



## Legislation Text

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**File #:** Res 0960-2025, **Version:** \*

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### Preconsidered Res. No. 960

Resolution approving the expenditure of payments in lieu of taxes to fund the development of infrastructure over the Western Rail Yards in support of the development of housing.

By Council Member Brannan

Whereas, New York City must take steps to address the crisis facing New Yorkers in the provision of affordable housing and encourage the production of new housing for lower income New Yorkers; and

Whereas, Additional development within the Hudson Yards Financing District (“HYFD”), as defined in Reso. No. 547, adopted by the Council on October 11, 2006, presents an opportunity to address the housing crisis and create affordable housing for lower income New Yorkers; and

Whereas, The Council has long committed support to redevelopment within the HYFD; and

Whereas, Specifically, the Council adopted Reso. No. 760 on January 19, 2005, Reso. No. 1214 on October 27, 2005, Reso. No. 547 on October 11, 2006, and Reso. No. 469 on July 19, 2018, to express support for and authorize the provision of City financial support for the redevelopment of the HYFD; and

Whereas, Among other components of financial support, the Council has approved the expenditure of payments in lieu of taxes, as defined in Local Law 73 of 2005 (“PILOTs”), for purposes of redevelopment in the HYFD; and

Whereas, To effectuate this support, the Council and the Mayor entered into an Agreement dated October 27, 2005 (the “PILOT Agreement”), which the Council approved when it adopted Reso. No. 1214 pursuant to Local Law 73 of 2005; and

Whereas, Item 1 of Exhibit 1 of the PILOT Agreement (“Item 1”), as modified by adoption of Reso. No. 547 and by approval of such modification by the Mayor, sets forth the Hudson Yards infrastructure projects

authorized to be financed by the Hudson Yards Infrastructure Corporation (“HYIC”); and

Whereas, Those authorized projects included the extension of the Number 7 subway line, the development of a network of streets and open spaces, the purchase from Metropolitan Transportation Authority (“MTA”) of Eastern Rail Yard (“ERY”) transferable development rights (“TDRs”), and the engineering and planning studies for development of ERY and the Western Rail Yard (“WRY”); and

Whereas, City financial support for these infrastructure projects was critical to the redevelopment within the HYFD; and

Whereas, This redevelopment within the HYFD produced housing and commercial space and led to the creation of a new neighborhood; and

Whereas, HYIC’s revenues, including PILOTs, from properties in the HYFD, now exceed the costs of HYIC debt service and other HYIC operating costs, resulting in a surplus that is available to be paid to the City; and

Whereas, In Fiscal Year 2025 alone, HYIC paid to the City \$394 million to support City operations; and

Whereas, HYIC’s projections, which at present cover through Fiscal Year 2029, indicate that an annual surplus is expected to continue and be available to the City; and

Whereas, Further development within the HYFD over the WRY would support the construction of housing critical to taking steps to ameliorate the City’s housing crisis; and

Whereas, The Council and the Mayor received a request from the project sponsor of the WRY (“Sponsor”) to amend Item 1 to expand the description of the authorized purposes and projects for which PILOTs may be spent, to include a platform over the WRY, the development of approximately 6 acres of open space in the WRY, the construction of an approximately 120,000 square foot K-8 public school with approximately 750 seats, and payments to the MTA for rent and site acquisition (collectively, the “WRY Project”); and

Whereas, The Sponsor represented that the projected revenues to the HYIC from the development over

the WRY will be available and sufficient to pay projected debt service on future HYIC borrowing related to the WRY Project (not including the debt service costs associated with the financing of the K-8 public school); and

Whereas, The Sponsor's representation indicates it should be possible for the HYIC to provide financial support to the WRY project without affecting the amount of surplus available for the City; and

Whereas, HYIC may determine that it is prudent to direct HYIC revenues to the WRY Project to achieve most efficient financing for the WRY Project; and

Whereas, The amendment of Item 1 as provided for herein would authorize HYIC to provide substantial financial support for the additional purposes and projects proposed within the HYFD over the WRY; and

Whereas, Existing and future HYIC indebtedness will continue to be available to be repayable from the revenue sources assigned by the City to HYIC for certain infrastructure projects as defined in Item 1; now, therefore, be it

Resolved, that the Council of the City of New York:

- (i) Supports borrowing by HYIC to finance the development of the WRY Project, as defined herein, within the HYFD, in furtherance of the Council's goal to create affordable housing for lower income New Yorkers and develop the WRY;
- (ii) Amends the definition of "Hudson Yards Infrastructure Project" set forth in Item 1, as approved by Reso. No. 760 and amended by Reso. 547, to include the WRY Project;
- (iii) Supports an undertaking by HYIC to make revenues available to secure future borrowing related to the WRY Project; and
- (iv) Attaches hereto an amended Item 1, which, pursuant to the PILOT Agreement, shall take effect and be deemed to amend such PILOT Agreement upon approval by the Mayor and: (A) a closing by the Sponsor of the WRY Project to finance the construction of an initial commercial building on the WRY, which shall include a signed lease or purchase agreement with an anchor tenant; (B) delivery by the Sponsor of a completion guarantee for the initial commercial building, as

required by, and made to, MTA; and (C) a determination from Board of the HYIC, consistent with by-laws of the HYIC, that projected revenues to the HYIC from the development over the WRY, including from the initial commercial building, will be available and sufficient to pay projected debt service on future HYIC borrowing related to the WRY Project (not including the debt service costs associated with the financing of the K-8 public school); and (D) a determination from the Mayor or a designee of the Mayor, provided to the Board of HYIC prior to its authorization for any borrowing related to the WRY Project, that the WRY Project promotes the public interest and maximizes, to the extent feasible, benefits to the public, including but not limited to, creating open spaces, developing affordable housing, and facilitating the construction of new public schools.

Item 1 of EXHIBIT 1, as amended

1. Hudson Yards Infrastructure Projects: Pursuant to Res. No. 760, adopted by the Council on January 19, 2005, Res. No. 1214, adopted by the Council on October 27, 2005, Res. No. 547, adopted by the Council on October 11, 2006, and Res. No. 960, adopted by the Council on June 30, 2025, the term “Hudson Yards infrastructure projects” means the principal infrastructure elements in the Hudson Yards Redevelopment Area, as Hudson Yards Redevelopment Area is defined in 93-01 of the zoning resolution, as follows: the extension of the Number 7 subway line; the building of the network of streets and open spaces; the purchase from the Metropolitan Transportation Authority (“MTA”) of certain transferable development rights in respect of the Eastern Rail Yards (“ERY”); the costs of engineering and planning studies for development of the MTA’s ERY, bounded by 10<sup>th</sup> and 11<sup>th</sup> Avenues and 30<sup>th</sup> and 33<sup>rd</sup> Streets, and the MTA’s Western Rail Yard (“WRY”), bounded by 11<sup>th</sup> and 12<sup>th</sup> Avenues and 30<sup>th</sup> and 33<sup>rd</sup> Streets; the building of a platform over the WRY; the development of approximately 6 acres of open space in the WRY; the construction of an

approximately 120,000 square foot K-8 public school with approximately 750 seats; and payments to the MTA for rent and site acquisition in the WRY; provided that Hudson Yards infrastructure projects does not include any components of the New York Sports and Convention Center. PILOTs paid on account of the Hudson Yards Financing District, as such term is defined in Res. No. 547, may be spent on Hudson Yards infrastructure projects and the related costs of the Hudson Yard Infrastructure Corporation (“HYIC”) and the Hudson Yards Development Corporation. Such expenditure of PILOTs shall include the assignment, including the assignment and sale of the contract right to receive the payments of PILOTs, to a trustee to repay bonds issued by HYIC to fund Hudson Yards infrastructure projects.