region.

## EXECUTIVE SUMMARY

Regional Plan Association strongly supports redevelopment of the Far West Side with the density and mixed-use character proposed by the City and State of New York. This underutilized area represents the region's best opportunity to create a new 24/7 district in the region's central core that can grow with an evolving 21st Century economy. Our vision emanates from development principles that have guided RPA throughout its history and from our economic priorities for the future. These principles and priorities lead RPA to oppose construction of the New York Sports and Convention Center and support a phased strategy that implements much of the City's plan on a revised timetable. Most successful redevelopment plans are altered and revised several times before implementation, and this plan must be flexible enough to incorporate changes if it is to succeed.

### Development Principles and Priorities

RPA's core development principle is that the entire region benefits when high-density, high-value development is located in the region's urban core and in transit-accessible suburban centers.

- For the Far West Side and other locations within the urban core, public policies should encourage office activities, high-density residential development, and civic, cultural and entertainment functions that have a clear need for a central location.
- The Far West Side needs to be developed in a manner that enhances the success of existing and emerging commercial centers.
- The proposed uses for the Far West Side should maximize the value of the waterfront, one of New York City's most underutilized resources.
- The district needs to make the best possible connections to the region's transit network, to enhance both prospects for success and benefits for the rest of the region.

The Far West Side also needs to be considered in the context of regional priorities. The goal

of creating new office districts to allow for future expansion of the economy is only one of three critical development priorities, each of which has a momentum of its own and could be affected by the plan for the Far West Side:

- The region's transit network has almost no capacity for growth into and within the Central Business District (CBD), and funding for both maintaining and expanding the system are very much in doubt. Plans for development of new office districts on the Far West Side and in other parts of the City will be greatly impeded without essential projects to expand transit capacity, such as the Second Avenue Subway and a new Trans-Hudson passenger rail tunnel. Accelerating office development without increasing transit capacity will only add to congestion that could hinder overall growth for the city and region. The proposed #7 extension may be essential to the development of the district, but adds no new capacity into or within the CBD.
- Housing availability and affordability are persistent impediments to both economic growth and social equity. While addressing the need for housing should not be the primary goal of the West Side plan, the district can make important near-term contributions to both market-rate and subsidized housing.
- Existing and emerging commercial centers in other parts of the region need to be strengthened along with the Far West Side. Development of the district must be carefully coordinated with the recovery of Lower Manhattan and plans for expanded centers in the outer boroughs, northern New Jersey and elsewhere.

### Immediate Actions, Long-Term Flexibility

The region's challenge is to capitalize on the momentum created by the Hudson Yards plan to advance all of these larger objectives. This requires immediate action to launch an incremental

westward expansion of Midtown that will proceed over several decades in tandem with development in other parts of the city and the region.

While there is an urgency to get started, there is a danger in rushing projects that will impede the flexibility of both the district and the region to adapt to changing market conditions. In the near term, there is less urgency to create new office space than there is to address a critical housing shortage and a long delayed modernization of the transit network. Vacant space, planned construction and identified development sites should give Manhattan enough office space to accommodate expected demand until well into the next decade. However, without opening the Far West Side for development, New York City will eventually be unable to meet growing commercial demand, even if the timing, strength and character of this market is impossible to predict.

To meet this challenge, RPA supports a phased implementation of most of the elements of the Hudson Yards plan that will maximize benefits and minimize risks for economic growth, the City's fiscal outlook, the region's transportation system and the recovery of Lower Manhattan. Specifically, this strategy would unfold as follows:

### Phase I: 2004-2009

**1. Proceed immediately with rezoning and public realm improvements to allow the district to respond to market demands.** By implementing the rezoning plan for the Far West Side, the district can immediately take advantage of the great demand for residential development in areas that are currently served by transit and facilitate redevelopment west of Eighth Avenue. The public review process should explore ways to improve the flexibility of the zoning, but this should not impede approval in early 2005. In addition to the rezoning, highly visible and relatively low cost investments in public spaces, streetscapes and open space can encourage this transformation. Development, which could also include some office construction, is likely to

proceed mostly along east-west corridors and east of Tenth Avenue.

**2. Expand the Javits Center.** The first phase of the northern expansion of the Javits Center will attract more conventions and trade shows that will bring out-of-town visitors to the region and its hotel rooms and restaurants. The design of the Javits Center should be modified to add more pedestrian-friendly spaces at its fringes and potentially bridge over the highway to connect to Hudson River Park.

### **3. Design a mixed-use alternative for the Western Rail Yards site that will draw residents, visitors and office workers to the Hudson River waterfront.**

While much attention has been focused on the potential merits or problems of the proposed New York Sports and Convention Center (NYSCC), the real question is whether it is the best use of this critical piece of waterfront property. RPA opposes development of the NYSCC because the facility represents a suboptimum use of a site that is key to the long-term development of the district. There is no compelling need to place this in a part of the city that should be devoted to high-value, high-density office and residential development. Its construction is in conflict with the district's overall goals, and will stifle its long-term potential by limiting waterfront access, adding congestion and looming over the adjacent streets and Hudson River Park. Fortunately, the alternative is not simply a choice between the NYSCC or an open rail yard.

The City and State should immediately pursue an alternative use that would catalyze the next phase of development. With public investments comparable to those proposed for the NYSCC, there should be strong market demand on the site for private development. This location is ideally suited for high-density residential development that would take advantage of its waterfront location and Manhattan's persistent demand for new housing locations. The design should include

public open spaces, walkways and connections to Hudson River Park that will draw city residents, office workers and tourists to the western edge of the district. New residents and visitors should spur the development of restaurants, shops and cafes and the City can actively recruit cultural and community uses to further attract activity without the negative impacts imposed by the NYSCC.

In this initial phase, the Yards should be re-zoned for high-density mixed use and included in the overall zoning package currently being reviewed. A master plan should then be designed for study in the final EIS, due to be completed in the coming year.

## Phase II: 2010-2015

**1. Complete the first leg of the #7 subway extension.** Investment in transportation access is the single most important action for spurring commercial development west of Tenth Avenue. Extending the #7 to a new station at 34th Street and 11th Avenue will build on the momentum of the first phase and trigger a more intensive westward expansion of the district. This schedule will give Lower Manhattan an additional five years to recover before it begins to compete with office projects on the Far West Side. It will also help limit the fiscal risk by allowing some initial development and further analysis of financing plans before major investments are made. Finally, it will allow time for construction to begin on the transit expansion projects that are vital to the success of the new district and the growth of the regional economy.

**2. Complete public investments in the Eastern and Western Rail Yards and open space network.** These investments will provide development sites, open space and other amenities that should pave the way for development of a dense, mixed-use district on the western edge of midtown. It will open up the southern corridor of the

district with unimpeded access to the Hudson River. Public investments in infrastructure on both the Eastern and Western Yards at the beginning of this phase would allow for initial development on both sites before 2015.

**3. Complete the second phase of the northern expansion of the Javits Center.** Assuming continued growth in the convention market, this will further strengthen the region's competitiveness for exhibition and trade shows.

## Phase III: 2016 – 2020

**1. Deck the Lincoln Tunnel “spaghetti” infrastructure.** Building over the exposed Port Authority infrastructure that snakes through the redevelopment area will remove a major barrier to the natural westward development of the district. While the actual covering and development is not anticipated for a decade, the City and Port Authority should complete their discussions to reach an agreement on how this action can be implemented. More aggressive measures may be needed to prioritize mitigation of this blight in the heart of the Far West Side.

**2. Construct the second phase of the #7 subway extension.** The 41st Street station of the #7 extension would be built in this period. Along with decking the Lincoln Tunnel infrastructure, this will allow for office development in the northern portion of the district in the later years of the build-out period.

## Comparative Advantages and Risks

Every strategy entails inherent advantages and risks. The strategy proposed by the City and the State seeks to capitalize on broad support for a 2012 Olympic bid, a willing investor in the New York Jets, and the need for an expanded Javits Center to spur rapid approval of zoning and

infrastructure investments. It is hoped that this “sports and convention corridor” will generate immediate economic and fiscal benefits and become a magnet for pedestrian life and retail activity that catalyze commercial development, primarily between 10th and 11th Avenues.

Supporters of the City’s plan fear that attempts to substantially revise it could doom the entire effort, leaving the district undeveloped for decades. Some observers have suggested that the elements of the plan were designed as a coherent whole, and that elimination, delay or modification of any of these components would require a rethinking of the entire plan. Others are concerned that the plan would lose important political support among key constituencies if some elements, such as the New York Sports and Convention Center, were dropped.

RPA believes that its recommendations will make redevelopment of the Far West Side more likely rather than less. These recommendations substantially accept the elements of the Hudson Yards plan other than the New York Sports and Convention Center and the timing of the infrastructure investments. The projected economic benefits for the NYSCC are based on assumptions for the highly unpredictable convention business, and both stadia and convention centers frequently fail to live up to the claims of their proponents. These types of facilities have not attracted the type of large-scale office development elsewhere, and are unlikely to do so on the Far West Side. The NYSCC is also by far the most controversial element of the plan, and its removal would increase support for the plan as a whole.

A different phasing strategy and alterations to the plan should also not impede its realization. History suggests that large scale redevelopment projects, such as Battery Park City or Times Square, generally progress through several iterations before they are implemented. In fact, flexibility and adaptation are essential ingredients to any successful plan.

RPA’s proposed alternative also has risks. The

proposal assumes that rezoning, infrastructure investments and gradual westward development will generate sufficient demand for predominantly residential mixed-use development of the Western Rail Yards, with a strong open space component. If it proves difficult to attract sufficient private interest in the Yards, then development of the district could be impeded. However, the City’s entire plan is predicated on generating private development through zoning and infrastructure. There is no reason to believe that these forces would be any less likely to develop the Western Yards than the Eastern yards site or the proposed mid-block boulevard between 10th and 11th avenues. In fact, the waterfront location of the site should enhance its attractiveness.

Another risk is that, if the City’s economy expands very rapidly over the next decade, then the proposed phasing of the infrastructure investments could limit City employment growth in the 2010-2015 period. However, this level of growth is unlikely, and the risk is minimal compared to the potential for seriously impeding Lower Manhattan’s recovery with the current phasing strategy.

The strategy described in this paper is intended to maximize the strengths and minimize the risks of the Hudson Yards proposal. The rezoning and infrastructure investments are the keys to the birth of a dynamic new mixed-use district on the Far West Side. The proposed revisions will make the most of the district’s waterfront location and build greater flexibility into both the timing and character of development. They will also help insure that development of the Far West Side proceeds in tandem with recovery and growth in other parts of the region. The tremendous City-State effort provides the vehicle for realizing the potential of the Far West Side, and we must now take advantage of this unique opportunity with the best possible plan.

## REGIONAL DEVELOPMENT PRINCIPLES

**Regional Plan Association's strong support for density and mixed-use development on the Far West Side emanates from the principle that high-value, high-density development is most appropriate in the region's urban core and in transit-accessible suburban centers.**

This strategy maximizes economic benefits by making the most efficient use of existing infrastructure and the agglomeration of diverse activities that are essential to attracting high-value economic activity. It serves social equity goals by making jobs and services more accessible to the region's low-income residents, who are predominantly located in New York City and older urban centers, such as Newark and Bridgeport. It safeguards the region's environment by limiting development in environmentally sensitive areas and the depletion of open space.

Center-focused and transit-oriented development principles become complicated when it comes to evaluating where facilities such as sports stadia, convention centers and other large, special purpose structures should be located. Almost any activity located in the Manhattan Central Business District (CBD) will have a higher share of transit use than a similar facility located elsewhere. The question is whether such a facility is the best use of scarce land in the CBD, and whether alternative uses might not be more beneficial on a number of criteria, including economic returns, the most efficient use of transit infrastructure, and social equity goals.

Therefore, in addition to RPA's broad mission of supporting growth in high-density centers, the recommendations in this paper are informed by a more specific set of development principles related to the Far West Side:

- **Center criteria:** Highest density is most appropriate in an "extended regional Central Business District" and the eleven regional downtowns that were identified in RPA's Third Regional Plan. The extended CBD includes Midtown and Downtown Manhattan, Downtown Brooklyn, Long Island City and New Jersey's Hudson County waterfront. While there are considerable functional differ-

ences between districts within this core, the growing office districts on the periphery of Manhattan represent places where companies in Manhattan can diversify and expand in close proximity. Regional downtowns, such as White Plains, Newark and Stamford, represent the next level of transit accessibility and existing density. A third tier would include both current and emerging suburban centers that can consolidate much of what would otherwise be low-density sprawl.

- **Location criteria:** The optimum location for an activity depends on balancing several factors—the value of the activity, its land intensity, its transportation needs, and how well it complements the existing or desired character of the place. By these criteria, activities on the Far West Side should ideally be those which have a high value relative to the amount of land consumed, require and promote a very high level of transit service, and help attract office tenants without harming surrounding residential and commercial districts. These criteria need to be tempered by the specific constraints of the place, including its topography and the existing structures and uses that need to be accommodated or altered.
- **Priority uses:** For the Far West Side and other locations within the urban core, this translates into a priority for several specific activities:
  - Office, particularly for high-value services;
  - High-density residential;
  - Civic, cultural and entertainment functions that have a clear need for a central location; and
  - Support functions that are required to make this agglomeration work (retail, services, open space, some types of industrial and distribution functions).
- **Relation to the rest of the urban core:** One of the enduring strengths of the New York region is the diversity and flexibility of its network of highly-developed commercial centers and

infrastructure systems. The existing agglomerations in Lower Manhattan and Midtown are unique and nearly impossible to replicate. The Far West Side needs to be developed in a manner that enhances, or at least does not diminish, the success of these places and the transportation, power, communication and other infrastructure systems that make them work.

- **Waterfront use:** New York City's waterfront is increasingly recognized as one of the city's most underutilized resources. The proposed uses for the Far West Side should maximize the potential of its access to the Hudson River waterfront, not only for the success of the district but also for its role in the success of the Hudson River Park and its importance to the city as a whole.
- **Transportation connections:** The impacts of redevelopment are determined not only by what happens within the district but by what it stimulates in other parts of the City and region. The beneficial impacts are enhanced to the degree that the district is connected to multiple locations.

These principles are the starting point for determining how to redevelop the Far West Side. For these principles to have meaning, however, they must be connected to the actual context in which redevelopment will occur. This includes not only the planning and design constraints within the district itself, but also the regional economic, development and financial context that will determine both the success of the plan and its impact on the city and region. The objectives and strategies for the district need to flow from this context as well as core principles.

## DEVELOPMENT PRIORITIES AND THE FAR WEST SIDE

**RPA's recommendations for the Far West Side are based on long-standing regional development priorities. The City has made a strong case that now is the best opportunity in 80 years to realize the vision of a redeveloped Far West Side, and RPA supports immediate action to capitalize on this momentum. However, the context in which these plans proceed must be understood as well. A number of metropolitan development priorities must proceed in coordination so as not to constrain the overall capacity for growth.**

The goal of creating new office districts to allow for future expansion of the economy is only one of several development priorities, each of which has a momentum of its own that could be affected by the Far West Side plan:

**1. Maintain and expand the transit network that drives the region's economy but is underfunded and out-of-date.** The region's transportation system is at a critical juncture with enormous implications for the economy of New York City and the region. Just as the Far West Side has lain fallow for decades, the capacity of the region's transit network has not expanded in over 60 years despite substantial population and job growth and dramatic changes in settlement patterns. Much of the transit network is at or near capacity, particularly into and within the Manhattan Central Business District, or is not adequately connected to growing sources of jobs and labor. For the first time in decades, major capacity expansion projects are advancing, particularly the Second Avenue Subway, Long Island Rail Road access to Grand Central Terminal, and a new Trans-Hudson passenger rail tunnel. However, funding has not been identified to complete these projects, and their implementation is far from assured. Significant development on the Far West Side without these projects will only add to congestion throughout the system and hinder overall growth in the city.

**2. Improve housing availability and affordability to reduce these persistent impediments to both economic growth and social equity.** Throughout the region, the high cost of housing has become one of the leading economic concerns as businesses find it increasingly difficult to attract workers within a reasonable commuting distance of their jobs. As documented in *Out of Balance*, a recent report by RPA and the Citizens Housing and Planning Council, housing affordability is at a crisis level for lower-income residents, while the combination of growing costs, lengthening commutes and inferior housing quality pose increasing competitive and environmental challenges for the region. While the need for housing should not drive the West Side plan, the Far West Side should complement Mayor Bloomberg's housing plan, lend an immediate boost to both market rate and subsidized housing, and provide a model for new approaches to funding affordable housing.

**3. Strengthen existing and growing commercial districts, including Lower Manhattan, and create a series of new mixed-use districts to expand the supply of office space in the urban core.** Development plans for the Far West Side must be viewed in the context of past and future growth trends and needs throughout the region. Because of its potential to create a contiguous expansion of Midtown, which is the region's primary district for attracting high-rent office tenants, the Far West Side is likely to serve a different market than other districts. However, plans for Brooklyn, Queens, and Hudson County could add another 40-50 million square feet of office space over the same build-out period anticipated for the Hudson Yards.

With an integrated strategy, these plans can complement each other and provide the region with a growing, dynamic center with multiple location options for global businesses. However, there is the danger that public investments and

office construction will proceed in an inefficient manner, resulting in overbuilding or a failure to sufficiently differentiate these districts to accentuate their particular strengths.

Most notably, Lower Manhattan's recovery is still in doubt. Its office vacancy rate remains above 14% and some companies are continuing to decentralize parts of their Downtown workforce. New buildings under construction, the Freedom Tower and 7 World Trade Center, have yet to attract major private tenants. New public projects and a commitment to world class urban design and architecture by the City, State, Port Authority and MTA provide reasons to be hopeful about Downtown's future, but Lower Manhattan still faces an uncertain economic outlook and years of construction activity that could slow its recovery. Unless the City experiences strong employment growth over the next several years, the Downtown office market is unlikely to stabilize before 2010.

Lower Manhattan represents an incomparable asset of existing businesses, residents and infrastructure. Development of new office space on the Far West Side will not benefit the City's economy if it is at the expense of full utilization of Downtown's existing office space, infrastructure and other assets. In 2002, RPA and the Civic Alliance to Rebuild Downtown New York strongly supported the ambitious and creative City proposals to re-make Lower Manhattan. This vision must be given every opportunity to succeed.

...

To weigh these objectives, it is necessary to examine both past trends and future projections. The City argues that the Hudson Yards plan must proceed immediately and in its entirety to prevent the loss of jobs and residents to suburban locations, which it claims resulted from a lack of "space to grow" in Manhattan. In fact, the lack of office space in Manhattan is not the reason for either the mushrooming of suburban office campuses or

New York City's loss of market share to the rest of the region. In the 1970s and 1980s, over 110 million square feet of new office space was constructed in Midtown and Downtown Manhattan, about an equal amount in each decade. It is true that virtually no new office space was constructed in Manhattan during the boom years of the 1990s. However, this was due primarily to the large amount of vacant space available in the early years of the expansion and the reluctance of developers to repeat the mistakes that resulted in overbuilding during expansion in the 1980s. New office projects were beginning to advance at the end of the expansion, but were curtailed by the sharp contraction in the technology sector, the decline on Wall Street and, finally, the September 11 attacks.

Suburban office development occurred simultaneously with growth in Manhattan and, as documented in the first of RPA's three research papers, *The Far West Side and the Region's Future Development Needs*, was actually stimulated by expansion in Manhattan. Manhattan's share of metropolitan employment declined only modestly between 1980 and 2001, from 26% to 23%, while its share of earnings increased from 32% to 36%. Suburban sprawl can be more appropriately attributed to a variety of factors, including half a century of investment in highways rather than the transit network, demographic trends that contributed to labor force decentralization, and the dispersal of lower-value office functions.

In addition, office growth outside of the five boroughs does not necessarily contradict smart growth principles. For example, much new office construction built outside of New York City occurred in transit-accessible centers, such as Jersey City during the 1990s. The City and State of New York have a legitimate fiscal interest in trying to keep commercial activity within their political boundaries, and RPA strongly supports the City's efforts to strengthen business centers in places such as Downtown Brooklyn, Long Island City and Jamaica. However, competition

with downtown centers in other parts of the metropolitan area adds nothing to the regional economy or smart growth development patterns.

Looking ahead, it is clear that Midtown will eventually run out of room to develop new office space. While business centers in the other boroughs, New Jersey or Connecticut can absorb some office growth that might have gone to Midtown, the region will be at a competitive disadvantage if there is no capacity to expand its prime business location. This situation remains farther in the future, however, than the City's plan would suggest.

While New York City's economy turned a corner in the last year, there are still tens of millions of square feet of vacant office space that must be filled before demand will exist for additional office space on the Far West Side. There is every reason to expect the economic recovery to continue, but its strength and duration are difficult to predict. This recovery should begin to absorb both the large inventory of vacant space in the region and the space that will be added from a number of planned office projects. Together, these account for about 115 million square feet in the region, about 70 million of which is in Manhattan. This includes projects such as 7 World Trade Center and the Freedom Tower, but not the other office buildings planned for the World Trade Center site. There is also the potential for nearly 30 million square feet in additional new construction from identified sites in Manhattan alone.

To absorb enough space to trigger the need for additional construction, Manhattan will need to attract 150,000 new office jobs. Other identified development sites could accommodate another 100,000 jobs. The chart below indicates when these thresholds would be met under different assumptions. Using a forecast of office jobs in Manhattan by Economy.com, a highly respected private forecasting firm, it could take until 2015 before any new office construction is needed beyond currently planned projects.<sup>1</sup>

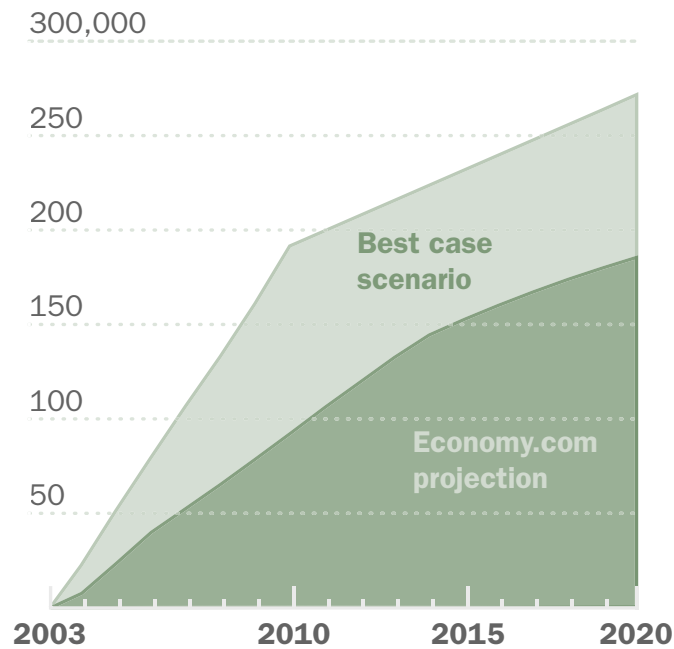
The alternative scenario in the chart assumes

that jobs grow from 2003-2010 at the same rate that they did from 1993-2000, and thereafter at their average rate of growth between 1980 and 2000. While the 1990s are unlikely to repeat themselves, this is a useful "best case" scenario. It indicates that current space would be absorbed by 2009 and that other sites could accommodate growth until around 2017.

Beyond the current recovery, there are any number of uncertainties that could affect both demand and space needs, including technology and demographic changes, structural changes in the economy and global competition. The primary value of the Far West Side is that it represents an opportunity to both anticipate and adapt to an economy that is likely to look much different than the economy of today. Its potential to provide new office space may not be an imminent need, but its ability to provide new space for both office and residential uses in many different configurations can be a tremendous asset to the future growth of the region.

<sup>1</sup> This assumes that a vacancy rate of 8% requires new office space to accommodate demand efficiently, and that each new job will require 250 square feet of space. For a fuller discussion, see "The Far West Side and the Region's Future Development Needs," Regional Plan Association, February 2004.

### Growth Projections for Manhattan Office Jobs, 2003-2020 (in new jobs)



*This chart indicates when thresholds for construction would be met under different assumptions. Using a forecast of office jobs in Manhattan by Economy.com, a highly respected private forecasting firm, it could take until 2015 before any new office construction is needed beyond currently planned projects.<sup>1</sup>*

*The alternative scenario in the chart assumes that jobs grow from 2003-2010 at the same rate that they did from 1993-2000, and thereafter at their average rate of growth between 1980 and 2000. While the 1990s are unlikely to repeat themselves, this is a useful “best case” scenario. It indicates that current space would be absorbed by 2009 and that other sites could accommodate growth until around 2017.*

## A PHASED STRATEGY FOR THE FAR WEST SIDE

**The City and State have devoted considerable resources and an extraordinary level of talent to address the formidable planning, design, financial and political barriers that stand in the way of implementing a redevelopment plan. The plan also has the attention of both citizens and public officials, who will now expect the Far West Side to remain a focal point for the City's planning and economic development even if the current plan changes. This momentum and public focus must not be lost as the plan evolves and moves forward. Like other successful large scale development plans, notably Battery Park City and Times Square, success will be achieved through flexibility and adaptation.**

The City and State have articulated their goals clearly – to provide office space that will allow the City's economy to expand, to improve the City's competitiveness in the convention and tourism industries, and to bring the Olympics to New York in 2012. These are all worthy goals that RPA shares. The recommendations in this paper are designed to build on the tremendous progress that the City and State has made while ensuring that redevelopment of the Far West Side complements plans to address the City's and region's other development priorities.

RPA proposes several changes in the strategy that the City is pursuing. The City argues that the major elements of its plan -- revised zoning, extension of the #7 line, open space and amenity improvements, convention center expansion and the New York Sports and Convention Center – must proceed as a package on the proposed timetable or implementation will be endangered. However, the plan can be fairly separated into actions that are integral to the redevelopment of the district and those that must be to be justified on their own merits. The transformation to a high-density office and residential district depends on three interrelated actions—rezoning to allow the development to occur, improved transportation access to support this development, and enhanced public spaces and amenities to

attract businesses and residents. In large measure, RPA supports the specific solutions proposed by the City to address these issues—the rezoning proposal, the Number 7 extension, and the decking of the Eastern and Western rail yards and proposals for open space and amenities.

The two other actions—expansion of the Javits Center and construction of the New York Sports and Convention Center—are not essential to redeveloping the district but could serve other goals. In fact, both facilities would impede waterfront access and occupy prime sites that could be devoted to uses more compatible with a mixed-use district. In the case of Javits, the assessment needs to weigh the fact that the facility already exists and that a strong case has been made for the need for expansion. The NYSCC, on the other hand, represents a new facility that would further wall off the district from the waterfront and occupy a site that could be developed for more compatible uses. RPA proposes an alternative approach that would allow development to move forward in a way that supports all of the region's economic development priorities, facilitates an organic westward expansion of Midtown, and provides greater flexibility to respond to the emerging development needs of the 21st Century. Removing the most controversial element of the plan, the NYSCC, may actually enhance the likelihood that the rest of the plan will be implemented. The facility would be replaced by a mixed-use alternative, and would not remain an open rail yard. The timing of the development will depend on market forces, but the transformation of the district is likely to proceed even before the Western Yards are developed, with residential and some commercial development proceeding in the eastern part of the district and along the 42nd Street corridor. Once these areas develop, market demand for the Western Yards should increase.

No course of action is without risk, but the approach described below calibrates the bold actions proposed by the City and the State to the full range of development challenges confronted by the New York region.

## Phase I: 2004 – 2009

### **1. Proceed with rezoning and public realm improvements to allow the district to respond immediately to market demands.**

With the implementation of the rezoning plan for the Far West Side, the district can immediately take advantage of the high demand for residential development in New York City, especially in areas of the district that are not dependent on the #7 extension and other infrastructure investments. While some modification to the rezoning plan is needed to allow for more flexibility and residential income diversity, it should be implemented upon completion of the public review process. Rezoning should promote the beginning of a westward expansion of Midtown and will remove obstacles to more extensive commercial development once the major infrastructure investments are made.

In addition to the rezoning, the City should invest in a series of highly visible, rapidly built but relatively low-cost public realm improvements such as tree planting and streetscape improvements to make the area more attractive to investment. With these actions the City can promote private investment immediately, begin to collect some tax revenues, and encourage the growth of residential-supporting uses.

**2. Expand the Jacob Javits Center.** The expansion of the Javits Center northward will attract additional convention business to New York City and promote spending at local restaurants and hotels by out-of-town visitors. This improvement should therefore be pursued immediately, though with modifications to its design to better connect the facility to the waterfront and the adjacent district.

**3. Design a mixed-use alternative for the Western Rail Yards site that will draw residents, visitors and office workers to the Hudson River waterfront.** The Yards offer a one-of-a-kind opportunity adjacent to the Midtown CBD that should be

utilized to provide the greatest possible support for the high-value, high-density development that is envisioned for the district. Use of the site should capitalize on its waterfront location and the connection to the 30th – 34th Street corridor.

RPA opposes constructing the proposed New York Sports and Convention Center in this central location. There is no compelling need for a second regional football stadium, and there are alternative locations that could potentially serve this purpose. The convention uses proposed for the facility, if needed, could be accommodated with a more functional and less imposing extension of the Javits Center. Further, by walling off the district from the river and creating both auto and pedestrian congestion, the facility will make the area a less pleasant place to live and work, deterring the long-term development of the district.

The alternative is not simply a choice between the NYSCC or an open rail yard. Public investments in infrastructure on both the Eastern and Western Yards at the beginning of this phase would allow for mixed-use development on both sites before 2015. While this would mean that the rail yards would remain exposed for 5 to 10 years, incremental development in the eastern half of the district is likely to occur before the Yards are covered and developed. Commercial and residential activity around the site is incompatible with an exposed rail yard, but substantial development is unlikely to reach the western portion of the district before 2015 in any case.

In this initial period, the City and State should re-zone the Yards for high-density mixed-use activities, and include them in the overall zoning package for the Hudson Yards. They should then proceed with design of an alternative master plan for the Yards for inclusion in the final EIS to be completed in the coming year. The alternative should emphasize residential development with well-designed public spaces and amenities. It should also include guidelines to meet several objectives -- compatible scale, visual and pedestrian access to the waterfront, and a

reasonable rate of private return on investment.

These early investments will capitalize on the momentum built by the City and ensure that plans for the district are not abandoned yet again. These actions can be completed in a relatively short timeframe and without relying on complex financing mechanisms that require greater scrutiny and public debate.

## Phase II: 2010 - 2015

While the rezoning and Javits expansion begin to reshape the Far West Side, three key regional events should unfold to prepare the Far West Side for more intense development: the advancement of Lower Manhattan's recovery; absorption of the region's vacant office space; and progress on key transportation capacity expansion projects. Movement on these three fronts will set the stage for the next phase of growth on the Far West Side by creating demand for new development and providing the transit network improvements needed to support the #7 extension.

**1. Construct the first phase of the #7 subway extension.** RPA supports the extension of the #7 subway line as the best way to connect the City's subway system to the Far West Side. Completion of the first phase, with a station at 34th Street and 11th Avenue, will trigger development of the Eastern and Western rail yards, and later development to the north of the yards. This schedule will allow additional time for Lower Manhattan to recover, as well as for construction to begin on the transit expansion projects that are vital to the success of the new district and the growth of the regional economy. It must be noted that by itself the #7 extension brings no new capacity into the CBD -- it simply redistributes capacity in an already overcrowded system. When complemented by planned projects that add new capacity, particularly the Second Avenue Subway and a new Trans-Hudson passenger rail tunnel, the #7 extension will serve the mobility needs of an expanded Far West Side district.

**2. Complete public investments in the Eastern and Western Rail Yards and the open space network.** The City has proposed a strong urban design and amenity package that RPA largely supports, with a unique open space network that creates a sense of place on the West Side. These investments will provide development sites,

open space and other amenities that should pave the way for development of a dense, mixed-use district on the western edge of midtown.

Designing and implementing an alternative development on the Western Yards will require that the redevelopment authority request proposals for development late in the first phase or early in the second phase. Actual development will take place once related public investments, especially the #7 extension and Eastern Rail Yards, are underway in this phase.

**3. Complete the second phase of the northern expansion of the Javits Center.** Assuming continued growth in the convention market, this will further strengthen the region's competitiveness for exhibition and trade shows.

## Phase III: 2016 - 2020

**1. Deck the Lincoln Tunnel "spaghetti" infrastructure.** The exposed Port Authority infrastructure that snakes through the redevelopment area will be a major barrier to the incremental development of the district over the long-term. While the City has been in discussions with the Port Authority regarding air rights, and has included a mechanism in the zoning to allow developers to fund the construction of decking by purchasing air rights, more aggressive measures may be needed to prioritize mitigation of this blight in the heart of the Far West Side.

**2. Complete the second phase of the #7 extension.** The 41st Street station of the #7 extension would be built in this period. Along with decking the Lincoln Tunnel infrastructure, this will facilitate office development in the northern portion of the district in the later years of the build-out period.

**The strategy described above will catalyze the birth of a dynamic new mixed-use district on the Far West Side. By starting with the rezoning and Javits expansion immediately, momentum will be captured and results will be immediate. By slightly delaying the #7 extension and other infrastructure improvement until office demand grows, regional transportation expansion begins and Lower Manhattan recovers, the regional impact of the district will be complementary, not deleterious. New York City will have created the capacity for growth as the demand materializes, ensuring that high-value, high-density activities stay in the region's core, where they belong.**

<b>Program Element</b>	<b>Milestone</b>	<b>City/State Plan</b>	<b>RPA Plan</b>
<b>Rezoning</b>	Approval	<b>Early 2005</b>	<b>Early 2005</b>
<b>No. 7 Extension</b>	34 <sup>th</sup> Street Station operational	<b>2010</b>	<b>2015</b>
	41 <sup>st</sup> Street Station operational	<b>post 2010</b>	<b>2020</b>
<b>Javits Center</b>	Phase I Expansion	<b>2010</b>	<b>2010</b>
	Phase II Expansion	<b>post 2010</b>	<b>2015</b>
<b>Western Railyard</b>	Multi-Use Facility complete	<b>2010</b>	<b>n/a</b>
	Mixed-Use Alternative designed	<b>n/a</b>	<b>2005</b>
	Alternative Public Investments and Initial Development	<b>n/a</b>	<b>2010-2015</b>
<b>Eastern Railyard</b>	Public Investment and Initial Development	<b>2005-2013</b>	<b>2010-2015</b>
<b>Open Space</b>	Midblock Boulevard to 36 <sup>th</sup> Street	<b>2010</b>	<b>2015</b>
	Midblock Boulevard to 42 <sup>nd</sup> Street	<b>post 2010</b>	<b>2020</b>
	Decking Lincoln Tunnel Infrastructure	<b>n/a</b>	<b>2020</b>
	Public Space Improvements	<b>2005-2010</b>	<b>2005-2010</b>

## COMPONENTS OF THE HUDSON YARDS PLAN

The following sections break down the City's plan into its component parts, stating RPA's position and recommendations for each of the major components of the Hudson Yards Plan:

- **Zoning**
- **Amenities and Urban Design**
- **Transportation and Access**
- **The Jacob Javits Convention Center**
- **The Western Rail Yards and the New York Sports and Convention Center**
- **Financing**

### ZONING

#### The City's Proposal

The City is proposing a comprehensive rezoning from manufacturing to commercial and residential uses for a new Special Hudson Yards District in the area roughly bounded by 8th Avenue, 30th Street, 43rd Street and the Hudson River. The heart of the concept is the proposal to create a spine of new high-rise, large floor plate commercial structures organized along a new boulevard between 10th and 11th Avenues. Within this commercial core, residential development would be restricted to approximately 2 million square feet of market rate housing that would be permitted only after a substantial amount of office development is in place.

In total, the rezoning is intended to result in 28 million square feet of office development and 12.6 million square feet of residential development that would be eligible for 421-a tax exemptions, which would require developers who take the exemption to create housing with 20% of the units affordable to lower income renters, known as 80/20 housing. There is also a limited amount of density bonus that can be obtained by creating more affordable units. The proposed stadium/convention center would be developed by an Empire State Development Corporation subsidiary and would therefore not be subject to the City's zoning resolution.

#### Discussion

The primary conclusion from RPA's research and several noted real estate professionals and scholars at the April Regional Assembly is that it is impossible to anticipate the mix of activities or space requirements that will emerge over the next few decades, suggesting that the City should build as much flexibility as possible into its plan. They also note that the commercial development may take far longer to materialize than the City anticipates while residential development could proceed more rapidly. The City, RPA and most others are in agreement that substantial housing development is necessary to create a lively mixed-use district that will attract office tenants. However, several of the Assembly speakers and others interviewed by RPA argued that a more aggressive residential schedule could make the district more attractive to a broad range of office industries.

Housing experts at the Assembly also noted that both the City's 80/20 housing mechanism and the Inclusionary Housing bonuses are relatively rigid tools that target a narrow income band, and may not result in either a substantial number of affordable units or a diverse population that could enliven the district. The use of Battery Park City reserve funds to finance the convention expansion also depletes a revenue source that was designated for affordable housing when the Battery Park City Authority was created, violating the spirit of the original commitment, if not the letter of the law.

#### Recommendations

**RPA supports the level of density proposed by the City and the objective of encouraging large-scale Class A office development in the context of a mixed-use district.** The zoning also includes a range of neighborhood types, uses and densities that can provide the basis for a dynamic and successful extension of Midtown. RPA appreciates the City's willingness to further evaluate ways to add flexibility to the use regulations during the public review process. This can best be accomplished with the following modifications:

**Permit greater amounts of residential development in the General Large Scale Development District that contains the 10th-11th Ave. commercial core.**

This can be accomplished either by reclassifying it as a mixed-use area or creating more exceptions to the residential restrictions. The City has a legitimate concern that residential development will absorb too many sites before commercial demand takes hold. However, there is a greater risk that all development will be delayed indefinitely if the zoning incorrectly anticipates future demand. One way to limit both risks and accommodate greater flexibility is to establish commercial and residential thresholds on a Special District-wide basis and for the Commercial Core. This would allow for a wider range of building types and uses in response to market demand in both areas. Interim threshold levels could be set to trigger a reassessment of commercial and residential targets and design standards as the districts develop.

**The rezoning should be an opportunity to develop more creative approaches to achieving a broader mix of residential incomes in the district.**

Considering the amount of value that the plan could create, the City and State should work to create considerably more affordable units than the current mix of incentives would yield. Also, both 421-a and the Inclusionary Housing bonuses permit development for a fairly narrow income band, approximately \$34-45,000 per year for a family of three. This excludes many households that would work in and near the district and create a more diverse and vibrant neighborhood. A more creative and successful approach could include the following:

- Modify the 421-a program or develop a new program specific to the district to both ensure that a minimum amount of affordable housing is developed and to cover a broader range of rent levels. This would require a more flexible or sliding income eligibility scale.

- Include an affordable housing requirement for any density bonuses that are granted in the district. While this would reduce the value of density bonuses to pay for infrastructure improvements, it is a legitimate value capture strategy to fulfill an important public purpose.

## AMENITIES AND URBAN DESIGN

### The City's Proposal

The City has proposed creation of a network of new open spaces, principally in the new "10 ½ boulevard" and the public plaza to be located on the Eastern Yards. The City has also proposed landscaping the "spaghetti" of roads, rails and ramps serving the Lincoln Tunnel, the bus terminal and the Amtrak West Side right-of-way, but decking over or otherwise screening only a small portion of this area. Physical and visual access to the Hudson River would be seriously compromised between 32nd and 42nd streets, both by the proposed Javits Center expansion and the construction of the NYSCC on a prime riverfront site.

### Discussion

The open space network that the City has proposed would be a major new amenity for the district, helping to create a sense of place on the Far West Side. Other amenities will be needed, however, to make the district attractive for the density that is planned. Physical and visual access to the River is one of the prime amenities around which the district could be redeveloped. The exposed "spaghetti" infrastructure in the middle of the district presents a major impediment to the area's success, and is not adequately addressed in the City's plan. It divides and blights the district and removes large amounts of real estate in the heart of the district from development.

### Recommendations

**The City has proposed a strong urban design and amenity package that RPA largely supports.** There are two areas that require further work to truly make the district attractive for development: access to the waterfront and the “spaghetti” infrastructure.

**Any Far West Side open space and amenity plan should include the direction of funding to complete the section of Hudson River Park adjacent to the new district.** The park – a longstanding priority of the State and City – is clearly the most important open space amenity in the area and vital to waterfront enjoyment. However, construction of the Clinton portion of the park, from 38th to 45th streets, has not yet started and funding is not in place.

Even with a complete Hudson River Park, the district as planned will suffer greatly from limited waterfront access. This can be attributed to the nearly ten block wall that will be created by expanding the Javits Convention Center and constructing the New York Sports and Convention Center, projects which we address later in the document. Waterfront access in this area will always be problematic because the deck over the rail yards will be higher than the surrounding streets on three of four sides. Nevertheless, a less imposing development on the western yards, with more highly animated and variegated edges would be more successful in extending 31st and 34th streets to the river. In addition, a less monolithic development would allow for the continuation of the 32nd Street axis, which the City’s plan is promoting, across the deck to the water. Residential development could easily accommodate better waterfront access.

**The City should continue to work closely with the Port Authority of New York and New Jersey to pursue opportunities for decking over the exposed infrastructure with appropriate development that**

**can capture value for the City and Port Authority.**

This infrastructure separates the commercial core of the district from the rest of Midtown, making it less likely that office tenants will be willing to locate there. While the City has identified a mechanism for developers to pay for decking of the ramps by purchasing the air rights from the Port Authority, we fear that this will be a last option for developers and hope that decking of this area will be integrated more directly into the heart of the plan. By pursuing this more aggressively, the City and Port Authority could greatly enhance the prospects for phased redevelopment of the district.

## TRANSPORTATION AND ACCESS

### The City’s Proposal

The City’s transportation plan for the Far West Side consists of extending the #7 subway line west and south from its current terminus in Times Square. The extension would move west along 41st Street, curving south below 11th Avenue to a station adjacent to the NYSCC at 34th Street and 11th Ave. A second phase would include another station at 41st Street and 10th Avenue. The extension is estimated to cost approximately \$2 billion, with funding coming from a variety of value-recapture mechanisms as part of the City’s overall financing plan.

### Discussion

To succeed as a mixed-use district, the Far West Side will need to be easily accessible from all directions. The #7 extension is designed to provide direct access from the east, and indirect access from the north and south via connections at Grand Central and Times Square. No provision has been made for access from the west, even though NJ TRANSIT expects to run out of capacity into Penn Station by the year 2009.

RPA’s analysis of the Far West Side plans concluded that the #7 extension adds substantial capacity to the Far West Side from within the

city, but also presents problems for the larger system. For subway commuters, the #7 has enough capacity to accommodate most of the anticipated commercial development, although it could lead to unacceptable levels of crowding when the full 28 million square feet projected by the City is built.

RPA's study also concluded that as the West Side grows, the #7 extension will lead to an untenable situation at Grand Central Station and the network of pedestrian passageways that connect the #7 platform with the Lexington Avenue subway line and Metro-North. The construction of the Second Avenue Subway would solve this over-crowding. The Draft EIS addressed this issue implicitly by assuming that the Second Avenue Subway would be completed. In so doing, however, the EIS neglects to directly acknowledge that without the Second Avenue Subway there will be a serious crowding problem.

While the #7 accounts for commuters from the city, those from west of the Hudson River seem to be overlooked entirely. This is extremely problematic, as 89 percent of the growth in suburban commuting into Manhattan in the last 20 years has come from west of the Hudson River, and existing rail and auto links are already at, or will soon reach, capacity limits. In this case, the draft EIS incorrectly assumes that the commuter rail system will have the capacity to handle the trips generated by the full build-out of the project. First, the EIS underestimates the proportion of rail commuters who will travel to and from points west of the Hudson River. The EIS assumes that the current geographic split will remain despite the overwhelming evidence of a massive shift of suburban commuting growth in the last 20 years toward commuting from west of the Hudson suburbs. Second, it ignores the fact that current peak hour commuter rail capacity under the Hudson River is at or close to its limits. The absence of a new tunnel will likely curtail the ability to achieve the projected growth for the project.

Some observers have also questioned the impact on development of choosing not to extend

the #7 to make a direct connection between Grand Central and Penn Station, an added feature likely to cost upwards of \$1 billion.

### Recommendations

Extending the #7 line is the most effective way to connect the City's subway system to the Far West Side, but it will not support long-term economic growth unless other vital expansion projects are also completed. The questions regarding transportation for the Far West Side, then, revolve around the timing and financing of the extension, as well as what other projects would be needed to deal with its impacts and provide additional service to the new district, particularly from the west.

**Given that the need for office development in this area is unlikely to exist for more than a decade, construction of the #7 line should be pushed back until 2010.** Some initial residential development is likely to occur without the #7 extension, and extending the subway line immediately will lead to unhealthy competition with a recovering Lower Manhattan and other markets in the City. Further, a reliable financing plan that has been vetted through a robust public process must be in place before the project moves forward. The project must also be proven not to have a negative impact on the MTA's operating budget or on its ability to complete other approved capital projects. Finally, it will allow time for construction to begin on the transit expansion projects that are vital to the success of the new district and the growth of the regional economy.

**Over the long-term, the major system expansion projects currently in planning – Second Avenue Subway, East Side Access and Access to the Region's Core – must be completed for Far West Side plans to succeed.** Without these vital expansion projects, development on the Far West Side and throughout the region will lead to further congestion that will hinder overall growth. Connections to Penn Station, such as express bus service and light rail should also be considered.

## JAVITS CONVENTION CENTER EXPANSION

### The City/State Proposal

The City and State have proposed a two-phased northern expansion of the Javits Convention Center that would nearly double the center's convention space. The expansion would add meeting rooms and contiguous exhibition space, as well as modernizing the entire facility. The first phase would go one block north to Quill Bus Garage at 40th Street, with the second phase commencing once the bus garage has been relocated. There have been discussions about a green roof, access to the waterfront through the building at 39th Street and other amenities, but details have been scarce. The project is estimated to cost \$1.4 billion, with the City and State each contributing approximately \$350 million to the total pricetag.

The convention function of the adjacent Sports and Convention Center has been positioned, most recently, not as part of Javits expansion but rather as an adjunct, complementary facility. No agreement has yet been reached regarding the operation of the convention aspect of the facility, which we consider separately.

### Discussion

Although there are some voices of dissent, there is broad consensus that the City is in need of more convention space, and that the Javits Center must be expanded. Most experts also agree that the top expansion priority – beyond simply adding more space – is to provide contiguity, flexibility and a greater diversity of space, including more meeting rooms. The northern expansion fulfills some of these needs, although there is speculation that the difficulties of moving the Quill bus garage may prevent the second phase of the expansion from ever being completed.

A topic that has largely escaped debate is the impact of expansion on the new district and on

waterfront access. The existing convention center clearly has not revitalized the neighborhood or the adjacent waterfront, impeding access and providing almost no activity in the surrounding area. The expansion has the potential to aggravate this problem if not designed properly.

### Recommendations

**RPA strongly supports expansion of the convention center to attract more conventions and trade shows that will bring out-of-town guests to New York.** However, current designs for the expansion do not sufficiently connect the facility to the waterfront or the adjacent district-to-be.

**The northern expansion plan should be revised, adding more pedestrian friendly space on all sides and potentially bridging over the highway in key places to connect to Hudson River Park on the west.** This edge of the convention center could be lined with cafes, shops and other amenities, creating a new destination for convention-goers and residents. Other options should be identified for connecting through the facility to the waterfront, including a major connection via the 39th Street corridor. These changes will not only make the convention center a friendlier neighbor for the new district, it will also make its success as a convention center much more likely.

Regarding the southern convention space, the following section discusses the reasons that RPA opposes construction of the New York Sports and Convention Center. However, RPA does not oppose additional convention space in New York City, and would support its construction elsewhere in the right circumstances. The possibility of constructing additional convention space on the east side of 11th Avenue should also be closely studied.

## THE WESTERN RAIL YARDS AND THE NEW YORK SPORTS AND CONVENTION CENTER

### The City/State Proposal

The City and State have proposed construction of the New York Sports and Convention Center (NYSCC) on a platform over the rail yards west of 11th Avenue, between 31st and 33rd streets. The football stadium would be designed with a retractable roof to accommodate stadium events – football, international soccer, concerts, etc. – as well as indoor arena and convention events. While the initial proposal called for many arena events, the latest iteration focuses on increased convention usage, with arena usage limited to major events such as college basketball’s Final Four. The facility would provide 200,000 square feet of exhibition space, in addition to a plenary hall for up to 40,000. The total cost for the facility is estimated at \$1.4 billion, with the City and State each contributing approximately \$300 million in public funds and the Jets financing \$800 million. Details of the financing arrangements have not yet been finalized or made public.

The proposed facility is a 300-foot high superstructure encompassing two city blocks from 11th Avenue to the Hudson River that will host thousands of people at a time for a variety of events, but will be largely quiet when events are not taking place. Supporters see the facility as an economic development tool, a vital expansion of convention space in the City, a key piece of the NYC2012 Olympic bid and the catalyst for development in the district. Opponents see it as a magnet for traffic congestion, an inferior convention center, the Achilles’ heel of the Olympic bid or a deterrent to development in the surrounding district.

**While proponents of the facility claim that this is the only viable option for the site, there has been no in-depth analysis of potential alternative uses for the site within the context of the City’s plan.**

### Discussion

The site of the proposed NYSCC provides one-of-a-kind river frontage near the leading Central Business District in the country. At the nexus of the waterfront, the 34th Street corridor, the Javits Center and the proposed 10th-11th Avenue commercial corridor, use of the site will greatly influence development in the district. Both supporters and opponents of the NYSCC acknowledge that this site is crucial to the future of the Far West Side. While much of the debate about the project has revolved around traffic, revenue and usage projections for the proposed facility, the key question to be answered is how the Western Rail Yards should be developed to best support the broader goals for the Far West Side.

Related to the discussion of how the site should be developed is the question of when this needs to happen. Clearly, commercial and residential activity around the site is incompatible with an exposed rail yard. However, incremental development in the eastern half of the district is likely to occur even before the Yards are covered and developed. It is also reasonable to assume that there would be strong market demand for housing or office development on the site if the City and State are willing to make public investments similar to what is being offered to the New York Jets. Both the Eastern and Western Rail Yards should develop as soon as the market materializes, probably soon after the Number 7 line is extended but before development occurs between 10th and 11th Avenues to the north. In fact, if the zoning and transportation improvements of the plan were in place today, there is every reason to believe that the City could attract a number of viable proposals to capitalize on the current shortage of locations to meet the explosive demand for new housing.

### Recommendation

**RPA supports immediate pursuit of alternative development plans for the Western Yards site that better connect to the waterfront, animate the neighborhood and support the development of the district. Specifically, the site should be zoned for high density mixed uses with a strong focus on residential development that could be combined with open space, cultural activities and many of the same amenities that are being planned to animate the edges of the multi-use facility.** RPA opposes the construction of the NYSCC because there is no compelling need to place this facility in a part of the city that should be devoted to high-value, high-density office and residential development. At a minimum, alternative uses are likely to be far more successful in supporting the goal of creating a successful commercial and residential district in the Far West Side. At worst, the proposed facility may in fact impede these goals. In any case, there are viable alternatives to the stadium that cover the rail yards and must be studied. These arguments are detailed below.

**1. Manhattan is the wrong location for a stadium/convention facility.** As stated previously, RPA's support for a dense new district on the Far West Side emanates from the principle that high-value, high-density activities are the most appropriate uses for scarce developable land in the region's urban core. Activities in the urban core should ideally be those which have a high value relative to the amount of land consumed, require a very high level of transit service, and help attract office tenants without harming surrounding residential and commercial districts.

Land-intensive, special use facilities must meet a very high standard to be located in the core of the region, particularly in a district where the primary goal is to encourage the development of Class A office space. The City has argued that constructing the proposed NYSCC in the CBD would be an example of smart growth or transit oriented development. Almost any activ-

ity located in the Manhattan Central Business District will have a higher share of transit use than a similar facility located elsewhere. The question is whether such a facility is the best use of scarce land in the CBD, and whether alternative uses might not be more beneficial on a number of criteria, including economic returns, impact on surrounding locations, the most efficient use of transit infrastructure, and social equity goals.

The NYSCC does not meet this standard. Neither football stadia nor convention centers need a CBD location to be successful. The potential reduction in highway traffic on event days due to increased transit use is a modest benefit compared to the increased congestion the facility will bring to Manhattan entry points and streets and the opportunity costs of developing the site for other uses. Most importantly, either commercial or residential uses on the site, designed to maximize waterfront access, open space and amenities, would do more to animate the district and meet the region's economic development needs.

The fact that there are no truly comparable examples in the world should be seen as evidence that these facilities do not belong in central business districts, not for believing that this case will be different. Similar facilities have not been constructed in the heart of other CBDs because stadia are not efficient or compatible uses for these areas. While not completely comparable, it is instructive to consider the impact of other facilities in North America. RPA studied facilities in Toronto, Seattle, Baltimore and St. Louis in its research paper, *The Far West Side: An Urban Design Analysis*. The paper concluded that the biggest issue, beyond the transportation and urban design challenges, is what kind of development these projects can promote in adjacent areas. When clustered together, stadia and convention centers often make for a successful tourist corridor, but as yet, they have not shown the ability to sponsor development of intensive mixed-use districts. There is little evidence of such facilities thriving in districts as dense as the one proposed for the Far West Side.

**2. The proposed NYSCC does not support the district's long-term goals.** There are many unique aspects of Manhattan, the Far West Side, and this facility and site, and the Jets and the City have gone to great lengths to design the facility and add uses that will minimize the problems usually associated with football stadia. However, RPA's research concludes that the NYSCC will likely deter, rather than attract, the large-scale redevelopment that the district needs. Despite all the effort that has gone into this plan, many of the essential characteristics that make stadia poor neighbors for office and residential tenants remain. During major events, the area will be congested with auto and pedestrian traffic. On nights when no events take place, the facility will be a massive superstructure that is likely to deter pedestrian activity on all sides. At all times, the building will obstruct access and connections to the waterfront, helping to create a nearly ten block wall, along with the expanded Javits Center, between the new district and its most important amenity. Siting the NYSCC in this location would limit the potential of the waterfront, disrupt the pedestrian experience in the new district and add an unpleasant level of congestion.

- **The NYSCC would limit the potential of the waterfront.** For this district to succeed it must offer a package of unique amenities to potential developers, businesses and residents. At the top of the list should be the Hudson River waterfront, the district's natural western border. RPA acknowledges the need to expand Javits to the north – and this paper discusses ways to potentially connect that expansion to the water – but laments its negative impact on waterfront access. The stadium will extend the wall that separates the new district from the waterfront, in the form of a towering superstructure. While the extension of Hudson River Park over the West Side Highway is a good idea, it could be done in more effective fashion if the development over the yards were less bulky.

A less imposing development on the western yards, with more highly animated edges would be more successful in extending 31st and 34th streets to the river. In addition, a less monolithic development would allow for the continuation of the 32nd Street axis, which the City's plan is promoting, across the deck to the water.

- **The mass and volume of the proposed facility will create an unpleasant pedestrian experience in its vicinity.** The City and the Jets have made several changes to soften the impact on the pedestrian experience of what will be one of the single largest structures in the City. The challenge of fitting a regulation-size football stadium onto a constrained urban site results in a structure that is still essentially a two-block "superblock," up to 300 feet high.

Along the 34th Street corridor, there are intermediate-scale structures at the base of the stadium which are meant to create the same effect that a base and set back would achieve for a less massive building type. On the other three sides, the strategy for integrating the stadium into the pedestrian experience of the streets and the surrounding context of the Hudson River Park is to line the ground floor with retail uses, some of which are shown in the renderings as spilling out onto new public spaces along the first story of the structure. In addition the design tries to break up the big box by layering it inside a more transparent superstructure, evoking the cables and steel beams of the George Washington Bridge. These are worthy strategies but fail to relieve the massive scale of this edifice.

The pedestrian experience is not limited to what happens in the first fifteen or twenty vertical feet of street wall, even though this is where textures of materials, landscape elements, street furniture and transparency to the activities within buildings come together to create the primary street experience. The overall quality of the street as a space is also a

function of what happens above this zone. The amount of transparency on the upper stories, level of architectural articulation and, perhaps most importantly, changes in the massing or volumetrics of the building impact how the structure fits in its surrounding area and how it is perceived from the street. Changes in massing create the intermediate scale that is also part of the experience of the district, in addition to allowing for day lighting. This is precisely the logic behind the height and setback regulations that are properly being imposed on the rest of the district. It is also part of the logic behind the City's Unified Bulk Program created in reaction to the "tower and plaza" developments that abandoned the street wall.

To get a sense of how out of proportion the NYSCC will be with the rest of the district, it is helpful to compare the NYSCC's 20 to 31 story façade with the set-back requirements for the rest of the area. Despite all the increases in density, the maximum allowable base height in the rest of the district will be 150 feet, or 15 stories, before setback. Other areas will have street facades of only 60 feet, or 6 stories. Thus, the pedestrian experience of the NYSCC will be a building up to twice as tall and imposing as the next largest building bases in the district – creating a sheer vertical structure of 200 to 300 feet. The City and Jets have done an admirable job of "taming a monster," but in the end, there is legitimate concern that the stadium will seem to loom over the streets around it and the Hudson River Park.

- **The facility will fail to animate the surrounding area.** As demonstrated by the impact of the Javits Center on the surrounding district, it is clear that convention activities do not necessarily contribute to animating a neighborhood. Indeed, conventions aim precisely to keep their patrons inside their

doors from morning to evening, with interior food courts to ensure that no time (or money) is lost by patrons venturing away for lunch. Despite the daily pedestrian traffic generated by the Javits Center today, few ancillary activities apart from parking lots have been spurred by the Javits Center's location in the district. Therefore, the incorporation of convention uses at the NYSCC does little to stem the concern that the facility will have a deadening effect on the neighborhood.

In fact, while the City claims that "the NYSCC will be alive with sports, entertainment, and convention uses every single day of the year," their own analysis anticipates only 136 event days annually. This leaves 229 days per year in which the NYSCC would rely on its animated edges to enliven the neighborhood, like the planned terrace café, retail, farmers market, and open space—activities that could exist in the district without the NYSCC. These uses—particularly the retail and café establishments—will bear the burden of activating an otherwise undesirable and static urban form on days that the NYSCC hosts no activities, and will have to do so without the foot traffic generated by event patrons.

- **The facility will have a negative traffic impact on the surrounding neighborhood, Hudson River Park and entertainment activities in the City.** The fear of greatly increased congestion associated with events at the sports and convention center has been one of the main sources of opposition for local residents, elected officials and those in the theater community that oppose the project. While RPA's main concerns with the facility are not based on the projected traffic, we remain concerned that the facility would add congestion to an already heavily clogged district.

Two sets of traffic studies are routinely referenced by supporters and opponents of the

stadium, respectively. Supporters note two surveys of Jets season ticket holders that predict in excess of 70 percent will use mass transit to attend Jets games. These surveys failed to look beyond football games, which are likely to make up only half of stadium events, and didn't account for the many season tickets that are shared or sold by their original owners during a season. In addition, asking people to predict their future travel behavior is far from scientific. What we do know is that since 95% of Jets fans currently travel to games by auto, if transit proves less convenient they can easily decide to drive, with thousands of parking spots planned or existing in the area.

The other set of surveys were commissioned by Madison Square Garden, which opposes the proposed stadium, first in 1987 and then in the past year. The 1987 study looked at travel to and from three weeknight events, and found transit usage averaging approximately 50%. The more recent study provides similar figures, with a transit low of 40% for one Sunday event. Both studies looked at a limited number of events, and have been criticized by the City and the Jets as biased due to their association with a stadium opponent, MSG.

While it is difficult to draw definitive conclusions for an unbuilt stadium, it is very unlikely that a facility located between 11th Avenue and the West Side Highway would have greater transit ridership than Madison Square Garden, located directly on top of the Long Island Rail Road, NJ TRANSIT and two subway lines, and one block from three other subway lines.

Even if one assumes that the Jets' projections are correct, almost ubiquitous traffic mitigation measures will be necessary, as reported in the draft EIS. On special event days the EIS projects that 26 intersections will be seriously affected and on "football Sundays" 35 intersections seriously affected. Mitigation measures are identified for the majority of intersections,

and include more green time, changes to signal timing and phasing, striping of lanes, changes from two-way to one-way streets (11th Avenue), and discounts for using transit and "intelligent transportation systems," among others. But at some intersections no mitigations capable of relieving traffic have yet been identified. Moreover, the effectiveness of the proposed mitigation measures remain in doubt pending further study.

Thus, the question is not whether the facility will add to the area's congestion, but to what extent and at what price. Theater owners representing more than half of all Broadway theaters fear that increased congestion will come at the cost of their business. On a major event day, an already congested trip into Times Square would be made even more difficult. Broadway adds upwards of \$4 billion annually to the City's economy, drawing more than 200,000 weekly patrons. Most importantly, 55% of these theatergoers arrive from out-of-the-region, staying in the City's hotels and eating at its restaurants. The region's economy cannot afford to jeopardize this asset.

Finally, Hudson River Park – already overcrowded on weekends – will have to accommodate thousands of people walking and possibly "tailgating" between the ferry terminal and the stadium, making the park a de facto extension of the stadium on event days. Even 15 or 20 major events will limit the benefit of the park as a community amenity and magnet for residential development.

**3. From a regional standpoint, the proposed NYSCC is not necessary.** In addition to the arguments against constructing this facility in Manhattan generally and on the Far West Side specifically, RPA questions whether a new facility is even necessary from a regional standpoint. While the facility would include some attributes new to the region, they can be provided elsewhere, and in any case do not justify a project that is a poor fit with its surroundings.

- **Economic Impacts:** In addition to the NYSCC's impact on development in the district, the facility's ability to generate jobs and income from its operations are an important consideration. This involves not only estimating how many jobs and how much economic output it would produce, but also how these benefits would compare to alternative uses that could be produced by similar investments in public subsidy and land.

The Hudson Yards draft EIS adopts estimates of the jobs, output, wages and tax revenue that would be produced by the NYSCC from the studies undertaken by the New York Jets. These studies, particularly a study by Ernst and Young, estimates that the facility will create 6,971 jobs, add \$623 million annually to New York City's economy, and generate \$72.5 million per year in tax revenues for the City and the State. The largest share of these benefits result from activities that are not related to Jets football games—national events such as a Super Bowl or political convention, plenary sessions for large events, and expositions such as trade shows and conventions.

The only independent analysis of the NYSCC's economic impacts is a recent report by the New York City Independent Budget Office. Using what it considered to be an optimistic assumption, the IBO estimated that "...the facility would create 3,586 jobs—barely half the 6,971 claimed by the project's proponents—and generate \$28.4 million in new city tax revenues..." more than enough to cover the City's debt service for its investments, but \$6.7 million less than the Jets' estimate. Further, it found that even these estimates are subject to substantial risk. With more than two-thirds of the benefits coming from non-stadium uses, they depend heavily on assumptions regarding convention uses, a business that is very difficult to predict.<sup>2</sup>

As described below, RPA's analysis supports the conclusions of the IBO report. In

addition, the benefits to the metropolitan region would be significantly less than estimates of benefits for the City alone. Benefits related to some uses, particularly stadium uses, largely represent a shifting of activity from one part of the region to the other, resulting in no net gain for the region as a whole.

- **Stadium Usage:** Regardless of the other uses proposed for the NYSCC, it is fair to evaluate its impact first as a football stadium. Structurally, the facility is a stadium. It will be developed by a football team, and we can expect that the needs of the Jets will get priority over other uses. RPA has been strongly supportive of creating an office district on the West Side because this is an appropriate use for the CBD and because there is a long-term need to develop office space in the region's core. The same cannot be said for a football stadium. The Meadowlands complex was designed for this express purpose, and will better serve fans from New York and throughout the region when a new transit link is built in the coming years. New Jersey has plans to invest \$300 million in renovating Giants Stadium, making that facility even better positioned to serve both of the region's football teams, and in line to host the Super Bowl. Recently, the Giants have begun to consider building an entirely new, state-of-the-art facility on the site. From a regional standpoint, it makes perfect sense for the two teams to work together in building a world-class facility that could serve most of the proposed functions for the NYSCC, including playing host for the Olympics, Final Four, Super Bowl and other major events.

There would be no economic benefit to the region of having the Jets relocate from New Jersey to New York City. Even its benefits to New York City alone are suspect. Consistently, independent studies of the economic impacts of sports stadia indicate their benefits tend to be exaggerated and rarely justify the public

<sup>2</sup> New York City Independent Budget Office, "West Side Stadium: Touchdown for the City?," *Inside the Budget*, No. 131, July 1, 2004.

investment.<sup>3</sup> It should also be noted that all of the region's sports franchises will be looking for similar public subsidies to upgrade or replace their aging facilities, potentially requiring billions of dollars in additional City and State funds.

The only potential need for a new stadium would be to host the Olympic Games. RPA supports the City's bid to host the 2012 Olympic Games. The Sports and Convention Center is a key piece of the NYC2012 Olympic bid, and will need to be replaced. There are indications that a new location for the stadium could even help the bid, which finished last in public support in the International Olympic Committee (IOC) rankings provided in May. We believe that one of the sites identified in Queens can work if NYC2012 puts its resources behind making this a reality, and the aforementioned discussions regarding a new stadium in the Meadowlands provide another possibility.

Of course, as on the Far West Side, any proposed stadium must prove a worthwhile project independent of the Olympics to warrant construction. In the end, 17 days in 2012 should not drive the planning for a crucial part of the City for the next 50 years.

- **Convention and Arena Usage:** The NYSCC would add some capabilities that no other facilities in the region possess: additional convention space and the ability to host major indoor events like the Final Four and political conventions. However, there is reason to believe that the space will not be as successful as supporters suggest.

First, the convention configuration of the facility is not ideal, as it lacks contiguous floor space between the stadium and the convention center. Prototypes of multi-use football dome and convention centers such as the Edward Jones Dome and America's Center in St. Louis and the RCA Dome and Indiana Convention

Center in Indianapolis share contiguous or connected floor space on the same level. The NYSCC on the other hand would be accessible from the Javits Center by a 100-yard-long underground passageway, and then an escalator ride to the floor space built above the rail yards. This lack of contiguity calls into question whether event planners would view the NYSCC and Javits Center combination as viable exhibition space for a single large event.

A New York Times article published on June 20, 2004, noted that many in the industry have doubts about the facility but have expressed support under political pressure. A leading show producer was quoted anonymously saying "nobody thinks the Jets Stadium makes sense as a convention hall." Further, in an analysis of more than 30 studies justifying expanded convention centers, Professor Heywood Sanders from the University of Texas, one of the nation's leading convention experts, found that these studies were invariably flawed and overly optimistic.<sup>4</sup>

If it is determined that convention space is vital adjacent to Javits (in addition to the planned northern expansion), then a facility can be designed to the south or even the east that provides this space without the many negatives associated with the football stadium. It could be smaller, have animated edges, be wrapped with mixed-use development and better connect to the waterfront. It is also clear that if the stadium were not being contemplated, this is not how an expanded Javits Center would configure additional convention space.

**4. The Western Rail Yards should host a mixed-use development featuring residential uses, open space and amenities that will do a better job stimulating development in the district and connecting it to the waterfront.** For all of the objectives proposed for the NYSCC—football stadium, an extension of the convention center, stimulus for new office and residential development—the facility

<sup>3</sup> Baade, R. A. "Professional Sports as Catalysts for Metropolitan Economic Development," *Journal of Urban Affairs*, 18 (1), 1996; Noll, R.G. and A. Zimbalist, *Sports, Jobs, and Taxes*, Washington, D.C.: Brookings Institution Press, 1997; Siegfried, J. and A. Zimbalist, "The Economics of Sports Facilities and their Communities," *Journal of Economic Perspectives*, 14 (3), 2000.

<sup>4</sup> Sanders, Heywood T., "Convention Myths and Markets: A Critical Review of Convention Center Feasibility Studies," *Economic Development Quarterly*, August 2002, pp. 195-210.

represents a suboptimum use of the Western Rail Yards. While in the short-term the NYSCC would likely encourage some tourist-related growth, over the long-term it could become a major deterrent to creation of the new district the City has planned. Fortunately, the City's choice is not between this facility or an open rail yard. With public investments comparable to those proposed for the NYSCC, the site could be developed for a range of uses that would have a reasonable economic return and provide a better catalyst for development elsewhere in the district.

This location is ideally suited for high-density residential development that would take advantage of its waterfront location and the city's strong demand for new housing development. New residents and visitors should spur the development of restaurants, shops and cafes and the City can actively recruit cultural and community uses to further attract activity without the negative impacts imposed by the NYSCC. Rather than having too much auto and pedestrian traffic on event days and not enough foot traffic on others, these uses will enliven the area 365 days per year and help pave the way for office development to the north and east. Significant public investment will still be required to deck the yard and for public improvements, but these are likely to be significantly less than the \$600 million required for the NYSCC. The \$225 million for the facility's retractable roof would not be needed. It is also possible that the deck could be built for less than \$375 million if it did not need to support a stadium.

The alternative should meet several objectives: scale and uses that are compatible with the rest of the district; visual and pedestrian access to the Hudson River and Hudson River Park; and open space, cultural uses and amenities that will make the district, and particularly the commercial core, more attractive to office workers and residents. It should also provide a reasonable rate of return for private developers. However, since the site will have major impacts

on the area surrounding it, it should not be driven exclusively by either private return or tax revenues generated from activities on the site itself.

To insure that development meets these objectives, the yards should be developed through a master plan that can be very detailed in terms of building scale and character and which is closely overseen by the redevelopment authority. In this sense, Battery Park City is a similar model where the authority reviews individual design submissions above and beyond a detailed set of special district guidelines in the zoning resolution. Guidelines for the individual sites can be quite comprehensive, establishing on a site by site basis not only the appropriate massing and scale but other urban design elements such as locations of entrances, expression lines on building facades and primary orientation.

Designing and implementing an alternative will require several steps. First, the City and State should move forward immediately to re-zone the Western Yards for high-density mixed-use activities, and include it in the overall zoning package now being reviewed as part of the Uniform Land Use Review Procedure (ULURP). They should then proceed with design of an alternative master plan for the Yards for inclusion in the final EIS to be completed in the coming year. The master plan should include public open spaces, walkways and connections to Hudson River Park that will draw city residents, office workers and tourists to the western edge of the district. It should also designate parcels for development, allowing flexibility to allow the market to determine what type of development occurs. The redevelopment authority can then determine the most appropriate means and time to request proposals for development, and the master plan could be revised based on the response. Actual development is most likely to take place once related public investments, especially the Number 7 extension and Eastern Rail Yards, are underway. However, if the housing market continues to show the strength that it has in recent years, development may occur even before these improvements are completed.

## FINANCING

### The City Proposal

The City's proposal has been put on a rapid timetable, with the first phase of construction planned to begin early next year, including the NYSCC, subway extension, platform over the Eastern Rail Yard and public amenities. With the exception of the 41st Street station on the #7 extension and some of the public spaces between 10th and 11th avenues, all of the public construction is to be completed by 2009.

While public review and City Council approval are required for the zoning changes, the other elements will receive far less public and legislative scrutiny. As structured, the NYSCC proposal could proceed without any legislative review. Some elements of the convention center proposal and financing would require approval by the state legislature. Because federal funding is not being sought for the #7 extension, the normal review requirements of the Federal Transit Administration do not apply. Also, it appears that the financing mechanisms proposed for the infrastructure investments would not require any public review or legislative approvals.

To fund the nearly \$3 billion required for the #7 extension, Eastern Rail Yards platform and public space amenities, the City has proposed a complex financing plan that relies on a variety of value recapture mechanisms, including payments in lieu of taxes (PILOT), payments for density bonuses and designated residential property taxes. Because these sources will not produce significant revenues until well after the investments are made, and because their revenue potential is uncertain, revenues from the City's Transitional Finance Authority are being used as a credit enhancement. The convention center financing includes a hotel room surcharge and \$350 million each from the City and State, with the City proposing to utilize reserve funds from the Battery Park City Authority for its

share. The Sports and Convention Center will be financed with \$800 million from the New York Jets and \$600 million in public funds, divided equally between the City and the State.

### Discussion

RPA is concerned about three aspects of the financing plan: compensation to the MTA for their development rights to the Hudson Yards, the risks to the City of the proposed infrastructure financing, and the adequacy of the public process for such a complex project requiring extensive public subsidy.

### MTA Development Rights

The Hudson Yards occupy the sites that are planned for the proposed NYSCC and a major public space and development over the Eastern Rail Yard, and from which air rights are to be transferred to other parts of the district. The Yards are owned by the MTA, which invested in engineering improvements needed to accommodate major air rights development when the yards were completed in the 1980s. The MTA then put forth a major development proposal for the Yards themselves in the late 1980s. Compensation to the MTA for these rights does not appear as a major cost assumption in the plan, in spite of the potential value of these development rights. RPA has a longstanding interest in promoting the MTA's financial well-being, given its critical role in sustaining the transportation infrastructure that underpins the regional economy. These assets represent one of the few resources that the MTA has available to fund a five-year capital plan that will likely require over \$18 billion just to maintain the system in a state of good repair. Both the City and State have substantially reduced their contributions to the MTA's capital plans over the last decade. Giving up the development rights for less than market value is effectively an additional reduction in revenue for this program.

RPA agrees with the two principles that the City has articulated for determining com-

compensation—that the MTA should receive fair value for its assets and that City investments that enhance the value should be taken into consideration. We also appreciate that determining value is a complex exercise. The calculation should also take into account the critical importance of these sites to the redevelopment proposal and how they would be valued if zoned for high-density development similar to what is proposed for other sites in the district.

### **Infrastructure Financing**

The City argues that its only fiscal risk is from the commercial paper it will offer to bridge the gap between the initial investments and the receipt of property tax revenues. They calculate that this exposure is limited to a \$923 million contingent liability to the Transitional Finance Authority through 2012 when they project that revenues will be sufficient to cover the interest payments on the long-term bonds issued by the Hudson Yards Investment Corporation. Even if revenues are insufficient, the TFA would only need to back the incremental commercial paper required to cover the difference between revenues and interest payments. The City also states that it is confident of getting an investment grade rating for the long-term bonds and that interest payments would be only slightly higher than they would be if the City used general obligation bonds to finance the investments.

Both the New York City Comptroller and the New York City Independent Budget Office, along with other financial experts, have raised serious concerns about both the costs and risks of this approach. While the issues are complex, these concerns can be generalized to two key points. The first concerns the trade-off between costs and risks. Since the revenues for the bonds are speculative, the City may have to choose between increasing their credit enhancements or accepting higher interest costs. The second concern is that the City, even if it has no legal obligation for interest payments beyond the transition period, would

not allow the HYIC to default, both because it would have a damaging effect on the City's credibility in the investment community, and because the City would have both economic and political incentives to insure that projects are completed. RPA finds these to be persuasive arguments and is hoping to see a thorough examination of these issues by independent financial experts.

### **Public Process**

The City's position is that the review process includes all customary City and State approvals and is adequate to give the public and legislators reasonable input and oversight. Specifically, the City argues that the financing cannot proceed without the zoning, which must be approved by the City Council, and that approvals by the Empire State Development Corporation and the Convention Center Development Corporation for the New York Sports and Convention Center and Javits expansion, respectively, represent normal procedures for these agencies.

In spite of these explanations, RPA remains concerned that the project is not being given adequate review and that normal processes are being truncated. The review process designed for land use decisions should not be used as a proxy for informed debate on financing. To do so would prevent a Council Member from approving the zoning but disagreeing with how the infrastructure is being financed. In addition, the NYSCC, a central element of the plan, can proceed with no legislative oversight whatsoever. Finally, the State has proposed legislation that would restrict any legal challenges to the Javits expansion to the Appellate Division of the State Supreme Court. In addition to curtailing the normal review process, this action would undermine the intent and effect of the New York State Environmental Quality Review Act.

### **Recommendations**

- The MTA should be compensated for the fair

market value of their assets based on an independent appraisal of what these assets would be worth if zoned for high-density development.

- The City Council should be given an opportunity to approve the financing plan following the completion of analyses underway by the City Comptroller and Independent Budget Office. If these analyses demonstrate that the costs and risks of the financing proposal are significantly greater than funding through general obligation bonds, then normal capital budget procedures should be followed.

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**Robert D. Yaro**, President  
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**Chris Jones**, Vice President, Research  
**Jeffrey M. Zupan**, Senior Fellow, Transportation  
**Jeremy Soffin**, Director of Public Affairs  
**Rob Lane**, Director of Regional Design Programs  
**Nicolas Ronderos**, Associate Planner  
**Petra Todorovich**, Associate Planner

The report was designed by **Jeff Ferzoco**, Senior Designer.



# Regional <sup>CT</sup><sup>NJ</sup><sup>NY</sup>Plan Association

**4 Irving Place**  
7th floor  
New York, NY 10003  
212.253.2727

**Two Landmark Square**  
Suite 108  
Stamford, CT 06901  
203.356.0390

**94 Church Street**  
Suite 401  
New Brunswick, NJ 08901  
732.828.9945

Regional Plan Association (RPA) is an independent regional planning organization that improves the quality of life and the economic competitiveness of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy. Since 1922, RPA has been shaping transportation systems, protecting open spaces, and promoting better community design for the region's continued growth. We anticipate the challenges the region will face in the years to

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